



## **Anaergia Inc.**

Consolidated Financial Statements  
(in thousands of Canadian Dollars)

December 31, 2025 and 2024

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Anaergia Inc.

### *Opinion*

We have audited the consolidated financial statements of Anaergia Inc. (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of operations, comprehensive loss, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

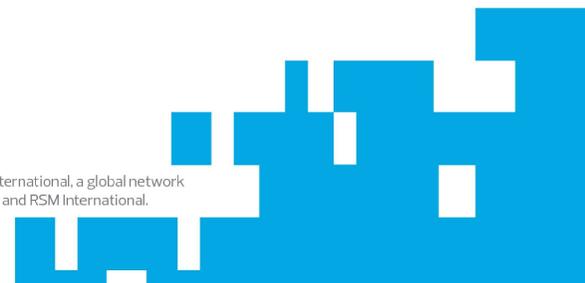
### *Key Audit Matters*

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

### **Capital sales revenue - Refer to Notes 2.3 L) iv) i), 3 i), 21 and 22**

Capital sales revenue recognized for the year ended December 31, 2025 was \$148,508. The Company recognizes revenue on capital sales contracts over time using an input method based on costs incurred to date relative to estimated total costs at completion. Estimated total costs include both costs incurred and anticipated costs to complete, which may require management to make several key judgements and assumptions.

We identified capital sales revenue as a key audit matter as there is a heightened degree of estimation uncertainty associated with the costs to complete these projects. Management applies judgement to make several significant assumptions including changes in project schedules, variability in material pricing, availability and cost of qualified labour and subcontractors, productivity assumptions, and estimates for potential cost overruns. Estimates of costs to complete may change over time due to the long-term nature of capital sales contracts. This resulted in significant auditor effort and judgement to evaluate cost to complete estimates and assess the reasonableness of revenue recognized.



## How our audit addressed the Key Audit Matter

For a selection of in-progress contracts we evaluated the appropriateness of the Company's costs to complete by performing the following among other procedures:

- We obtained and inspected a sample of executed contracts and related amendments to understand key contractual terms and, where applicable, confirmed key details with the Company's customers;
- We inquired with management and project managers to understand and assess project completion status. We evaluated whether potential delays, contingencies, and potential cost overruns were appropriately reflected in estimated costs to complete;
- We tested a sample of estimated material, labour and subcontractor costs to complete by agreeing evidence such as purchase orders, vendor cost estimates, and employee contracts; and
- Using the audit work we performed over cost estimates, we calculated project revenue and compared our expectations to revenue recognized by management.

## *Other Matter*

The consolidated financial statements of the Company for the year ended December 31, 2024, were audited by another auditor who expressed an unmodified opinion on those statements on March 31, 2025.

## *Other Information*

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis (MD&A).

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the report prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## *Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Grand Lui.

RSM Canada LLP

Chartered Professional Accountants  
Licensed Public Accountants  
March 25, 2026  
Toronto, Ontario

**ANAERGIA INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
As of December 31, 2025 and 2024  
All amounts in thousands of Canadian Dollars

	Notes	December 31, 2025 \$	December 31, 2024 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		33,798	30,220
Restricted cash		9,650	14,769
Trade and other receivables	9	25,596	26,934
Contract assets	21	14,980	10,757
Prepaid expenses		3,643	3,754
Inventories	10	11,541	8,425
Other current assets	11	9,384	9,359
<b>Total current assets</b>		<b>108,592</b>	<b>104,218</b>
<b>Non-current assets</b>			
Restricted cash		274	287
Property, plant and equipment, net	7	99,920	108,203
Intangible assets, net	8	2,411	2,560
Deferred tax assets	13	2,716	4,068
Other long-term assets	12	24,028	13,991
<b>Total non-current assets</b>		<b>129,349</b>	<b>129,109</b>
<b>Total assets</b>		<b>237,941</b>	<b>233,327</b>

*See notes to the consolidated financial statements.*

On behalf of the board:

/s/ Ohad Epschtein Director /s/ Peter Gross Director

**ANAERGIA INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
As of December 31, 2025 and 2024  
All amounts in thousands of Canadian Dollars

	Notes	December 31, 2025 \$	December 31, 2024 \$
<b>Current liabilities</b>			
Accounts payable		50,890	28,598
Accrued liabilities and provisions	15	29,561	30,242
Taxes payables		4,524	7,472
Current portion of deferred government grants	23	278	4,791
Current portion of contract liabilities	21	21,262	17,939
Current portion of lease liabilities		2,177	2,273
Current portion of long-term debt	14	41,110	32,334
<b>Total current liabilities</b>		<b>149,802</b>	<b>123,649</b>
<b>Non-current liabilities</b>			
Long-term portion of deferred government grants	23	3,143	4,608
Long-term portion of contract liabilities	21	1,654	1,634
Long-term portion of lease liabilities		8,304	9,297
Long-term debt	14	13,095	27,806
Asset retirement obligation	15	2,538	2,562
Deferred tax liabilities	13	54	6,794
Derivative liability	6	1,098	733
Other long-term liabilities		2,725	3,039
<b>Total non-current liabilities</b>		<b>32,611</b>	<b>56,473</b>
<b>Total liabilities</b>		<b>182,413</b>	<b>180,122</b>
<b>SHAREHOLDERS' EQUITY</b>			
Non-controlling interests	17	101,807	110,850
Issued capital	18	442,069	439,315
Contributed surplus		6,266	7,350
Deficit		(515,817)	(522,781)
Accumulated other comprehensive income		21,203	18,471
<b>Total equity</b>		<b>55,528</b>	<b>53,205</b>
<b>Total liabilities and equity</b>		<b>237,941</b>	<b>233,327</b>

Commitments and contingencies Note 16

*See notes to the consolidated financial statements.*

On behalf of the board:

/s/ Ohad Epschtein Director /s/ Peter Gross Director

**ANAERGIA INC.**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

For the years ended December 31, 2025 and 2024

All amounts in thousands of Canadian Dollars, except per share amounts

	Notes	December 31,	
		2025	2024
		\$	\$
Revenue	22	180,185	111,646
Cost of sales		133,422	86,013
<b>Gross profit</b>		<b>46,763</b>	<b>25,633</b>
Selling, general, and administrative expenses		60,031	66,795
Research and development expenses (recovery)		1,149	(290)
Government grant income	23	(6,601)	(2,775)
Asset impairment losses	7	—	1,939
<b>Operating expenses</b>		<b>54,579</b>	<b>65,669</b>
<b>Loss from operations</b>		<b>(7,816)</b>	<b>(40,036)</b>
Impairment of Fibracast		—	(6,244)
Losses related to equity-accounted investees		—	(1,062)
Other (losses) gains, net	25	(271)	1,388
Finance costs, net		(4,749)	(5,493)
Foreign exchange (losses) gains		(2,052)	2,048
		(7,072)	(9,363)
<b>Loss before income taxes</b>		<b>(14,888)</b>	<b>(49,399)</b>
Income tax recovery (expense)	13	10,413	(6,465)
<b>Net loss</b>		<b>(4,475)</b>	<b>(55,864)</b>
<b>Net income (loss) attributable to:</b>			
Shareholders		6,964	(42,891)
Non-controlling interests		(11,439)	(12,973)
		<b>(4,475)</b>	<b>(55,864)</b>
Basic income (loss) per share	26	<b>0.04</b>	<b>(0.31)</b>
Diluted income (loss) per share	26	<b>0.04</b>	<b>(0.31)</b>

**ANAERGIA INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
For the years ended December 31, 2025 and 2024  
All amounts in thousands of Canadian Dollars

	December 31,	
Notes	2025	2024
	\$	\$
<b>Net loss</b>	<b>(4,475)</b>	<b>(55,864)</b>
<b>Items that may be reclassified back to income or loss in future periods</b>		
Exchange difference on translation of foreign operations	310	(294)
Fair value (losses) gains related to hedging transaction	(363)	625
<b>Total comprehensive loss</b>	<b>(4,528)</b>	<b>(55,533)</b>
<b>Total comprehensive income (loss) attributable to:</b>		
Shareholders	9,696	(42,308)
Non-controlling interests	(14,224)	(13,225)
	<b>(4,528)</b>	<b>(55,533)</b>

**ANAERGIA INC.**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

For the years ended December 31, 2025 and 2024

All amounts in thousands of Canadian Dollars

	Issued Share Capital	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income (Loss) (Note 6)	Total	Non- controlling Interests	Total Equity
	\$	\$	\$	\$	\$	\$	\$
<b>As at January 1, 2025</b>	439,315	7,350	(522,781)	18,471	(57,645)	110,850	53,205
Net income (loss)	—	—	6,964	—	6,964	(11,439)	(4,475)
Other comprehensive gain (loss) - hedging	—	—	—	(2,550)	(2,550)	2,187	(363)
Other comprehensive gain (loss) - foreign currency translation	—	—	—	5,282	5,282	(4,972)	310
Total comprehensive gain (loss)	—	—	6,964	2,732	9,696	(14,224)	(4,528)
Preferred share issuance to non-controlling interests (Note 17)	—	—	—	—	—	5,181	5,181
Vesting of RSUs and exercise of stock options (Note 18)	2,754	(2,713)	—	—	41	—	41
Share based compensation (Note 19)	—	1,629	—	—	1,629	—	1,629
<b>As at December 31, 2025</b>	<b>442,069</b>	<b>6,266</b>	<b>(515,817)</b>	<b>21,203</b>	<b>(46,279)</b>	<b>101,807</b>	<b>55,528</b>

**ANAERGIA INC.**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

For the years ended December 31, 2025 and 2024

All amounts in thousands of Canadian Dollars

	Issued Share Capital	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income (Loss) (Note 6)	Total	Non- controlling Interests	Total Equity
	\$	\$	\$	\$	\$	\$	\$
<b>As at January 1, 2024</b>	397,831	8,066	(479,222)	17,942	(55,383)	128,973	73,590
Net income (loss)	—	—	(42,891)	—	(42,891)	(12,973)	(55,864)
Other comprehensive gain (loss) - hedging	—	—	—	1,180	1,180	(555)	625
Other comprehensive gain (loss) - foreign currency translation	—	—	—	(597)	(597)	303	(294)
Total comprehensive loss	—	—	(42,891)	583	(42,308)	(13,225)	(55,533)
Issuance of shares (Note 18)	36,054	2,532	—	—	38,586	—	38,586
Preferred share issuance to non-controlling interests (Note 17)	—	—	—	—	—	2,353	2,353
Preferred distribution to non-controlling interest (Note 17)	—	—	—	—	—	(7,973)	(7,973)
Vesting of RSUs and exercise of stock options (Note 18)	5,430	(5,422)	—	—	8	—	8
Profit sharing arrangement - Anaergia Bioenergy Facilities (Note 17)	—	—	145	(8)	137	(137)	—
Profit sharing arrangement - Rhode Island Bioenergy Facilities (Note 17)	—	—	(813)	(46)	(859)	859	—
Share based compensation (Note 19)	—	2,174	—	—	2,174	—	2,174
<b>As at December 31, 2024</b>	<b>439,315</b>	<b>7,350</b>	<b>(522,781)</b>	<b>18,471</b>	<b>(57,645)</b>	<b>110,850</b>	<b>53,205</b>

**ANAERGIA INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the years ended December 31, 2025 and 2024

All amounts in thousands of Canadian Dollars

	Notes	<u>2025</u>	<u>2024</u>
		<u>\$</u>	<u>\$</u>
<b>OPERATING ACTIVITIES</b>			
Net loss		(4,475)	(55,864)
<b>Adjustments for the following non-cash items:</b>			
Depreciation and amortization		6,756	5,534
Income tax expense (recovery)		(10,413)	6,465
Finance expense, net		4,749	5,493
Share based compensation expense	19	1,629	2,174
Impairment loss for Fibracast		—	6,244
Expected credit loss on receivables		3,966	3,524
Impairment of assets		—	1,939
Loss on equity-accounted investees		—	1,062
Government grant income	23	(6,601)	(2,775)
Other losses (gains), net	25	271	(1,388)
Net change in operating assets and liabilities	27	19,306	(3,812)
Net cash received (paid) for income taxes		(1,246)	1,172
<b>Cash provided by (used in) operating activities</b>		<b><u>13,942</u></b>	<b><u>(30,232)</u></b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(6,615)	(10,654)
Proceeds from the sale of income tax credits		—	21,679
Investment in intangible assets		(72)	(124)
Investment in other long-term assets		(16,204)	—
<b>Cash provided by (used in) investing activities</b>		<b><u>(22,891)</u></b>	<b><u>10,901</u></b>
<b>FINANCING ACTIVITIES</b>			
Restricted cash utilization		5,132	8,589
Proceeds from exercise of stock options		7	8
Proceeds from issuance of share capital	18	—	40,800
Proceeds from government grant funding		793	2,241
Proceeds from issuance of preferred capital in a subsidiary		5,181	2,353
Distributions to non-controlling interests		—	(7,973)
Payment of share issuance costs		—	(2,215)
Cash paid for borrowing or transaction costs		—	(34)
Lease payments		(1,586)	(1,600)
Cash paid for interest	6	(4,063)	(5,292)
Repayment of debt	6	(4,318)	(4,360)
<b>Cash provided by financing activities</b>		<b><u>1,146</u></b>	<b><u>32,517</u></b>
<b>Effect of exchange rate differences</b>		<b>11,381</b>	<b>(5,079)</b>
<b>Net increase in cash during the year</b>		<b>3,578</b>	<b>8,107</b>
<b>Cash, beginning of year</b>		<b><u>30,220</u></b>	<b><u>22,113</u></b>
<b>Cash, end of year</b>		<b><u>33,798</u></b>	<b><u>30,220</u></b>

*See notes to the consolidated financial statements.*

## ANAERGIA INC.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024

All amounts in thousands of Canadian Dollars,  
except share and per share amounts

#### 1. Corporate information

Anaergia Inc. (the “Company” or “Anaergia”) is domiciled in Canada. The Company’s registered office is at 4210 South Service Rd., Burlington, ON, L7L 4X5, Canada. The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the “Group”). The Group has entities located throughout Europe, North America, Asia, South Africa, and Australia. The Group is primarily involved in the construction of capital projects that generate renewable energy from biogas through advanced anaerobic digestion of organic residues from municipal, agricultural, and industrial sources.

The Company was incorporated on September 3, 2010, under the *Canada Business Corporations Act*. On December 21, 2018, the Company was continued under the *Business Corporations Act* (British Columbia), and is headquartered in Burlington, Ontario, Canada. On June 18, 2021, the Company completed its initial public offering (“IPO”), that consisted of the issuance of 12,500,000 subordinate voting shares of the Company to be listed on the Toronto Stock Exchange (the “TSX”) under the symbol ANRG. On February 24, 2025, Anaergia Inc. commenced trading on the OTCQX Best Market under the ticker symbol “ANRGF.”

On December 18, 2023, the Company announced a \$40,800 equity investment by Marny Investissement SA (“Marny”) by way of an arm’s-length, multiple-tranche, non-brokered private placement (the “Strategic Investment”). Marny, through a wholly owned subsidiary (“Marny Holdco”), agreed to subscribe for an aggregate of 102,000,000 units of the Company (“Units”) at a price of \$0.40 per Unit with each Unit consisting of one Common Share and 1/5 of one Common Share purchase warrant of the Company (each a “Warrant”). Each Warrant entitled Marny to purchase one additional Common Share at an exercise price of \$0.80 for a period of three years following the closing of the first tranche. With the closing of the third tranche of the Strategic Investment in July 2024, Marny Holdco owned and controlled approximately 60.9% of the voting rights attached to the Subordinate Voting Shares and Multiple Voting Shares (on a non-diluted basis) and approximately 65.2% of the voting rights attached to the Subordinate Voting Shares and Multiple Voting Shares (on a partially diluted basis), assuming the exercise in full of the Warrants.

The consolidated financial statements of the Company were authorized for issue on March 25, 2026, by the Board of Directors of the Company.

#### 2.1 Basis of presentation

The consolidated financial statements have been prepared in accordance with and comply with IFRS<sup>(R)</sup> Accounting Standards as issued by the International Accounting Standards Board (“IASB”) (“IFRS Accounting Standards”). The consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value, including derivative instruments.

#### Foreign currency translation

The consolidated financial statements are presented in Canadian Dollars, which is the Company’s functional currency. The functional currency of the Group’s entities is the currency of their primary economic environment. Within Group entities, transactions in foreign currencies are recorded at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Any resulting exchange differences are recognized within the consolidated statements of operations.

On consolidation, the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Canadian Dollars, being the presentation currency, at the exchange rates at the reporting date.

The income and expenses of foreign operations are translated to Canadian Dollars using average exchange rates for the month during which the transactions occurred. Foreign currency differences are recognized in other comprehensive income or loss in the cumulative translation reserve within accumulated other comprehensive income (loss).

#### 2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. All inter-company transactions and balances have been eliminated on consolidation.

Subsidiaries are those entities controlled by the Company. Control exists when the Company has existing rights that give it the current ability to direct the relevant activities of the subsidiary, has exposure or rights to variable returns from its involvement in the subsidiary, and has the ability to use its power to affect its returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences (date of acquisition) until the date that control ceases (date of disposal or loss of control). A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Refer to Note 5 – *Related Parties and Subsidiaries* for further details on the Company’s subsidiaries.

#### Non-controlling interests

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group’s equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest’s share of changes in equity since the date of the combination.

In circumstances in which the Group and the non-controlling interest enter into an arrangement to share profits or losses in a manner other than in proportion to their ownership interest, the Group accounts for the profit/loss sharing arrangement separately in the consolidated statements of changes in equity by attributing any additional profits/losses to the controlling and non-controlling interest based on the terms of the agreement.

See details of the Group's non-controlling interests in Note 17.

### **Equity-accounted investees**

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Group's equity-accounted investees comprise interests in associates and joint ventures. They are initially recognized at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Company's share of the profit or loss and other comprehensive income (loss) ("OCI") of equity-accounted investees, until the date on which significant influence or joint control ceases.

If the Group's share of losses in an equity-accounted investee equals or exceeds its interest, the Group does not recognize further losses unless it has incurred legal or constructive obligations or made payments on behalf of the equity-accounted investee.

Unrealized gains or transactions between the Group and its equity-accounted investee are eliminated to the extent of the Group's interest in the associate or joint venture. Unrealized losses are also eliminated unless the transaction provides evidence of impairment of the asset.

## **2.3 Summary of material accounting policies**

### **A. Cash and cash equivalents**

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. Cash equivalents, representing short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

### **B. Restricted cash**

Restricted cash consists of funds that are restricted by lenders for the use of project operational revenue and disbursements made for operations and maintenance expenses and other lender required restrictions. These restrictions are monitored by lenders, who will approve of the disbursement of funds through funding request on lender specific accounts.

### **C. Trade and other receivables**

Trade receivables and other receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, in which case they are recognised at fair value. The group holds the trade receivables with the objective of collecting the contractual cash flows, and it therefore measures them subsequently at amortized cost using the effective interest method. Details about the group's impairment policies and the calculation of the loss allowance are provided in Note 2.3(P).

Due to the short-term nature of the current receivables, their carrying amount is considered to be a reasonable approximation of their fair value.

### **D. Government grants**

The Group is a party to various government grant programs. The Group recognizes an unconditional government grant in profit or loss as grant income in the consolidated statements of operations when the grant becomes receivable. Other government grants related to assets are initially recognized at fair value if there is reasonable assurance that the grant will be received, and the Group will comply with the conditions associated with the grant. Such amounts are initially deferred and then recognized in profit or loss on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses are recognized, unless the conditions for receiving the grant are met after the related expenses have been recognized. In this case, the grant is recognized when it becomes receivable.

Investment tax credits that are treated by analogy as government grants are recognized against the asset at time of receipt. The corresponding credit to the asset lowers the cost basis of the asset and therefore lowers the depreciation of the asset over the useful life of the asset.

### **E. Inventories**

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted-average cost and includes expenditures incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Inventory consists of the following:

- raw materials or components used directly in production;
- production supplies are supplies consumed during production that are not considered a direct component of finished goods;
- in-transit inventory consists of inventory where control and the risk of loss has transferred to the Group which has not yet been received by the Group;
- spare parts are replacement parts to be consumed for capital sales projects, warranty claims, and service existing customer contracts; and

- finished goods inventory including renewable natural gas (“RNG”) stored with a third-party or finished products to be used in existing capital sales projects or sold to third-party customers.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated selling expenses. Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage, or slow moving or declining selling prices. When circumstances which previously caused inventories to be written down to their net realizable value no longer exist or there is clear evidence of an increase in selling prices, the amount of the write down previously recorded is reversed.

## **F. Income tax**

### *Current income tax*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of the previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using the tax rates and tax laws enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Current tax assets and liabilities are offset only if certain criteria are met.

### *Deferred income tax*

Deferred tax is recognized in respect of temporary differences at the reporting date between the carrying amounts of assets and liabilities for taxation purposes and their carrying amounts for financial reporting purposes.

Deferred tax is not recognized for the following:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates, and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company’s subsidiaries. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it becomes probable that future taxable profits will be available against which they can be used. Unrecognized deferred income tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against current tax liabilities, and the deferred tax relates to the same taxable entity and the same taxation authority.

## **G. Property, plant, and equipment**

Property, plant, and equipment (“PP&E”) are measured at cost, less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition or construction of an asset and borrowing costs for long-term construction projects, if the recognition criteria are met. Likewise, when a major overhaul (including replacement parts and labor) is performed, its cost is recognized in the carrying amount of the related PP&E as a replacement if the recognition criteria are met. All other repair and maintenance costs are recognized in profit and loss as incurred. Replacement parts represent pieces of stand-by equipment and critical parts with long-lead times that are capitalized at cost until consumed and expensed in the replacement of major fixed assets, unless the major maintenance activity will extend the life of fixed asset or increase the functionality. The present value of the expected cost for decommissioning is included in the cost of the related asset if the recognition criteria for a provision are met.

Depreciation is recorded to recognize the cost of assets over their useful lives, using the straight-line method.

Construction work-in-progress (“CWIP”) assets are not depreciated until the associated project is complete and the asset is available for use. The Group records depreciation over the following useful lives:

Property	15 to 20 years
Building and leasehold improvements	lesser of 3 to 5 years and expected lease term
Office furniture and equipment	5 to 7 years
Equipment and machinery	3 to 20 years
Computer hardware	3 to 5 years
Vehicles	3 to 5 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate on a prospective basis.

## **H. Intangible assets including goodwill**

### *Recognition and measurement*

Goodwill arising on the acquisition of businesses is measured at cost. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Other intangible assets, including customer relationships and patents that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets with a finite life that are acquired separately or in a business combination are recognized when they are identifiable and can be reliably measured. Intangible assets are considered to be identifiable if they arise from contractual or other rights, or if they are separable (i.e., they can be disposed of either individually or together with other assets). Intangible assets may be revalued to fair value if fair value can be measured reliably in an active market. Revaluation changes are recognized directly in equity for all assets in the same class if an active market exists.

### *Amortization*

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful life and assessed for impairment when there is an indication that the intangible asset may be impaired. Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in profit or loss.

Intangible assets with finite useful lives are amortized over the estimated useful lives using the straight-line method as follows:

Patents	10 to 20 years
Computer software and licenses	3 to 5 years

Intangible assets with indefinite lives and goodwill are not amortized, but are tested for impairment annually and when circumstances indicate that the carrying value may be impaired, either individually or at the cash generating unit (“CGU”) level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Amortization methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

On disposal of a CGU, the amount of goodwill attributable to the CGU is included in the determination of the profit or loss on disposal.

### **I. Impairment of non-financial assets**

For the purpose of impairment testing, goodwill is allocated to each of the Group’s CGU's (or groups of CGUs) expected to benefit from the synergies of the business combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets, including goodwill to determine whether there is any indication of impairment. If any such indication exists, an impairment test is performed.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. Goodwill is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the business combination giving rise to the goodwill.

The recoverable amount of an asset or CGU is the greater of its value-in-use and its fair value less costs to sell. Value-in-use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. The impairment loss first reduces the carrying amount of any goodwill allocated to the CGU, and then the carrying amounts of the other assets in the CGU on a pro rata basis.

For non-financial assets other than goodwill, an impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### **J. Provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost on the accompanying consolidated statement of operations.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on incremental costs necessary to fulfill the obligation under the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

The Group recognizes its obligation for expected costs to restore property at the end of its useful life by recording during construction the estimated fair value of this obligation as an asset retirement obligation with a corresponding amount recognized as property, plant and equipment. The property, plant and equipment amount is amortized over the life of the asset. The value of the obligation is assessed for changes in the expected timing, changes in the discount rate, and extent of expenditures with changes related to the time value of money recorded as accretion expense.

#### ***K. Leases***

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### *As a Lessee*

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component when dis-aggregated information is not readily available. For leases and contracts that contain a lease, the Group recognizes a right-of-use asset and a lease liability at the commencement date, which is the date the leased asset is available for use. Each lease payment is allocated between lease liabilities and financing costs. Financing costs are recognized within the consolidated statements of operations over the lease period to produce a constant periodic rate of interest on the remaining balance of lease liabilities for each period.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of any costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located (restoration costs), less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term (or the underlying asset's useful life if shorter than the lease term), unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case, the right-of-use asset is recognized at cost and depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant, and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The lease term includes periods covered by an option to extend if the Group is reasonably certain to exercise that option.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- Amounts expected to be payable by the Group under a residual value guarantee;
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured if there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option, or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

##### *As a Lessor*

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for a major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of other income.

## ***L. Revenue recognition***

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding taxes or duty.

### **i) Contract modifications**

Contracts are often modified for a change in scope or other requirements. The Group considers contract modifications to exist when the modification either creates new or changes the existing enforceable rights and obligations. Most of the Group's contract modifications are for goods or services that are not distinct from the existing performance obligations. The effect of a contract modification on the transaction price, and the measure of progress for the performance obligation to which it relates, is recognized as an adjustment to revenue (either as an increase or decrease) on a cumulative catch-up basis.

### **ii) Performance Obligations**

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. Performance obligations are satisfied at a point in time or over time and are supported by contracts with customers. For most of the Group's contracts, there are multiple promises of goods or services. Typically, the Group provides a significant service of integrating a complex set of tasks and components such as design, engineering, construction management, and equipment procurement for a project contract. The bundle of goods and services is provided to deliver one output for which the customer has contracted. In these cases, the Group considers the bundle of goods and services to be a single performance obligation. The Group may also promise to provide distinct goods or services within a contract, such as a project contract for installation of energy conservation measures and post installation Operation & Maintenance ("O&M") services. In these cases, the Group separates the contract into more than one performance obligation. If a contract is separated into more than one performance obligation, the Group allocates the total transaction price to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation.

### **iii) Practical Expedients**

At the inception of a contract, the Group expects the period between when it satisfies its performance obligations and when the customer pays for the services, will be one year or less. As such, the Group has elected to apply the practical expedient which allows the Group to not adjust the promised amount of consideration for the effects of a significant financing component, when a financing component is present.

### **iv) Revenue by segment**

Anaergia Inc. has three major segments: Capital Sales, Operation & Maintenance (O&M) Services, and Build, Own and Operate (BOO). The specific recognition criteria described below must also be met before revenue is recognized:

#### **i) Capital sales**

Capital sales revenue comprises of the sales of technology packaged solutions and services to third party customers, predominantly municipalities and project developers. This includes propriety product sales, engineering services, Procurement and Construction ("EPC") contracts, or a combination of these products or services. Revenue for EPC contracts is recognized as the performance obligations are satisfied over time, based on costs incurred relative to the estimated total contract costs to be incurred over the term of the EPC contracts. Transfer of control of the construction assets occurs as the costs to fulfill the contract are incurred. Progress billings on the contract that exceed the relative satisfaction of the performance obligation are reported as a contract liability on the consolidated statements of financial position. When revenue recognized exceeds the amount of progress billings, the difference is reported as a contract asset on the consolidated statements of financial position. In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the payments exceed the services rendered, a contract liability is recognised.

Engineering services revenue is recognized during the period in which the services are delivered and revenue from proprietary product sales is recognized at the point in time at which control is transferred, which is typically upon delivery.

When the estimate on a contract indicates a loss or claims against costs incurred reduce the likelihood of recoverability of such costs, the Group records the entire estimated loss in the period the loss becomes known.

#### **ii) Operation & Maintenance Services**

This segment consists of third-party O&M service contracts, which are generally 5-10 years in length, with customers that typically include municipalities and project developers that utilize the Group's technology solutions. Revenue from services is recognized ratably as services are performed in satisfaction of the performance obligation usually over a period of time ratably as time passes over the contract period. Some contracts include other services including repairs and maintenance and labor components. These separate performance obligations are bifurcated and recognized independently as the services are performed and billed to the customer on a monthly basis. Generally most O&M contracts contain a variable price component and are recognized on cost plus mark-up basis, but the Company does have two contracts that have fixed annual price that are recognized ratably over the contract period. Services also include repair and maintenance services or "field services" which are generally performed for customers that were capital sales customers previously. These services are billed monthly to customers once the services are complete and any spare parts are billed once the installation process has been completed.

#### **iii) Build, own and operate**

Build, own and operation consists of building, owning, and operating greenfield or brownfield biogas facilities, and selling the resulting energy produced. These biogas facilities enter into various arrangements with different customers including tipping fees for the receipt of waste, energy contracts for the sale of electricity or RNG. Each contract is evaluated for the various performance obligations. Typically, the performance obligations in these contracts are satisfied at a point in time, which is when the energy is delivered or the waste is received from waste management customers. The value of the electricity services transferred to the customer is determined on the basis of cyclical meter readings plus estimated generation since the last meter reading date to the end of the year and represents the amount that the Group has the right to bill.

### ***M. Research and development costs***

Research costs are expensed as incurred. Development costs are also expensed as incurred unless the related criteria for its recognition as an intangible asset are met which include, the technology has reached technical feasibility and will generate probable future benefits to the Group; and the costs associated with development can be measured reliably.

### ***N. Equity-based payments***

Certain executives and employees of the Group receive remuneration in the form of equity based awards.

The cost of equity-settled transactions is based upon the fair value of the equity instruments. The cost is recognized over the period in which the performance and/or service conditions are fulfilled with a corresponding increase in contributed surplus, which is presented within equity/deficiency in the consolidated statements of financial position. The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date and reflects the extent to which the vesting period has expired.

When the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified and as if the original terms of the award had been met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

When an equity-settled award is canceled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the canceled award and designated as a replacement award on the date that it is granted, the canceled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. As of the date of the modification, the existing liability or equity amount is derecognized. The fair value of the equity instruments granted at the modification date is recognized in equity to the extent to which goods or services have been received. Any difference between the liability or equity amount derecognized and the amount recognized in equity is reflected immediately in the consolidated statements of operations. Any excess is recognized in contributed surplus. If the fair value of a modified award is less than or equal to the fair value of the original award, the offsetting amount is also recorded to contributed surplus.

Fair values of share options are calculated using the Black-Scholes valuation method as of the grant date and the expense recognized is adjusted for estimated forfeitures.

### ***O. Business combinations***

The Group accounts for business combinations using the acquisition method when the acquired set of assets and activities meets the definition of a business and control is transferred to the Group. In determining whether a particular set of assets and activities is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The acquired identifiable assets, liabilities and contingent consideration that meet the conditions for recognition under IFRS 3, *Business Combinations* are recognized at their fair values at the acquisition date, except for (i) income taxes, which are measured in accordance with International Accounting Standards ("IAS") 12, *Income Taxes*; (ii) share-based payments, which are measured in accordance with IFRS 2, *Share-based Payment*; and (iii) non-current assets that are classified as held for sale, which are measured at fair value less costs to sell in accordance with IFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations*.

For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Any gain on a bargain purchase is recognized immediately in profit or loss.

The Group may elect on a transaction-by-transaction basis to apply the optional concentration test to assess whether a transaction qualifies as a business. Under the test, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets, the Group will account for the transaction as an asset purchase and not a business combination.

If the concentration test is not met, or the Group elects not to apply this optional test, the Group will perform an assessment focusing on the existence of inputs and processes that have the ability to create outputs to determine whether the transaction is an asset purchase or a business combination.

In a business combination, it is necessary to recognize contingent future payments to previous owners, representing contractually defined potential amounts as a liability, or as equity, depending on the characteristics of the consideration. Usually for the Group these contingent events are linked to development or commercial milestones related to certain assets. Contingent consideration is measured at fair value, with subsequent changes in liability classified contingent consideration recognized through the statement of operations.

When a business combination is completed with the intention of reselling that business, the Company uses the short-cut method and values the assets and liabilities of the acquisition at their disposal value. Management considers all acquisitions that are completed and sold within three months to meet the criteria for the application of the short-cut method.

### ***P. Financial instruments***

#### **i) Recognition and initial measurement**

Financial assets and financial liabilities are recognized in the consolidated statements of financial position when the Company becomes party to the contractual provisions of a financial instrument. All financial instruments are measured at fair value on initial recognition. Financial instruments related to all contract assets and liabilities are classified as current as they are expected to be realized or satisfied within the operating cycle of the contract. All other financial instruments are considered non-current if they are expected to be realized more than 12 months after the reporting period.

Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities, other than financial assets and financial liabilities classified as fair value through profit and loss ("FVTPL"), are added to or deducted from the fair value on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in net income or loss.

Contingent assets are not recognized in the consolidated financial statements, as this may result in the recognition of income that may never be realized. However, when the realization of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

Financing costs related to securing long-term debt are amortized over the duration of the loan agreement using the effective interest rate method.

Derivative financial instruments are recorded at their fair value at the reporting date, with changes in fair value recognized in the consolidated statements of operations. Derivative instruments with positive fair values are reported as derivative assets. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met. Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at FVTPL.

## ii) Classification and subsequent measurement

The Company classifies financial assets, at the time of initial recognition, according to the Company's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are classified in the following measurement categories:

(a) Amortized cost; and

(b) Fair value.

When assets are measured at fair value, gains and losses are either recognized entirely in net income or loss (i.e. FVTPL), or recognized in other comprehensive income or loss (i.e. FVOCI).

Financial assets are subsequently measured at amortized cost if both the following conditions are met and they are not designated as FVTPL or FVOCI:

(a) the financial asset is held within a business whose objective is to hold financial assets to collect contractual cash flows; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets are subsequently measured at amortized cost using the effective interest rate method, less any impairment, with gains and losses recognized in net income or loss in the period that the asset is de-recognized or impaired.

Financial liabilities are subsequently measured at amortized cost using the effective interest rate method with gains and losses recognized in net income or loss in the period that the liability is de-recognized, except for financial liabilities classified as FVTPL. These financial liabilities are subsequently measured at fair value with changes in fair value recorded in net income or loss in the period, in which they arise to the extent they are not part of a designated hedging relationship. The following table outlines the classification of financial instruments under IFRS 9:

### ***Financial assets***

Cash and cash equivalents	Amortized cost
Restricted cash	Amortized cost
Trade and other receivables	Amortized cost
Contract assets	Amortized cost
Embedded derivative	FVTPL
Hedging instrument derivative asset	FVOCI
Loans receivable	Amortized cost
Investments in equity securities	FVOCI

### ***Financial liabilities***

Line of credit	Amortized cost
Accounts payable	Amortized cost
Contract liabilities	Amortized cost
Long-term debt	Amortized cost
Hedging instrument derivative liability	FVOCI

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in Other Comprehensive Income (OCI). This election is made on an investment-by-investment basis.

### iii) De-recognition of financial assets and liabilities

#### *Financial assets*

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

#### *Financial liabilities*

A financial liability is de-recognized when it is extinguished, that is, when the obligation specified in the contract is either discharged, canceled or expires. Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for an extinguishment of the original financial liability and the recognition of a new financial liability. A gain or loss from extinguishment of the original financial liability is recognized in profit or loss.

### iv) Derivative Instruments and Hedging Activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated. The Company currently designates its derivatives as hedges of floating interest rate risk associated with payments of debts (cash flow hedges).

The fair values of various derivative financial instruments used for hedging purposes and movements in the hedge reserve within equity are shown in Note 6.

When a hedging instrument expires, is sold, is terminated, or no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remain in equity until the forecasted transaction occurs. When the forecasted transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging are immediately reclassified to net income or loss on the consolidated statements of operations.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item, so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in consolidated statements of operations at the time of the hedge relationship rebalancing.

#### v) Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated in reserves in equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated statements of operations, within "fair value (gain) loss on derivative contracts".

Gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognized in the cash flow hedge reserve within equity. Amounts accumulated in equity are reclassified in the period when the hedged item affects the consolidated statements of operations.

#### vi) Hedge ineffectiveness

The Company's hedging policy only allows for the use of derivative instruments that form effective hedge relationships. Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Company uses the hypothetical derivative method to assess effectiveness.

#### vii) Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- The amount of the loss allowance determined in accordance with IFRS 9.

- The amount recognized initially less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies.

At the end of the reporting period, the Company reviews the financial position of debtors as well as their economic outlook, and determines if there were any significant increases in the credit risk since initial recognition of the financial guarantee contract. Accordingly, the loss allowance for financial guarantee contract issued by the Group is measured at an amount equal to 12-month expected credit loss (“ECL”). There has been no change in the estimation techniques or significant assumptions made, during the current reporting period in assessing the loss allowance for these financial guarantee contracts. In both 2025 and 2024, the Group has not recognized a loss allowance in the accompanying statements of operations for financial guarantee contracts.

The fair value of financial guarantees are determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognized as part of the cost of the investment.

### **viii) Impairment of financial assets**

The Company uses an ECL model. The loss allowances is measured on either of the following bases:

- 12-month ECLs – these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs – these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group is using the simplified approach to recognize lifetime expected credit losses for its trade receivables and contract assets that are within the scope of IFRS 15 and that do not have a significant financing component.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset. The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held), or the financial asset is more than 90 days past due or aged greater than 120 days from the date of invoice.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is “credit-impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the asset.

### ***Q. Reclassification***

The Company has reclassified certain immaterial items on the comparative consolidated statement of financial position, statements of operations to improve clarity and conform to the current year presentation.

### **3. Significant accounting judgments, estimates, and assumptions**

The preparation of the Group’s consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent assets and liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The Group bases its assumptions and estimates on parameters available when the consolidated financial statements are prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

### ***Key areas of judgment***

#### **i) Evaluation of control over investees**

The Group regularly assesses its control for each investee on an ongoing basis. In evaluating whether the Group controls investees, management applies judgment to assess whether it holds existing rights that give it the current ability to direct the relevant activities of the investee, has exposure or rights to variable returns from its involvement in the investee, and has the ability to use its power to affect its returns. Judgment is also required to determine the point in time at which the Group can exercise or ceases to exercise such rights and abilities.

#### **ii) Componentization and useful lives of property, plant, and equipment**

Amounts recorded for depreciation and amortization expense are based on the Group’s componentization of its property, plant, and equipment and management’s estimates of the useful life and pattern of consumption of future economic benefits of the property, plant, and equipment. Judgment is applied to allocate costs incurred to their respective significant components.

#### **iii) Determining CGUs**

For the purpose of assessing impairment of non-financial assets, the Group must determine its CGUs. Assets and liabilities are grouped into CGUs at the lowest level of separately identifiable cash flows. The determination of a CGU is based on management’s judgment and is an assessment of the smallest group of assets that generate cash inflows independently of other assets.

#### **iv) Arrangements that may contain a lease**

The Group applies judgment when determining whether an arrangement contains a lease. For leases identified, the Group exercises judgment in determining the lease term, lease components, and the underlying value of the leased asset.

#### **v) Impairment of long-lived assets**

Property, plant and equipment and intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The nature of events that are deemed to be triggering events for an impairment test require judgment on the part of management. Long-lived assets that are not amortized are subject to an annual impairment test. For the purposes of measuring recoverable amounts, assets are grouped into CGUs. The testing of CGUs for impairment require management to make assessments including the projected cash flow of the CGU, the likely capital structure, inputs into discount rates and to determine the best use for the CGU being tested. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use, being the present value of the expected future cash flows of the relevant CGU. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The Company conducted an impairment test on one CGU during the year and one CGU at year end, see Note 7 for further details.

#### **vi) Going concern assessment**

The Group applies judgment when performing an assessment of going concern. This assessment requires management to make judgments related to the Groups projected cash flows, material risks and uncertainties including compliance with future debt covenant and the necessary timing cash flows to meet the Company's present obligations as they become due.

##### ***Key areas of estimation uncertainty***

##### **i) Revenue recognition**

Where the outcome of performance obligations for contracts can be estimated reliably, revenue is recognized. Capital sales revenue related to EPC contracts that is recognized based on performance over time is measured primarily based on the percentage of completion calculated with costs incurred which approximates the value to the customer relative to the estimated total contract costs. Where the outcome of performance obligations for the contracts cannot be reliably measured, contract revenue is recognized in the current year to the extent that costs have been incurred until such time that the outcome of the performance obligations can be reasonably measured. The use of a cost-based input method requires the use of significant assumptions in estimating total contract costs, including materials, labour, and subcontractor costs, which are recognized as expenses in the year in which they are incurred.

##### **ii) Fair value of financial instruments**

Certain financial instruments, such as embedded derivative financial instruments, are carried in the consolidated statements of financial position at fair value, with changes in fair value reflected in profit and loss. Fair value of some financial instruments is estimated by using valuation techniques that require assumptions such as interest rates, credit spreads, exchange rates, forward prices, and other inputs. Where possible, management utilizes observable inputs in the determination of fair value and from time to time will involve external valuation specialists.

##### **iii) Estimated credit losses**

The Group maintains an allowance for expected credit losses to provide for the estimated amount of receivables that will not be collected. The allowance is based upon an assessment of creditworthiness of the portfolio of customers (most of which are government clients or major industrial companies), historical payment experience, the age of outstanding receivables, collateral to the extent applicable, and forward-looking information regarding the Company's ability to collect.

##### **iv) Business combination accounting**

The Company recognizes, separately from goodwill, the identifiable assets acquired and liabilities assumed at their estimated acquisition date fair values. The Company measures and recognizes goodwill as of the acquisition date as the excess of: (a) the aggregate of the fair value of consideration transferred, the fair value of any non-controlling interest in the acquiree (if any) and the acquisition date fair value of the previously held equity interest in the acquiree (if any), over (b) the fair value of net assets acquired and liabilities assumed.

##### **v) Recoverability of long-lived assets**

The Group tests annually or more frequently if necessary, whether goodwill or other long-lived assets have suffered any impairment in accordance with the accounting policies provided in Note 2.3(H) and 2.3(I). Performing impairment testing requires management to determine the estimated recoverable amount of the relevant CGUs including either the CGUs estimated fair value less costs to sell or based on the assets value-in-use which is determined using projected future cash flows using internal business plans or forecasts, and discounting these cash flows to appropriately reflect the time value of money. Impairment assessments inherently involve assumptions about expected future cash flows and the impact of market conditions on those assumptions. Future events and changing market conditions may impact the Company's assumptions as to prices, costs or other factors that may result in changes in the Group's estimates of future cash flows.

#### **4. New and revised IFRS Accounting Standards**

##### ***New standards and interpretations not yet adopted***

The IASB and the International Financial Reporting Interpretations Committee have issued the following standards and amendments that have not been applied in preparing these consolidated financial statements as their effective dates fall in periods beginning subsequent to the current reporting period. The Group is evaluating the potential implications of the following pronouncements:

##### **Amendments to IFRS 18 - Presentation and Disclosure in Financial Statements**

In April 2024, the IASB issued Presentation and Disclosure in Financial Statements (Amendments to IFRS 18), a comprehensive new accounting standard which replaces existing IAS 1, "Presentation of Financial Statements", carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. The changes, which mostly affect the income statement, include the requirement to classify income and expenses into three new categories, operating, investing and financing, and present subtotals for operating profit or loss and profit or loss before financing and income taxes. Further, operating expenses are presented directly on the face of the income statement and classified either by nature (e.g. employee compensation), by function (e.g. cost of sales) or using a mixed presentation. Expenses presented by function require more detailed disclosures about their nature. IFRS 18 also provides enhanced guidance for aggregation and disaggregation of information in the financial statements, introduces new disclosure requirements for management-defined performance measures and eliminates classification options for interest and dividends in the statement of cash flows. This standard is effective for annual reporting periods beginning on or after January 1, 2027. Earlier application is permitted, but will need to be disclosed. The Company is currently assessing the impact of adopting IFRS 18 on the consolidated financial statements.

##### **Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments**

In May 2024, the IASB issued Financial Instruments (Amendments to IFRS 9) and Financial Instruments: Disclosures (Amendments to IFRS 7), relating to the classification and measurement of financial instruments, which clarify financial assets and financial liabilities are recognized and derecognized at settlement date except for regular way purchases or sales of financial assets and financial liabilities meeting conditions for new exception. The new exception permits companies to elect to derecognize certain financial liabilities settled via electronic payment systems earlier than the settlement date. They also provide guidelines to assess contractual cash flow characteristics of financial assets, which apply to all contingent cash flows, including those arising from environmental, social, and governance ESG-linked features. Additionally, these amendments introduce new disclosure requirements and update others. The amendments are effective for annual periods starting on or after January 1, 2026. Early adoption

is permitted, with an option to early adopt the amendments for contingent features only. The Company is currently assessing the impact of adopting IFRS 9 and IFRS 7 on the consolidated financial statements.

## 5. Related parties and subsidiaries

### Subsidiaries

The subsidiaries of which the Company holds a controlling interest are listed as follows:

Name	Country of incorporation, registration or operations	Ownership Percentage*	
		2025	2024
Anaergia Services LLC	United States	100%	100%
UTS BioEnergy, LLC	United States	100%	100%
Anaergia Technologies, LLC	United States	100%	100%
Anaergia Srl	Italy	100%	100%
Anaergia Orex Manufacturing Srl	Italy	100%	100%
Anaergia Holdings Srl	Italy	100%	—%
Anaergia Ltd	United Kingdom	100%	100%
Anaergia DB Inc.	Canada	100%	100%
Anaergia Europe GmbH	Germany	100%	100%
Anaergia Technologies (formerly UTS Products) GmbH	Germany	100%	100%
UTS Biogastechnik GmbH	Germany	92%	92%
Anaergia Romania Srl	Romania	100%	—%
DB Technologies BV	Netherlands	100%	100%
Anaergia BV	Netherlands	100%	100%
Anaergia Spain SL	Spain	100%	—%
Anaergia Singapore Pte. Ltd.	Singapore	100%	100%
Anaergia Australia Pty Ltd	Australia	100%	—%
Anaergia Japan KK	Japan	100%	—%
Anaergia Vietnam Company Ltd	Vietnam	100%	—%
Anaergia Africa (Pty) Ltd.	South Africa	100%	100%
Anaergia South Africa Services (Pty) Ltd	South Africa	—%	100%
Escondido Bioenergy Facility LLC	United States	100%	100%
Biogas Power Systems Mojave LLC	United States	100%	100%
Camden Bioenergy LLC	United States	100%	100%
SoCal Biomethane Holdco LLC	United States	100%	100%
SoCal Biomethane LLC	United States	100%	100%
Charlotte Bioenergy Facility HoldCo, LLC	United States	100%	100%
Charlotte Bioenergy Facility, LLC	United States	100%	100%
Rialto Bioenergy Facility, LLC <sup>1</sup>	United States	50%	51%
Rhode Island Bioenergy Facility HoldCo LLC	United States	100%	100%
Rhode Island Bioenergy Facility LLC	United States	100%	100%
Anaergia Bioenergy Facilities, LLC	United States	100%	100%
Anaergia Future Fuel, LLC	United States	100%	100%
Anaergia Nutrients Holdco, LLC	United States	100%	100%
Anaergia Nutrients, LLC	United States	100%	100%
Victor Valley Bioenergy Facility Holdco, LLC	United States	100%	100%
Victor Valley Bioenergy Facility, LLC	United States	100%	100%
SoCal Organics Recycling Facility Holdco, LLC	United States	100%	100%
SoCal Organics Recycling Facility, LLC	United States	100%	100%
Kent County Bioenergy Facility Holdco, LLC	United States	100%	100%
Kent County Bioenergy Facility, LLC	United States	100%	100%
Anaergia A/S	Denmark	100%	100%
EBT Holdco ApS	Denmark	100%	100%
Anaergia Systems A/S	Denmark	100%	100%

<sup>1</sup>The Rialto Bioenergy Facility was deconsolidated during FY 2023.

\* Ownership percentage represents the voting interests in the subsidiaries.

## Related parties

The Group has the following related parties:

- Fibracast Ltd. ("Fibracast") is a manufacturer of water treatment membranes domiciled in Ontario, Canada. Prior to 2024, the Company was a significant shareholder of Fibracast (approximately 45%). The Company was diluted in 2024 and now holds an approximate 4% interest in Fibracast.
- Rialto, previously defined, is a former consolidated subsidiary of the Group that the Group has provided services to during the bankruptcy process, in which the assets of the entity were disposed in 2024.
- Marny is a Luxembourg-based holding company which focuses on investment properties in central and eastern Europe. As discussed in Note 1, Marny has acquired over 60% of the Company's Common Shares.
- Bioenergy Pte. Ltd, is a bioenergy plant located in Singapore. The Company owns a 5% investment in the Bioenergy Pte Ltd.
- W.M. Lyles, Co. ("W.M. Lyles") - On April 10, 2023, the Company added Stan Simmons as a member to the Board of Directors. Given Mr. Simmons' position as a Board member of W.M. Lyles, Inc. and Lyles Construction Group, the Company determined that W.M. Lyles was a related party of the Company. W.M. Lyles also owns a less than 5% equity interest in the Company. All purchases from W.M. Lyles are transacted at the Company's standard pricing.
- Medcon & db Technologies JV & MD Limassol Waste Management Company Ltd. - The Company's subsidiary, db Technologies BV ("dbT") owns a 40% interest in a joint arrangement, MD Waste Management Co, Ltd. (the "Joint Venture" or "JV"), a Cyprus limited liability company. This Joint Venture was formed to undertake and execute a project as its contractor for design, construction, and operation of the integrated installations for the management of municipal solid waste and waste transfer station in the region of Limassol, owned by its customer, Ministry of the Interior of the Republic of Cyprus. The JV is a jointly controlled arrangement, and all decisions are taken with the unanimous consent of both JV partners. dbT also has a 27% interest in MD Limassol Waste Management Company Ltd. ("Limassol"), a Cyprus limited liability company, which was formed and entered into as an Operation and Maintenance agreement with the municipal solid waste plant and transfer station that the JV, discussed above, was contracted to build. As a result of losses of the joint arrangement, the carrying value of the Group's interest as of December 31, 2025, and 2024 is \$nil.
- TGW Holdings is a construction and infrastructure group that is assisting the Company with EPC contracts within the European Union. Ohad Epshtein, Chairman of the Board of the Company, also holds the position of Chairman of the Board of TGW Holdings.

The Group had the following related party transactions and balances as of and for the year ended December 31, 2025, and 2024.

Related party:	Accounts receivable	
	Outstanding Balances at	
	December 31, 2025	December 31, 2024
Fibracast Ltd. ("Fibracast")	7	7
MD Waste Management Co Ltd *	11,641	10,557
Bioenergy Pte. Ltd	32	31
W.M. Lyles Co.	—	494
Total	11,680	11,089

Related party name:	Loans receivable	
	Outstanding Balances at	
	December 31, 2025	December 31, 2024
Fibracast	532	590
Loan to MD Waste Management Co Ltd., Limassol, dbT (JV partner) **	—	807
Total	532	1,397

Related party name:	Accounts Payable	
	Outstanding Balances at	
	December 31, 2025	December 31, 2024
W.M. Lyles	2,986	2,669
Fibracast	53	64
Bioenergy Pte Ltd	100	99
Total	3,139	2,832

\* These accounts receivable with related parties are fully reserved for with the Company's expected credit losses.

\*\* These loans receivable balances with related parties are fully reserved for within the Company's expected credit losses provisions.

	<b>Transactions for the year ended December 31,</b>	
	2025	2024
<b>Related party:</b>	<b>Revenue for goods and services</b>	
Rialto	11	1,182
W.M. Lyles Co.	418	1,516
Total	429	2,698
<b>Related party name:</b>	<b>Purchases of goods or services</b>	
Fibracast	45	98
TGW Holdings ***	—	185
W.M. Lyles	7,902	4,264
Total	7,947	4,547

\*\*\* During the year ended December 31, 2024, the Company paid \$1,824 to TGW Holdings, which was recorded as a prepaid asset. Of this amount, \$456 and \$185 have been recorded as an expense for the years ended December 31, 2025, and 2024, respectively.

### **Key management personnel compensation**

The remuneration of key management personnel is as follows:

	2025	2024
Salaries and benefits	3,652	5,540
Other long-term benefits	68	69
Share-based payment	1,110	735
<b>Total compensation</b>	<b>4,830</b>	<b>6,344</b>

Key management personnel include those individuals having authority and responsibility for planning, directing and controlling the business activities of Anaergia, directly or indirectly. Key management personnel include the Executive Chairman, Chief Executive Officer, Chief Operating Officer; Chief Financial Officer; Chief Development Officer; Chief Engineer, and General Counsel.

### **Related party guarantees**

The Company guarantees a loan that Fibracast, has received from the Ontario Government Ministry of Economic Development, Employment, and Infrastructure. The balance outstanding at December 31, 2025, was \$nil (2024 - \$840).

The Company guarantees a loan that Fibracast received from the Economic Development of Southern Ontario in January of 2020. The loan requires monthly payments escalating from \$10 to \$100 with a balloon payment of \$118 due at maturity on June 15, 2028. The balance outstanding at December 31, 2025, was \$532 (2024 - \$590). On July 23, 2024 the Company entered into a Back-stop Agreement with Fibracast, and PTVS Holding Corp., an investor in Fibracast. The Back-stop Agreement provides an unconditional indemnity for Anaergia's guarantee of Fibracast's loan balances with the Province of Ontario and the Federal Economic Development Agency of Southern Ontario.

The Company has guaranteed the payment obligations of Rialto for three vendors in the amount of \$nil due to cancellation of the agreements as of December 31, 2025 (2024 - \$3,727) which was previously recorded as liabilities on the accompanying consolidated statements of financial position.

## **6. Financial instruments – Fair values and risk management**

### **Fair values**

Financial instruments recorded at fair value on the consolidated statements of financial position are categorized based on the fair value hierarchy that reflects the significant of inputs used in determining the fair values. The Group uses observable market data wherever possible. The three levels of the fair value hierarchy are:

- Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in active markets that are accessible at the measurement date.
- Level 2: This level includes valuations determined using directly or indirectly observable inputs other than quoted prices included within Level 1. Derivative instruments in this category are valued using models or other industry standard valuation techniques derived from observable market inputs.
- Level 3: This level includes valuations based on inputs which are less observable, unavailable or where the observable data does not support a significant portion of the instrument's fair value.

The following table shows the carrying amounts and fair values of financial instruments, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value, such as short-term trade receivables and payables.

<u>At December 31, 2025</u>	<u>Carrying amount</u>	<u>Fair Value</u>	<u>Fair Value</u>
		<u>Level 2</u>	<u>Level 3</u>
<b>Financial assets</b>			
Investment in Crystal Energy	5,401	—	5,401
Investment in Lombardia Biometano	5,401	—	5,401
Investment in White Green Energy Societa Agricola Srl	5,401	—	5,401
Derivative asset	2	2	—
	<u>16,205</u>	<u>2</u>	<u>16,203</u>
<b>Financial (liabilities)</b>			
Derivative liability	(1,098)	(1,098)	—
Other long-term debt	(54,205)	(54,344)	—
	<u>(55,303)</u>	<u>(55,442)</u>	<u>—</u>
<u>At December 31, 2024</u>	<u>Carrying amount</u>	<u>Fair Value</u>	
		<u>Level 2</u>	
<b>Financial assets</b>			
Derivative asset		22	22
		<u>22</u>	<u>22</u>
<b>Financial (liabilities)</b>			
Derivative liability		733	733
Other long-term debt		(60,140)	(61,044)
		<u>(59,407)</u>	<u>(60,311)</u>

#### *Investments in Italian Biomethane Plants*

On April 9, April 29, and August 1, 2025, the Company was given the opportunity to invest into three new construction BioMethane plants in Italy, that are currently being constructed by the Company through our Capital Sales segment. In return for \$16,418, the Company obtained a stake of 12.78% in each plant. The Company has made the election at initial recognition to classify the investment as measured at fair value through other comprehensive income. The Company measures the fair value of these instruments on a quarterly basis using a discounted cash flows model. As part of that analysis the Company is required to make certain significant assumptions including construction period length, ramp up of productive capacity over time, feedstock costs, and the discount rate. These investments are held in other long-term assets on the statement of financial position as of December 31, 2025.

#### *Cash flow hedges that qualify for hedge accounting*

In October 2023, the Company entered into an interest rate swap with a notional amount of US\$20,000 to swap variable rate Prime-based interest payments under its term loan for fixed interest payments bearing an interest rate of 9.04%, inclusive of the loan's applicable credit margin. The interest rate swap has a seven-year term, maturing on September 27, 2030.

The Company has designated the interest rate swap as a cash flow hedge. The effective portion of changes in the fair value of the interest rate swap (unrealized gains/losses) is recorded as a component of "Accumulated other comprehensive income (loss)." For the year ended December 31, 2025, the Company recorded an unrealized gain on the interest rate swaps of \$2,546 (2024 - \$625), net of tax. The Company expects \$350 in losses currently recorded in accumulated other comprehensive income (loss) to be recognized in earnings over the next 12 months. The earnings impact of the interest rate derivatives designated as cash flow hedges is recorded upon the recognition of the interest related to the hedged debt. No amount of ineffectiveness was included in net loss for the years ended December 31, 2025, and 2024.

#### *Measurement of fair values*

The fair value of the SoCal Biomethane, LLC's term loan (Live Oak Secured Indenture) was determined using a discounted cash flow model based on prevailing interest rates at the year-end date for a similar instrument.

The Company used the yield to maturity discounted cash flow analysis to estimate the fair value of the other long-term debt at December 31, 2025, and 2024. This method involves using national bank treasury yield rates and an option adjusted spread to determine the discounted cash flow for the loans to date of maturity.

The following table shows the valuation techniques used in measuring Level 2 fair values for financial instruments in the consolidated statements of financial position, as well as the significant unobservable inputs used. Related valuation processes are described in Note 2.3 (P).

**Financial instruments measured at fair value**

<b>Type</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between significant unobservable inputs and fair value measurement</b>
Embedded derivatives - loan early redemption option.....	Binomial option pricing model	Not applicable	Not applicable
Derivative hedging instrument .....	Future cash flows	Not applicable	Not applicable

There were no transfers of fair value measurements between Level 1, Level 2, and Level 3 of the fair value hierarchy in the years ended December 31, 2025, and 2024.

**Reconciliation of movements of liabilities to cash flows arising from financing activities**

The following is a reconciliation between the opening and closing balances for liabilities arising from financing activities:

	<b>Liabilities</b>					<b>Total</b>
	<b>Rhode Island Project Financing</b>	<b>Live Oak</b>	<b>SoCal Organics Recycling Facility</b>	<b>Other long-term debt</b>		
	<b>Term Loan</b>	<b>Indenture</b>				
Balance at January 1, 2025	27,929	14,711	12,744	4,756		60,140
Remeasurement of debt	—	—	—	792		792
Repayment of debt	—	(1,508)	(1,361)	(1,449)		(4,318)
Interest paid	(2,499)	(832)	(490)	(242)		(4,063)
Foreign exchange adjustments	(1,285)	(628)	(582)	(133)		(2,628)
Non-cash adjustments	2,622	905	501	254		4,282
<b>Balance at December 31, 2025</b>	<b>26,767</b>	<b>12,648</b>	<b>10,812</b>	<b>3,978</b>		<b>54,205</b>

	<b>Liabilities</b>					<b>Total</b>
	<b>Rhode Island Project Financing</b>	<b>Live Oak</b>	<b>SoCal Organics Recycling Facility</b>	<b>Other long-term debt</b>		
	<b>Term Loan</b>	<b>Indenture</b>				
Balance at January 1, 2024	25,709	14,927	13,187	6,446		60,269
Payment of debt issuance costs	(34)	—	—	—		(34)
Repayment of debt	—	(1,939)	(1,073)	(1,348)		(4,360)
Interest paid	(2,728)	(934)	(532)	(1,098)		(5,292)
Foreign exchange adjustments	2,207	1,211	617	412		4,447
Non-cash adjustments	2,775	1,446	545	344		5,110
<b>Balance at December 31, 2024</b>	<b>27,929</b>	<b>14,711</b>	<b>12,744</b>	<b>4,756</b>		<b>60,140</b>

*Financial risk management*

The Group has exposure to risks arising from financial instruments, including credit risk, liquidity risk, and market risk, which includes currency risk and interest rate risk.

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's senior management is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

*Credit risk*

Credit risk is the risk of financial loss to the Group if a customer, borrower, or counter-party to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers. Customer credit risk is managed by each business unit subject to the Group's established policies, procedures, and controls relating to customer credit risk management.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. The Group mitigates this risk through its credit policies and practices including the use of credit limits and approvals, and by monitoring the financial condition of its customers. The carrying amounts of financial assets, including accounts receivable, and contract assets represent the maximum credit exposure. The Company records a provision for estimated credit losses on loans receivable, accounts receivable and contract assets. Each provision for such losses is specific to the region's past collection history.

The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

In addition, the Group is exposed to credit risk in relation to financial guarantee contracts given to banks on behalf of related parties. The Group's maximum exposure in this respect is the maximum amount the group could have to pay if the guarantee is called. As at December 31, 2025, an amount of \$62,556 (2024 - \$9,145) is the total estimated loss that the Group is exposed to, however, no loss allowance was recognized in profit or loss.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure. See the Group's aging analysis of trade receivables in Note 9 and concentration of revenue by line of business and geographic region from contracts with customers in Note 22. See information about the exposure to credit risk and ECLs for trade receivables and contract assets and annual testing for any indication of impairment in Note 2.3 (P).

As of December 31, 2025, 33% (2024 – 35%) of trade receivables were current.

#### *Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled in cash or another financial asset. The Group's exposure to this risk is mainly in respect of its trade payables, other accounts payable and accrued liabilities, long-term debt, and lease liabilities.

The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group monitors its cash flow requirements to optimize its cash return on investments. The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next 60 days. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

The following table shows the remaining contractual maturities of the Group's financial liabilities. This table has been prepared based on the projected undiscounted cash flows of financial liabilities at the date on which interest and principal payments are due.

	<b>Less than 1 year</b>	<b>Between 1 and 5 years</b>	<b>Over 5 years</b>	<b>Total Contractual Cash flows</b>	<b>Carrying Amount</b>
<b>At December 31, 2025</b>					
Borrowings	44,704	10,806	4,353	59,863	54,205
Leases	2,239	5,295	15,807	23,341	10,481
Accounts payable	50,890	—	—	50,890	50,890
Accrued liabilities	29,561	—	—	29,561	29,561
<b>Total</b>	<b>127,394</b>	<b>16,101</b>	<b>20,160</b>	<b>163,655</b>	<b>145,137</b>
	<b>Less than 1 year</b>	<b>Between 1 and 5 years</b>	<b>Over 5 years</b>	<b>Total Contractual Cash flows</b>	<b>Carrying Amount</b>
<b>At December 31, 2024</b>					
Borrowings	47,274	21,918	11,855	81,047	60,140
Leases	2,416	6,555	11,084	20,055	11,570
Accounts payable	28,598	—	—	28,598	28,598
Accrued liabilities	30,242	—	—	30,242	30,242
<b>Total</b>	<b>108,530</b>	<b>28,473</b>	<b>22,939</b>	<b>159,942</b>	<b>130,550</b>

#### *Market risk*

Market risk is the risk that changes in market prices (foreign exchange rates, interest rates, and equity prices) will affect the Group's income or loss or the value of its holdings of financial instruments. Market prices are subject to interest rate risk and currency risk.

The Group's financial instruments which are affected by market risk include loans and borrowings, deposits, and a bond-related embedded derivative asset. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

#### *Interest rate risk*

The Company is exposed to interest rate risk on the Company's variable rate borrowings. Accordingly, interest rate fluctuations affect the amount of interest expense the Company is obligated to pay. The Company currently uses interest rate swap agreements to manage its exposure to interest rate changes. The Company has designated the interest rate swaps as cash flow hedges for accounting purposes. Accordingly, the earnings impact of the derivatives designated as cash flow hedges are recorded upon the recognition of the interest related to the hedged debt. There was no significant ineffectiveness in the years ended December 31, 2025, and 2024.

Taking the Company's interest rate swap into account, a sensitivity analysis of the impact on the Company's variable rate corporate debt instruments to a hypothetical 100 basis point increase in short-term rates (Prime) for the year ended December 31, 2025 would have resulted in no significant increase in interest expense.

#### Currency risk

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant Group entity. The Group operates internationally and is exposed to the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Group monitors its exposure to currency risk and reviews whether the use of derivative financial instruments is appropriate to manage potential fluctuations in foreign exchange rates.

#### Sensitivity analysis

A reasonably possible strengthening (weakening) of the US Dollar, Euro, Pound Sterling, Singapore Dollar, Danish Krone or South Africa Rand against all other currencies at year end would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

In thousands of	USD		EUR	
	2025	2024	2025	2024
Cash	6,135	8,339	21,586	1,589
Accounts receivables	12,267	12,444	9,711	12,556
Other receivables	957	2,878	7,235	17,102
Accounts payable and accrued liabilities	(21,820)	(21,336)	(44,811)	(24,041)
Long-term debt	(53,680)	(28,113)	(526)	(485)
Derivative asset (liability), net	(1,096)	(4,431)	—	—
<b>Net exposure</b>	<b>(57,237)</b>	<b>(30,219)</b>	<b>(6,805)</b>	<b>6,721</b>

A one cent (\$0.01) increase/decline in the Canadian Dollar against the US Dollar as at December 31, 2025, would have increased/decreased net earnings by \$155 (2024 – \$181).

A one cent (\$0.01) increase/decline in the Canadian Dollar against the Euro as at December 31, 2025, would have increased/decreased net earnings by \$33 (2024 – \$63).

#### Analysis of other accumulated comprehensive income

The below table sets out the reconciliation of each component of accumulated other comprehensive income (loss) and the analysis of other comprehensive income (loss) (all of which are attributable to the equity owners of the Group):

	Foreign currency translation reserve	Cash flow hedging reserve
<b>As of January 1, 2024</b>	<b>18,259</b>	<b>(317)</b>
Foreign currency revaluation of the foreign operations	(597)	—
Foreign currency effect of profit sharing adjustments	(54)	—
Fair value losses related to hedging transaction	—	1,180
<b>As of December 31, 2024</b>	<b>17,608</b>	<b>863</b>
<b>As of January 1, 2025</b>	<b>17,608</b>	<b>863</b>
Foreign currency revaluation of the foreign operations	5,282	—
Fair value losses related to hedging transaction	—	(2,550)
<b>As of December 31, 2025</b>	<b>22,890</b>	<b>(1,687)</b>

## 7. Property, plant and equipment, net

The following table presents the summary of property, plant and equipment and related accumulated depreciation for the years ended December 31, 2025, and 2024:

	Property	Building and leasehold improvements	Office furniture and equipment	Equipment and machinery	Construction work-in-progress	Other <sup>(a)</sup>	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>							
Balance at January 1, 2025	15,769	9,986	5,564	100,949	38,625	1,749	172,642
Additions	238	—	99	5,143	739	396	6,615
Disposals	—	—	(6)	(68)	—	—	(74)
Other adjustments	415	—	—	12,198	(15,140)	16	(2,511)
Exchange adjustment	(347)	(540)	129	(3,279)	(2,686)	38	(6,685)
<b>Balance at December 31, 2025</b>	<b>16,075</b>	<b>9,446</b>	<b>5,786</b>	<b>114,943</b>	<b>21,538</b>	<b>2,199</b>	<b>169,987</b>
<b>Accumulated depreciation and impairment</b>							
Balance at January 1, 2025	6,273	3,466	5,504	17,480	30,317	1,399	64,439
Depreciation and amortization	1,620	454	288	3,894	70	221	6,547
Disposals	—	—	(6)	(48)	—	—	(54)
Other adjustments	(127)	—	—	12,588	(11,372)	16	1,105
Foreign exchange rate adjustment	(15)	(265)	—	(529)	(1,225)	64	(1,970)
<b>Balance at December 31, 2025</b>	<b>7,751</b>	<b>3,655</b>	<b>5,786</b>	<b>33,385</b>	<b>17,790</b>	<b>1,700</b>	<b>70,067</b>
<b>Carrying amounts</b>							
<b>Balance at December 31, 2025</b>	<b>8,324</b>	<b>5,791</b>	<b>—</b>	<b>81,558</b>	<b>3,748</b>	<b>499</b>	<b>99,920</b>
<b>Of which: Net book value of right of use assets included in property, plant and equipment at December 31, 2025</b>	<b>8,324</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>137</b>	<b>8,461</b>
<b>Cost</b>							
Balance at January 1, 2024	13,521	9,123	5,460	97,703	28,603	1,610	156,020
Additions	1,853	150	90	133	8,278	150	10,654
Disposals	—	—	(53)	—	—	(18)	(71)
Other adjustments	—	—	—	(1,392)	—	—	(1,392)
Other adjustments - ITC Transaction	(301)	—	—	(100)	(3,006)	—	(3,407)
Exchange adjustment	696	713	67	4,605	4,750	7	10,838
<b>Balance at December 31, 2024</b>	<b>15,769</b>	<b>9,986</b>	<b>5,564</b>	<b>100,949</b>	<b>38,625</b>	<b>1,749</b>	<b>172,642</b>
<b>Accumulated depreciation</b>							
Balance at January 1, 2024	4,712	2,689	5,247	14,015	26,336	1,259	54,258
Depreciation and amortization	1,520	436	276	2,968	—	140	5,340
Impairment	—	—	—	—	2,124	—	2,124
Disposals	—	—	(53)	—	—	—	(53)
Other adjustments	(131)	—	—	—	—	(1)	(132)
Foreign exchange rate adjustment	172	341	34	497	1,857	1	2,902
<b>Balance at December 31, 2024</b>	<b>6,273</b>	<b>3,466</b>	<b>5,504</b>	<b>17,480</b>	<b>30,317</b>	<b>1,399</b>	<b>64,439</b>
<b>Carrying amounts</b>							
<b>At December 31, 2024</b>	<b>9,496</b>	<b>6,520</b>	<b>60</b>	<b>83,469</b>	<b>8,308</b>	<b>350</b>	<b>108,203</b>
<b>Of which: Net book value of right of use assets included in property, plant and equipment at December 31, 2024</b>	<b>9,496</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>128</b>	<b>9,624</b>

(a) "Other" property, plant, and equipment includes computer hardware items, replacement parts and vehicles.

#### *Property, plant, and equipment under construction*

Construction work in progress as of December 31, 2025 is primarily related to Charlotte Bioenergy Facility (“Charlotte”) and includes advances paid to vendors and subcontractors. Rhode Island Bioenergy Facility (“RIBF”) was placed in service as of August 1, 2025, with a useful life of 20 years.

#### *Leases*

Extension and termination options are included in a number of property and ground leases across the Group. Local teams are responsible for managing their leases and, accordingly, lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Extension and termination options are included, when possible, to provide local management with greater flexibility to align its need for access to equipment with the fulfillment of customer contracts. The individual terms and conditions used vary across the Group. The majority of extension and termination options held are exercisable only by the lessee and not by the respective lessors. The Group has few leases, if any that require variable payments. The Group has 12 real property leases used for the Group’s capital sales and services operations in six countries and two ground leases associated with BOO plant operations in California and Rhode Island. During 2025, and 2024, the Group did not exercise any extension or termination options.

#### *Lease Guarantee*

During 2020, in conjunction with the Company’s new office lease in in Carlsbad, California, the Company’s subsidiary UTS Bioenergy Holdings, LLC, entered in to a financial guarantee contract of the lease for their subsidiary Anaergia Services, LLC. The guarantee is set to expire with the office lease on December 31, 2028. The Company’s total payout if the guarantee were exercised would be US\$1,665 or \$2,285.

#### *Impairment*

During the years ended December 31, 2025, and 2024, the Company recognized an asset impairment loss of \$nil and \$1,939, respectively for the Company’s RIBF BOO plant operations. This asset impairment loss is based on additional capital expenditures in excess of the prior year value-in-use, which management still estimates as the current value-in-use. The Company evaluates the facility for impairment on a quarterly basis using a discounted cash flows model. As part of that analysis the Company is required to make certain significant assumptions including the pricing for future gas off-take agreements dependent on carbon credit scoring, ramp up of productive capacity over time, feedstock costs, and the discount rate. The model utilizes a 20 year useful life as the facility is expected to continue functioning over that period of time.

## 8. Intangible assets

The following table presents the summary of intangible assets and related accumulated amortization for the years ended December 31, 2025, and 2024:

	Patents \$	Computer Software and Licenses \$	Other Intangible Assets \$	Total \$
<b>Cost</b>				
As of January 1, 2025	4,250	2,164	2,806	9,220
Additions	70	2	—	72
Exchange adjustment	36	94	(8)	122
<b>As of December 31, 2025</b>	<b>4,356</b>	<b>2,260</b>	<b>2,798</b>	<b>9,414</b>
<b>Accumulated amortization and impairment</b>				
As of January 1, 2025	2,160	2,107	2,393	6,660
Amortization	165	36	8	209
Exchange adjustment	36	93	5	134
<b>As of December 31, 2025</b>	<b>2,361</b>	<b>2,236</b>	<b>2,406</b>	<b>7,003</b>
<b>Carrying amount</b>				
<b>At December 31, 2025</b>	<b>1,995</b>	<b>24</b>	<b>392</b>	<b>2,411</b>
<hr/>				
	Patents \$	Computer Software and Licenses \$	Other Intangible Assets \$	Total \$
<b>Cost</b>				
Balance at January 1, 2024	4,177	2,139	2,777	9,093
Additions	75	33	16	124
Exchange adjustment	(2)	(8)	13	3
<b>As of December 31, 2024</b>	<b>4,250</b>	<b>2,164</b>	<b>2,806</b>	<b>9,220</b>
<b>Accumulated amortization</b>				
Balance at January 1, 2024	1,992	2,052	2,388	6,432
Amortization	171	65	6	242
Exchange adjustment	(3)	(10)	(1)	(14)
<b>As of December 31, 2024</b>	<b>2,160</b>	<b>2,107</b>	<b>2,393</b>	<b>6,660</b>
<b>Carrying amount</b>				
<b>At December 31, 2024</b>	<b>2,090</b>	<b>57</b>	<b>413</b>	<b>2,560</b>

There has been no impairment charge for the year ended December 31, 2025, and there were no indicators of impairment identified as a result of the Company's review of events and circumstances related to its existing assets.

## 9. Accounts receivables

	2025	2024
	\$	\$
Accounts receivables	38,453	39,066
Expected credit losses	(12,857)	(12,132)
<b>Net accounts receivables</b>	<b>25,596</b>	<b>26,934</b>

Payment terms with customers vary by contract. Standard payment terms are 30 days from invoice date. As of December 31, 2025, and 2024, the aging analysis of trade receivables is as follows:

	2025	2024
	\$	\$
Current	13,124	13,676
31 – 60 days	5,432	3,747
61 – 90 days	1,938	3,511
91 – 120 days	2,283	1,255
120+ days	14,781	10,303
	37,558	32,492
Retainage	895	6,574
<b>Total accounts receivables</b>	<b>38,453</b>	<b>39,066</b>

Accounts receivable retainage represents amounts due from customers, but where payments are withheld contractually until certain construction milestones are met. Amounts retained typically range from 2-10% of the total invoice. The Group classifies as a current asset those retainages that are expected to be collected in the next twelve months.

A reconciliation of the Company's expected credit losses is as follows:

	2025	2024
	\$	\$
Beginning balance January 1,	(12,132)	(9,081)
Provisions used	3,059	500
Provision added	(3,966)	(3,524)
Exchange adjustments	182	(27)
<b>Ending balance December 31,</b>	<b>(12,857)</b>	<b>(12,132)</b>

## 10. Inventories

	2025	2024
	\$	\$
Raw materials	2,540	2,415
In-transit	309	79
Production supplies	185	168
Spare parts	2,870	2,133
Work in progress	523	439
Finished goods	5,114	3,191
<b>Total inventories</b>	<b>11,541</b>	<b>8,425</b>

Included in the finished goods is gas stored with SoCal Biomethane, LLC of \$1,223 for 2025, and \$nil for 2024.

## 11. Other current assets

The following table presents the summary of other current assets for the years ended December 31, 2025, and 2024:

	2025	2024
	\$	\$
Other Current Assets	2,851	1,632
Other Deposits	622	298
Other Receivables	1,943	2,239
Sales Tax Receivable	2,109	364
Taxes recoverable	526	1,742
Derivative asset	2	22
Others	1,331	3,062
<b>Total other current assets</b>	<b>9,384</b>	<b>9,359</b>

## 12. Other long-term assets

The following table presents the summary of loans and investments for the years ended December 31, 2025, and 2024:

				2025	2024
	Interest	Year of maturity	Note	\$	\$
Deferred consideration for Tonder sale				750	3,706
Petawawa Loan	2%	2032	(a)	1,872	1,872
Other Loans	0.0%	Demand	(b)	455	4,207
Deposit for Singapore contract			(c)	1,173	1,228
Investments FVTPL			(d)	—	394
Fibracast Investment			(e)	2,584	2,584
BioMethane Plants			(f)	16,204	—
Camden Maintenance Assets				990	—
<b>Total other long-term assets</b>				<b>24,028</b>	<b>13,991</b>

### (a) Petawawa Loan

On May 2, 2022, the Company through a Canadian subsidiary, Anaergia DB, Inc., entered into a loan agreement with the City of Petawawa whereby the Company would forego 26.6% of the contract price for a revenue contract to receive the loaned amount of \$2,080 over ten years, beginning at project completion. The loan bears interest at 2% and secured by the equipment that will be installed for the plant. The loan requires semiannual payments and matures on May 2, 2032.

### (b) Other loans

Included in the other loans and receivables as of both December 31, 2025, and 2024 are expected credit losses of \$nil (2024 - \$807) which are mainly related to the Company's Limassol and Medcon JV equity method investee.

### (c) Deposit for Singapore contract

The Company as part of a large capital sales contract in Singapore was required to make SGD 1,000 deposit to guarantee performance on the contract. The deposit is treated as a long-term deposit and should be returned at the conclusion of the 5-year bond in 2028.

### (d) Investments FVTPL

The Company's investments include 5% investment in Bioenergy Pte. Ltd. which is recorded at \$nil and \$394 as of December 31, 2025, and 2024, and Capetown Biogas. Capetown Biogas is a bioenergy plant project located in South Africa. Previously, the Company had written off certain receivables from the plant, but in January of 2023, the Company received an offer to receive a 5% investment in the project which is carried at a cost of \$394.

### (e) Fibracast Investment

Due to the dilution of the Company's investment in Fibracast during 2024, the investment has been updated from the equity method to the cost method of accounting as of December 31, 2024 and the remaining balance of \$2,584 has been reclassified to other long-term assets. Beginning in 2025, the Company measures its investment in Fibracast at fair value through other comprehensive income.

### (f) BioMethane Plants

On April 9, April 29, and August 1, 2025, the Company was given the opportunity to invest into three new construction BioMethane plants in Italy, that are currently being constructed by the Company through our Capital Sales segment. In return for \$16,418, the Company obtained a stake of 12.78% in each plant. The Company has made the irrevocable election at initial recognition to classify the investment as measured at fair value through other comprehensive income. These investments are held in other long-term assets on the statement of financial position as of December 31, 2025.

### 13. Income taxes

The major components of income tax (recovery) expense for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
	\$	\$
<b>Income tax (recovery) expense</b>		
Current income taxes	(5,630)	621
Deferred income taxes	(4,783)	5,844
<b>Income tax (recovery) expense</b>	<b>(10,413)</b>	<b>6,465</b>

A reconciliation between the income tax provision and the product of accounting profit multiplied by the Group's domestic tax rates for the years ended December 31 is as follows:

	2025	2024
	\$	\$
<b>Pre-tax loss for the year</b>	(14,888)	(49,399)
Statutory tax rates (15% Federal + 11.50% Ontario)	26.50%	26.50%
Statutory tax expense (recovery)	(3,945)	(13,091)
True-up of prior year amounts	(118)	2,019
RSU and Option valuation gain	—	—
Foreign tax rate differences	1,407	1,727
Net change in unrecognized temporary differences	(1,828)	12,332
Non-deductible items	1,973	(10,407)
Cancellation of debt income	(8,196)	12,388
Other	294	1,497
<b>Income tax (recovery) expense for the year</b>	<b>(10,413)</b>	<b>6,465</b>

#### Deferred Income Taxes

Deferred income taxes relate to the Group for the following:

	2025	2024
	\$	\$
<b>Deferred tax assets (liabilities) in relation to:</b>		
Property, plant, and equipment	(59)	(6,794)
Other temporary differences	2,721	4,068
<b>Net deferred tax asset (liability)</b>	<b>2,662</b>	<b>(2,726)</b>

The following deductible temporary differences and non-capital losses have not been recognized in the consolidated financial statements as of December 31:

	2025	2024
	\$	\$
<b>Temporary differences in relation to:</b>		
Non-capital losses (never expire)	187,640	167,520
Non-capital losses (expiring between 2037-2045)	388,200	203,932
Fixed Assets	5,751	—
Intangible assets	5,328	5,532
Financing fees	3,170	9,112
R&D expenditure	2,578	2,578
Government grants	1,631	8,610
Anticipated credit losses	—	471
Other	15,964	8,204
<b>Total temporary differences</b>	<b>610,262</b>	<b>405,959</b>

Temporary differences related to non-capital losses are available for offset against future taxable income of the companies in which the losses arose and expire between 2037 – 2045, or in certain jurisdictions do not expire.

The Company experienced an Acquisition of Control ("AOC") during 2024 as a result of the equity investment by Marny (Note 18). This AOC results in various loss restriction rules, meaning that certain non-capital losses may not be deductible in future periods. The Company is working to determine what amounts may be deductible in the future.

## 14. Long-term debt

### Terms and repayment schedule

The terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate	Year of maturity	Note	2025 Carrying amount	2024 Carrying amount
Rhode Island Project Financing Term Loan	Prime plus 1.25%	2030	(a)	27,449	28,770
Live Oak Indenture	5.96%	2032	(b)	11,905	14,031
SoCal Organics Recycling Facility	4.00%	2033	(c)	11,314	13,259
Caterpillar Financial Services Term Loans	5.70% - 6.69%	2025 - 2028	(d)	3,477	4,707
Other	0% - 11.4%	2025 - 2027		526	116
				54,671	60,883
Less: issuance costs				(466)	(743)
Total long-term debt				54,205	60,140
Of which:					
Current				41,110	32,334
Long term				13,095	27,806

#### a) Rhode Island Project Financing Term Loan

On September 28, 2023, the Company through its subsidiary RIBF closed a US\$20,000 term loan (the “Term Loan”) with East West Bank, a California Corporation, to finance remaining construction and commissioning of the RIBF project in the Town of Johnston, Rhode Island, USA and working capital. This financing has a seven-year term, and bears interest on US Dollar denominated drawn funds at an annual rate equal to the prime rate as published in the Wall Street Journal (or another similar publication selected by the lender) plus 1.25%, subject to adjustment based on a swap agreement to be entered into within ten days after closing, and a floor of 7.5%. The loan is subject to certain positive and negative covenants that are customary for transactions of this nature, including liens and security interests in assets of RIBF. The financial covenants for this Term Loan are not effective until June 30, 2025, resulting from an amendment and restatement of the initial term loan agreements executed on September 30, 2024. On October 13, 2023, the Company executed an interest rate swap agreement with East West Bank which effectively fixes the interest on the Loan at 9.04%. On May 30, 2025, the Company signed the Second Amendment to Term Loan Agreement and Second Amendment to Blocked Account and Depository Agreement with East West Bank. The Amendment modified the financial covenants of the loan to reduce the production covenants regarding minimum gas production per day, as well as EBITDA requirements for the subsidiary. As described in Note 6, the Company has accounted for the interest rate swap as an interest rate hedge. Due to the Company not being in compliance with certain production covenants during the fourth quarter of fiscal year 2025, this loan has been reclassified as current as of December 31, 2025. Subsequent to the balance sheet date the Company requested and was granted a waiver of this covenant as of December 31, 2025. While the provided waiver grants relief from the covenant for fiscal year 2025, the Company recognizes that it was within the rights of East West Bank to call the loan as of December 31, 2025. The Company expects that it will continue to not be in compliance with this production covenant as of March 31, 2026.

#### b) Live Oak Secured Indenture and Credit Agreement

The Company’s subsidiary, SoCal Biomethane, LLC entered into a credit agreement with Live Oak Banking Corporation. The credit agreement allows SoCal Biomethane, LLC to borrow up to US\$13,000 at a fixed interest rate of 5.96% per annum maturing June 1, 2032. The credit agreement calls for the Company to pay a declining prepayment premium that starts at 4% and declines 1% each year over the first four years of the agreement. The prepayment premium was recognized as an embedded derivative and is accounted for at FVTPL. During the year ended December 31, 2022, SoCal Biomethane, LLC has borrowed US\$12,706 and has fully utilized the loan. The indenture is secured by the assets of SoCal Biomethane, LLC. The loan has certain financial covenants including a maximum debt to worth ratio of less than 5:1, a minimum current ratio of greater than one, and minimum debt service coverage ratio of greater than 1.25. Due to the Company not being in compliance with certain covenants during the fourth quarter of fiscal year 2025, this loan has been reclassified as current as of December 31, 2025. Subsequent to the balance sheet date the Company requested and was granted a waiver of this covenant as of December 31, 2025. While the provided waiver grants relief from the covenant for fiscal year 2025, the Company recognizes that it was within the rights of the Live Oak Banking Corporation to call the loan as of December 31, 2025. The Company expects that it will continue to not be in compliance with this production covenant as of March 31, 2026.

#### c) SoCal Organics Recycling Facility Loan

On February 2, 2023, the Company's subsidiary SoCal Organics Recycling Facility, LLC (“SCORF”) entered into a US\$10,000 loan and security with the State of California, Department of Resources Recycling and Recovery. The loan matures on February 1, 2033 and bears interest 4.0% per annum. The loan is secured by a piece of equipment that was intended to be leased to a third-party for US\$3,000 over 10 years. The equipment is currently in the process of being installed in Santa Fe Springs, California. The loan is guaranteed by the Company's subsidiary, UTS Bioenergy Holdings, LLC, and SoCal Organics Recycling Facility, LLC's ultimate US parent. The guarantee will expire when the loan matures. This loan has certain affirmative covenants, which the Company was in compliance with at December 31, 2025 and 2024. The loan required interest only

payments until March 1, 2024 and then the loan amortizes over the remaining term with a monthly payment of US\$110. This loan has certain affirmative covenants, which the Company was in compliance with at December 31, 2025.

**d) Caterpillar Financial Services Corporation**

The Company's subsidiary, Biogas Power Mojave Systems, LLC entered a 10-year Term Loan Financing Agreement for a maximum loan amount of USD \$4,504 at a fixed annual rate of 6.69%, repayable monthly. The Company's subsidiary, Escondido Bioenergy Facility, LLC, entered a 10-year Term Loan Financing Agreement for USD \$4,000 at a fixed annual rate of 5.70%, repayable monthly. Biogas Power Mojave Systems, LLC completed repayment of the loan during fiscal year 2025. The remaining loan for Escondido Bioenergy Facility, LLC has certain financial covenants including a debt service coverage ratio of 1.3 and a minimum tangible member's equity of greater than \$0. As of December 31, 2025 and 2024, the Company's subsidiary was in compliance with these financial covenants.

The loans are secured by promissory notes and a first priority security interest as collateral in all rights, title, and interest of Biogas Power Mojave Systems, LLC and Escondido Bioenergy Facility, LLC in the projects including equipment, related software and other tangible and intangible properties.

*Repayment of Principal and Interest*

The repayment of principal and interest on the outstanding loans and borrowings is as follows:

<b>Repayment Period</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Repayment</b>
12 months after period end	41,110	3,594	44,704
13-24 months after period end	1,932	541	2,473
25-36 months after period end	4,248	449	4,697
37-48 months after period end	1,568	250	1,818
49-60 months after period end	1,632	186	1,818
Thereafter	4,181	172	4,353
	<u>54,671</u>	<u>5,192</u>	<u>59,863</u>

**15. Accrued liabilities, provisions and asset retirement obligations**

Accrued liabilities and provisions included the following as at December 31:

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Warranties	2,560	2,832
Loss contracts	165	240
Accrued payroll and benefits	12,843	7,147
Accrued project related costs	10,682	12,197
Other accruals	3,311	7,826
<b>Total accrued liabilities and provisions</b>	<b><u>29,561</u></b>	<b><u>30,242</u></b>

Provisions activities were the following for the years ended December 31, 2025, and 2024:

	<b>Warranties</b>	<b>Asset retirement obligation</b>	<b>Loss Contracts</b>	<b>Legal Provisions</b>	<b>Total</b>
<b>Balance at January 1, 2025</b>	2,832	2,562	240	4,541	10,175
Provisions used during the year (payments)	(226)	—	(70)	(2,225)	(2,521)
Adjusted during the year or accretion	(789)	94	(12)	86	(621)
Provisions made during the year	641	—	—	415	1,056
Exchange adjustment	102	(118)	7	(331)	(340)
<b>Balance at December 31, 2025</b>	<b><u>2,560</u></b>	<b><u>2,538</u></b>	<b><u>165</u></b>	<b><u>2,486</u></b>	<b><u>7,749</u></b>

	<b>Warranties</b>	<b>Asset retirement obligation</b>	<b>Loss Contracts</b>	<b>Legal Provisions</b>	<b>Total</b>
<b>Balance at January 1, 2024</b>	2,476	2,326	4,404	9,322	18,528
Provisions used during the year (payments)	(206)	—	(56)	(4,397)	(4,659)
Adjusted during the year or accretion	43	20	(4,180)	(1,406)	(5,523)
Provisions made during the year	362	—	4	658	1,024
Exchange adjustment	157	216	68	364	805
<b>Balance at December 31, 2024</b>	<b><u>2,832</u></b>	<b><u>2,562</u></b>	<b><u>240</u></b>	<b><u>4,541</u></b>	<b><u>10,175</u></b>

### Warranties

A provision is recognized for expected maintenance warranty claims on products sold during the last two years, based on past experience of the level of repairs and returns. It is expected that most of these costs will be incurred in the next fiscal year. Assumptions used to calculate the provision for warranties are based on current sales levels and current information available about returns based on the two-year warranty period for all products sold. The balance is included within accrued liabilities and provisions.

### Asset retirement obligation

The Group has an asset retirement obligation in connection with its ground leases, which require the Group to remove facilities upon termination of the ground lease. The liability was initially measured at fair value and subsequently adjusted for accretion expense and changes in the amount and timing of the estimated cash flows. The corresponding asset retirement costs are capitalized as part of the carrying amount of the related long-lived asset and depreciated over the asset's remaining useful life.

### Loss contracts

When the estimate on a contract with a customer indicates a loss or claims against costs incurred reduce the likelihood of recoverability of such costs, the Group records the entire estimated loss in the period the loss becomes known. The balance is included within accrued liabilities and provisions.

### Legal claims provision

On March 27, 2023, a statement of claim was issued (under the Class Proceedings Act, 1992) in the Ontario Superior Court of Justice against the Company and others, involving an order for leave to proceed under the Securities Act (Ontario), certifying the proceeding as a class proceeding and appointing a representative plaintiff who claims damages and other relief pertaining to primary and secondary market financial disclosures relating to proposed class period from June 7, 2021 to November 8, 2022. The plaintiff's claim was last amended in March 2024. The plaintiff's claim includes allegations of both primary and secondary market misrepresentation under sections 130(1) and 138.3(1) of the Ontario Securities Act in respect of the Company's financial reporting and guidance. The court issued its decision on leave and summary judgment in November 2025, denying the summary judgment motion, granting leave with respect to the financial misrepresentation claim and denying leave with respect to the financial outlook claim. The plaintiff has appealed the denial of leave on the financial outlook claim, and Anaergia has appealed the dismissal of the summary judgment motion. We expect these matters to be decided in 2026. The Company intends to continue to vigorously defend against the claim. As of December 31, 2025, the Company had accrued a provision for the insurance deductible given the status of the claim and the likely outflow of \$nil, as the Company had reached the maximum insurance deductible (2024 - \$471).

The Company classifies the current legal disputes into the following categories of cases including employee disputes, transaction contract disputes, revenue contract disputes and vendor or subcontractor disputes. Employee disputes are cases with current or former employees where the employee and Anaergia are currently disputing various amounts including either commissions or severance. The Company has recognized an accrual for these legal claims of \$284.

Transaction contract disputes are disputes between the Group and a counter-party from a previous purchase or sale for amounts that are owed or due on the contract. The Company has recognized an accrual for these legal claims of \$662 (2024 - \$1,426). Vendor contract disputes are for amounts that are disputed with vendors and subcontractors including for non-performance or breach of contract. The Company has recognized an accrual for these legal claims of \$50 (2024 - \$2,203).

As of December 31, 2025, the amount shown above for legal claims is accrued in other accruals. Management believes that adequate provisions for legal claims have been recorded in the accounts where required. The Group also maintains comprehensive insurance coverage which may be available to reimburse actual expenditures in certain circumstances.

## 16. Commitments and contingencies

	2025	2024
Financial guarantee contracts	62,556	14,127
Contingent liabilities and legal claims	3,570	4,541
Performance bonds	101,566	53,124
<b>Total</b>	<b>167,692</b>	<b>71,792</b>

### Financial Guarantee contracts

Financial guarantee contracts are agreements and/or commitments to reimburse or make payment on account of any losses or non-payments by a borrower in an event of default scenario and include surety guarantees in connection with transactions between two parties. These include a letter of patronage for customer, that guarantee sufficient capital for performance on a revenue contract. In addition, the Company has additional financial guarantee contracts in the form of indemnity agreements from insurance carriers related to the Company's performance bonds, discussed below.

### Contingent liabilities and legal claims

The Group is engaged in litigation in various other legal matters. The legal proceedings are in different stages of progress, and the eventual outcome of such litigation, at this point in time, is uncertain. The amount detailed here represents the full amount of claims made by third-parties for various legal claims. The aggregate amount of known claims involved in these disputes are material and full provision for expected expenses has been made wherever considered necessary, as discussed in Note 15.

On June 10, 2025, the Company received a notice from the Canada Revenue Agency that the Company owes withholding taxes in Canada for the years from 2020 - 2022. The Company is in the process of filing an appeal to object to this assessment, and believes it will ultimately be successful in this appeal. The potential liability related to this claim is included in our contingent liabilities and legal claims as of December 31, 2025.

#### *Performance bonds*

Performance bonds are financial guarantee contracts issued on behalf of the Group by financial institutions for Anaergia, Inc. and Anaergia S.r.L. for the Group's capital sales and build-own-operate segments. These performance bonds typically provide collateral or other security in order for the financial institution to issue the bond. Only upon the Group's non-performance can the bonds be drawn and the collateral seized.

### **17. Non-controlling interests**

Non-controlling interests consisted of the following amounts by entity at December 31:

<b>Non-controlling interest</b>	<b>At December 31,</b>	
	<b>2025</b>	<b>2024</b>
Anaergia Bioenergy Facilities, LLC	84,596	89,056
Rhode Island Bioenergy Facility Holdco, LLC	18,682	23,265
Other entities	(1,471)	(1,471)
	101,807	110,850

#### *Anaergia Bioenergy Facilities, LLC*

On August 3, 2022, Anaergia Services LLC ("AS") entered into a Contribution and Investment Agreement ("CIA") with IIF Anaergia Holdco, LLC, and with Anaergia Bioenergy Facilities, LLC ("ABF"), a wholly-owned subsidiary of the Group. The CIA provides for the transfer and contribution of the interests of AS in SoCal Biomethane Holdco, LLC ("SCH") and Charlotte Bioenergy Facility Holdco, LLC ("CBFH") into ABF. On November 18, 2022, AS contributed its ownership interests in Rhode Island Bioenergy Facility Holdco, LLC ("RIBFH") into ABF. The non-controlling interest exchanged its existing preferred interest in SCH for its preferred interest in ABF, in addition to making additional investments in ABF preferred units in the year. On December 7, 2023, the non-controlling preferred interest holders and the Company entered into a second amended and restated limited liability agreement between the parties. As part of this amended LLC agreement, the parties agreed to a preferred equity membership percentage and agreed to split out RIBFH into a separate investment vehicle with similar terms and conditions as ABF (See below RIBFH section). Non-controlling interest on the consolidated statements of financial position is calculated based upon the waterfall mechanism agreed by the parties.

Another subsidiary of the Company, Anaergia Future Fuel, LLC ("AFF"), is a party to a profit sharing arrangement in ABF, the distributable cash flow will be distributed for ABF in the following way:

- First, 100% distributed to the preferred members in proportion to each members aggregate invested capital until the balance of each preferred members invested capital has been reduced to zero;
- Second, 80% to the preferred members in proportion to their invested capital and 20% to the common equity holder (AFF) until each preferred member receives an internal rate of return of 10%;
- Third, 50% to the preferred members in proportion to their invested capital and 50% to the common equity holder (AFF) until each preferred member receives an internal rate of return of 14%;
- Thereafter, 20% to the preferred members in proportion to their invested capital and 80% to the common equity holder (AFF).

Currently, the above mentioned proportionate share of preferred equity is split at a ratio of approximately 65% for non-controlling interest and 35% for AFF, which owns 100% of the common equity of ABF. The effects of this profit sharing arrangement are reflected as adjustments between non-controlling interest and deficit in the consolidated statements of changes in equity. During the year ended December 31, 2025, the Company's preferred equity partners contributed \$521. During the year ended December 31, 2025, the Company recognized a decrease in its deficit in the amount of \$4,460 with a corresponding decrease in the non-controlling interest in connection with the profit sharing arrangement. During the year ended December 31, 2024, the Group recognized a decrease in its deficit in the amount of \$145 with a corresponding decrease in the non-controlling interest in connection with the profit sharing arrangement. No further changes have been made as of December 31, 2025.

The following table summarizes the financial information relating to ABF for the year ended December 31, 2025, and 2024.

<b>Anaergia Bioenergy Facilities, LLC</b>	<b>At December 31,</b>	
	<b>2025</b>	<b>2024</b>
Current assets	13,012	13,543
Non-current assets	41,084	48,209
Current liabilities	30,402	17,450
Non-current liabilities	8,765	22,556
Net assets	14,929	21,746
Net assets attributable to NCI	84,596	89,056
	<b>2025</b>	<b>2024</b>
Revenue	4,261	8,905
Net (loss) income	(4,991)	(5,011)
<b>Total comprehensive loss</b>	<b>(4,991)</b>	<b>(5,011)</b>
Loss allocated to NCI	(3,254)	(3,267)
Cash flows (used in) from operating activities	(5,132)	(4,696)
Cash flows from (used in) investment activities	2,619	20,606
Cash flows used in financing activities	186	(16,368)
Net decrease in cash	(2,327)	(458)

#### **Rhode Island Bioenergy Facility Holdco, LLC ("RIBFH")**

On December 7, 2023, the non-controlling preferred interest holders in ABF and the Company entered into an amended and restated limited liability agreement of RIBFH. As part of this LLC agreement, the parties agreed to split out RIBFH as separate entity from ABF above and agreed to a preferred equity membership percentage (65% for the non-controlling interest to 35% for AFF, which owns 100% of the common equity of RIBFH). Non-controlling interest on the consolidated statements of financial position is calculated based upon the waterfall mechanism agreed by the Group and non-controlling interest in the LLC agreement.

The Group is a party to a profit sharing arrangement in RIBFH, the distributable cash flow will be distributed for RIBFH in the following way:

- First, 100% distributed to the preferred members in proportion to each members aggregate invested capital until the balance of each preferred members invested capital has been reduced to zero;
- Second, 80% to the preferred members in proportion to their invested capital and 20% to the common equity holder (AFF) until each preferred member receives an internal rate of return of 10%;
- Third, 50% to the preferred members in proportion to their invested capital and 50% to the common equity holder (AFF) until each preferred member receives an internal rate of return of 14%;
- Thereafter, 20% to the preferred members in proportion to their invested capital and 80% to the common equity holder (AFF).

The effects of this profit sharing arrangement are reflected as adjustments between non-controlling interest and deficit in the consolidated statements of changes in equity. During the year ended December 31, 2025, the Group recognized a decrease in its deficit in the amount of \$4,583 with a corresponding decrease in the non-controlling interest in connection with the profit sharing arrangement. During the year ended December 31, 2025, the Company's preferred equity partners contributed \$4,660. No further changes have been made as of December 31, 2025. During the year ended December 31, 2024, the Group recognized an increase in its deficit in the amount of \$813 with a corresponding increase in the non-controlling interest in connection with the profit sharing arrangement.

The following table summarizes the financial information relating to RIBFH for the year ended December 31, 2025.

<b>Rhode Island Bioenergy Facility, LLC</b>	<b>At December 31, 2025</b>	<b>At December 31, 2024</b>
Current assets	13,143	16,506
Non-current assets	42,123	43,813
Current liabilities	9,307	12,161
Non-current liabilities	31,214	32,007
Net assets	14,745	16,151
Net assets attributable to NCI	9,612	23,265
	<b>2025</b>	<b>2024</b>
Revenue	4,796	4,183
Net loss	(13,477)	(15,830)
<b>Total comprehensive loss</b>	<b>(13,477)</b>	<b>(15,830)</b>
Loss allocated to NCI	(8,786)	(10,320)
Cash flows (used in) from operating activities	(13,628)	5,582
Cash flows used in investment activities	—	-
Cash flows (used in) from financing activities	12,991	(5,931)
Net (decrease) increase in cash and cash equivalents	(637)	(349)

## 18. Issued share capital

	Authorized	At as December 31, 2025	
		Outstanding #	Share capital
Common Shares (previously Subordinate voting shares)	Unlimited	171,403,407	442,069
Total		171,403,407	\$ 442,069

	Authorized	At as December 31, 2024	
		Outstanding #	Share capital
Common Shares (previously Subordinate voting shares)	Unlimited	169,789,578	439,315
Total		169,789,578	\$ 439,315

	Multiple voting shares		Common shares (previously Subordinate voting shares)	
	# (000's)	\$ (000's)	# (000's)	\$ (000's)
<b>Balance as at January 1, 2024</b>	<u>32,222</u>	<u>78,810</u>	<u>33,179</u>	<u>319,021</u>
Multiple voting shares reclassification	(32,222)	(78,810)	32,222	78,810
Marny first tranche	—	—	31,250	11,814
Marny second tranche	—	—	34,000	12,784
Marny third tranche	—	—	36,750	13,671
Share issuance costs	—	—	—	(2,215)
Exercise of RSU and options	—	—	2,388	5,430
<b>Balance as at December 31, 2024</b>	<u>—</u>	<u>—</u>	<u>169,789</u>	<u>439,315</u>
<b>Balance as at January 1, 2025</b>	—	—	169,789	439,315
Exercise of RSU and options	—	—	1,614	2,754
<b>Balance as at December 31, 2025</b>	<u>—</u>	<u>—</u>	<u>171,403</u>	<u>442,069</u>

### Subordinate and Multiple Voting Shares

The Subordinate Voting Shares and the Multiple Voting Shares were identical with the exception of the multiple voting, pre-emptive and conversion rights attached to the Multiple Voting Shares. Each Subordinate Voting Share was entitled to one vote and each Multiple Voting Share was entitled to four votes on all matters upon which each such class of shares were entitled to vote. The Multiple Voting Shares were convertible into Subordinate Voting Shares on a one-for-one basis at any time at the option of the holders thereof and automatically in certain other circumstances. The Multiple Voting Shares ranked pari passu with respect to the payment of dividends, return of capital and distribution of assets in the event of a liquidation, dissolution or winding up of the Company. The holders of Subordinate Voting Shares benefited from certain provisions that gave them certain rights in the event of a take-over bid for the Multiple Voting Shares.

During the year ended December 31, 2025, the Company had stock options exercised of 353,442 (2024 - 833,511) which resulted in a \$962 (2024 - \$2,275) increase to issued share capital for cash received for the exercise of these options and fair value reallocations. During the year ended December 31, 2025, the Company had restricted stock units ("RSUs") of 1,422,341 that vested and were released to the participant which resulted in a \$1,792 increase to issued share capital.

#### Strategic Investment

On December 18, 2023, the Company announced a \$40,800 equity investment by Marny by way of an arm's-length, multi-tranche, non-brokered private placement (the "Strategic Investment").

Marny, through Marny Holdco, had agreed to subscribe for an aggregate of 102,000,000 units of the Company ("Units") at a price of \$0.40 per Unit with each Unit consisting of one Subordinate Voting Share of the Company and 1/5 of one Subordinate Voting Share purchase warrant of the Company (each a "Warrant"). Each Warrant will entitle Marny to purchase one additional Subordinate Voting Share at an exercise price of \$0.80 for a period of three years following the closing of the first tranche. The Unit subscription price of \$0.40 represents a 57% premium to the 10-day volume weighted average price of the Subordinate Voting Shares on the Toronto Stock Exchange ("TSX") as of the transaction date.

Marny has the right, in its sole discretion, to allocate an aggregate of 10,200,000 of the Subordinate Voting Shares for which it has subscribed to certain individual investors (the "Marny Individual Investors"), and any such Marny Individual Investors shall grant an irrevocable proxy to Marny Holdco in respect of the voting rights for such Subordinate Voting Shares.

On February 2, 2024, the first tranche of the Strategic Investment closed with the issuance of 31,250,000 Units for gross proceeds of \$12,500. Each Unit consists of one Subordinate Voting Share and one Warrant. In conjunction with the first tranche, the Company issued a warrant certificate for 6,250,000 share units valued at \$0.11 per warrant for a total value of \$687.

On April 1, 2024, the second tranche of the Strategic Investment closed with the issuance of 34,000,000 Units for gross proceeds of \$13,600. In conjunction with the second tranche, the Company issued a warrant certificate for 6,800,000 share units valued at \$0.12 per warrant for a total value of \$816.

On July 10, 2024, the third tranche of the Strategic Investment closed with the issuance of 36,750,000 Units for gross proceeds of \$14,700. In conjunction with the third tranche, the Company issued a warrant certificate for 7,350,000 share units valued at \$0.14 per warrant for a total value of \$1,029.

## 19. Share-based payment plans

### 2021 Omnibus Equity Incentive Plan

On June 16, 2021, the Group adopted the Omnibus Equity Incentive Plan (the “2021 Plan”) that allows the Company to grant equity awards including restricted stock units, performance share units, dividend share units and stock options to employees, directors, and consultants of the Company, that if converted would be exercised into subordinate voting shares of the Company. The amount available under the 2021 Plan is limited to 10% of the issued and outstanding shares of the combined common shares less any amount for outstanding Legacy Options or outstanding under the 2021 plan. The equity awards under the 2021 Plan are subject to three year service based vesting. During the year ended December 31, 2025, the Company had granted 946,819 (2024 - 4,556,452) restricted stock units to employees and directors of the Company. The Company recorded \$1,629 (2024 – \$2,174) in share-based compensation expense relating to the 2021 Plan.

#### Share Issuance Plans(equity-settled)

During the years ended December 31, 2025, and 2024, the Company had two share-based payment arrangements, which are described below.

Type of arrangement	Awards granted at December 31, 2025	Type of Awards	Contractual life	Vesting conditions
Employee Stock Option Plan (“ESOP”)	-	Stock options	Earlier of 15 years or December 31, 2025	Four years’ service
2021 Omnibus Equity Incentive Plan (“2021 Plan”)	4,690,387	Restricted stock units	10 years	Three years’ service

Further details and activity of the two share-based payment plans for the years ended December 31, 2025, and 2024:

	ESOP			2021 Plan		Total
	Number of Options	Weighted Average Exercise Price	Weighted Average Fair Value	Number of Awards	Weighted Average Fair Value	
Outstanding at January 1, 2025	767,163	\$ 0.01	\$ 2.72	5,974,882	\$ 0.80	6,742,045
Granted	—	—	—	946,819	0.87	946,819
Vested and released	—	—	—	(1,422,341)	1.26	(1,422,341)
Cancelled/forfeited	(413,721)	0.01	2.72	(808,973)	0.66	(1,222,694)
Exercised	(353,442)	0.01	2.72	—	—	(353,442)
Outstanding at December 31, 2025	—	\$ —	\$ —	4,690,387	\$ 0.82	4,690,387
Exercisable at December 31, 2025	—	\$ —	\$ —	—	\$ —	—

	ESOP			2021 Plan		Total
	Number of Options	Weighted Average Exercise Price	Weighted Average Fair Value	Number of Awards	Weighted Average Fair Value	
Outstanding at January 1, 2024	1,600,674	\$ 0.01	\$ 2.72	3,841,298	1.84	5,441,972
Granted	—	—	—	4,556,452	0.58	4,556,452
Vested and released	—	—	—	(1,554,563)	2.02	(1,554,563)
Cancelled/forfeited	—	—	—	(868,305)	1.96	(868,305)
Exercised	(833,511)	0.01	2.72	—	—	(833,511.00)
Outstanding at December 31, 2024	767,163	\$ 0.01	\$ 2.72	5,974,882	\$ 0.80	6,742,045
Exercisable at December 31, 2024	767,163	\$ 0.01	\$ 2.72	—	\$ —	767,163.00

For the years ended December 31, 2025, and 2024, the weighted average share price at the date of exercise for share options exercised during the period was \$2.18 and \$0.75, respectively. The options outstanding at December 31, 2025, and 2024 had an exercise price of \$0.01, and a weighted average remaining contractual life of 0 years and 1 years, respectively. The remaining unexercised options expired and were cancelled as of December 31, 2025. During the year ended December 31, 2025, the Company had 1,422,341 RSUs vested and were released to the participant which had a weighted average share price on the date of vesting of \$1.26.

The fair value of the Restricted stock units (“RSU”)s is based on the grant date fair value of the Group's common stock when granted. For the year ended December 31, 2025, the weighted average grant date fair value of the RSUs was \$0.87 (2024 - \$0.58).

#### Expense recognized in profit and loss

Share-based payment expenses by plan for the year ended December 31, 2025, and 2024 were as follows:

	2021 Plan		Total	
	\$		\$	
Expense arising from RSUs	\$	1,629	\$	1,629
Total expense for year 2025	\$	1,629	\$	1,629
	2021 Plan		Total	
	\$		\$	
Expense arising from RSUs	\$	2,174	\$	2,174
Total expense for year 2024	\$	2,174	\$	2,174

## 20. Capital management

The Group's objective is to maintain a strong capital base to maintain investor, creditor, and market confidence, and to sustain future business development.

The Group's capital structure consists of long-term debt, and equity, comprising of share capital, contributed surplus, and accumulated deficit in the definition of capital. The Group is subject to externally imposed capital requirements through loans of certain subsidiary entities, and there has been no change with respect to the overall capital risk management strategy during the years ended December 31, 2025, and 2024. The Group expects that funds generated from operations and cash amounts will provide sufficient capital resources and liquidity to fund existing operations in 2025.

The following table shows the Group's capital quantitatively at the following reporting dates:

	2025	2024
Long-term debt	54,205	60,140
Share capital	442,069	439,315
Contributed surplus	6,266	7,350
Deficit	(515,817)	(522,781)
<b>Total capital deficit</b>	<b>(13,277)</b>	<b>(15,976)</b>

## 21. Revenue from contracts with customers

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

	2025			2024	
	Capital Sales	O&M Services	BOO	Total	Total
	\$	\$	\$	\$	\$
Cost and estimated earnings in excess of billings (contract assets)					
Current	14,980	—	—	14,980	10,757
Long-term	—	—	—	—	—
Billings in excess of cost and estimated earnings (contract liabilities)					
Current	(21,262)	—	—	(21,262)	(17,939)
Long-term	(1,654)	—	—	(1,654)	(1,634)

Contract assets represent the Group's rights to consideration in exchange for services transferred to a customer that have not been billed as of the reporting date. The Group's rights to consideration are generally unconditional at the time its performance obligations are satisfied.

The following table provides information about contract balances from contracts with customers:

	2025			2024	
	Capital Sales	O&M Services	BOO	Total	Total
	\$	\$	\$	\$	\$
<b>As of January 1</b>	(9,657)	271	570	(8,816)	9,521
Billings in current year	(154,283)	(5,618)	(4,790)	(164,691)	(101,311)
Recognized in the consolidated statements of operations (EPC contract revenue)	148,508	—	—	148,508	75,574
Recognized in the consolidated statements of operations (service revenue)	—	20,043	—	20,043	20,559
Recognized in the consolidated statements of operations (BOO revenue)	—	—	11,634	11,634	15,513
Disposal of contracts assets & liabilities	—	—	—	—	—
Foreign exchange and other adjustments	7,496	(14,696)	(7,414)	(14,614)	(28,672)
Balance as of December 31	(7,936)	—	—	(7,936)	(8,816)

The Group's remaining performance obligations represent the unrecognized revenue value of the Group's contract commitments. As of December 31, 2025, the unsatisfied performance obligations for EPC contracts were \$7,936 (2024 - \$89,760). As of December 31, 2025, the unsatisfied performance obligations for service contracts were \$nil (2024 - \$13,305). These may significantly vary each reporting period based on the timing of major new contract commitments and may fluctuate with currency movements. In addition, the Company's customers have the right, under specific circumstances, to terminate contracts or defer the timing of the Group's services and their payments to the Company. The typical reasons for cancellation of revenue contracts are for default or non-performance under the contract and are considered standard in the Company's industry. None of the Company's contracts can be cancelled for convenience without commensurate remuneration. The Company's contracts are each bespoke and customized to the specific customer with local waste management, municipalities or third-party contractors. The contract negotiation and terms are highly dependent on the customers bargaining power. During the year ended December 31, 2025, the Company had no contracts that were cancelled related to previously disclosed unsatisfied performance obligations.

The Company maintains an estimated credit loss provision for contract assets that may not be collectible. This provision is estimated utilizing historical loss data as well as specific provisions for current contract assets deemed uncollectible. For the year ended December 31, 2025, the Company had an estimated credit loss provision on contract assets of \$2,569 (2024 - \$2,225).

The Company, for certain contracts, has entered into performance guarantees that are designed to provide assurance that the contract or project will be completed or maintained to the customers satisfaction. The Company does not typically charge for these guarantees and these guarantees are

performance based and therefore not a financial guarantee. As of December 31, 2025, the Company had two such performance guarantees. One performance guarantee that is designed to ensure the Company's performance on a service contract over the 17 year period for the contract value of \$1,799 per year, of which 7 years is still remaining, and one performance guarantee for phase one of an EPC contract for \$1,598.

Certain power purchase agreements contain a lease component and revenue has been recognized in accordance with IFRS 16 *Leases*. Two BOO's, Escondido Bioenergy Facility, LLC and Biogas Power Systems Mojave, LLC have electrical sales agreements that qualify as power purchase agreements under IFRS 16. For the year ended December 31, 2025, the Group recognized \$2,577 (2024 – \$1,797) of operating lease revenue under these agreements.

### Concentration of customers

For the years ended December 31, 2025 there are three projects originating from one single customer which accounted for 26.2% of the Company's revenue and no single customer representing more than 10% of the Company's revenue for the year ended December 31, 2024. These customer projects were all located in Italy and relate to the Company's Capital Sales segment. The three projects related to the 2025 revenue are scheduled to be completed in 2026.

## 22. Segment reporting

The Group determines its reportable segments based on the nature of operations and includes three operating segments: Capital Sales, Operation and Maintenance Services, and Build, Own, and Operate Projects.

Capital Sales consists of the sales of proprietary technology solutions and services to third party customers, predominantly municipalities, private entities, and project developers.

Operation and Maintenance Services consist of third-party recurring services contracts to operate and maintain the technology solutions.

Build, Own, and Operate Projects consist of greenfield or brownfield facilities that the Group builds and operates to fulfill long-term contracts to supply energy to third parties.

The financial results of the business segments are included below. Performance is measured based on gross profit as reported to the Group's Chief Executive Officer, who acts as the Chief Operating Decision Maker.

### Segment revenues and profits

The following is an analysis of the Group's revenue and results by reportable segment in 2025:

	Capital Sales	O&M Services	Build, Own, and Operate	Total
2025	\$	\$	\$	\$
Revenue	148,508	20,043	11,634	180,185
Gross profit	39,921	10,020	(3,178)	46,763

The following is an analysis of the Group's revenue and results by reportable segment in 2024:

	Capital Sales	O&M Services	Build, Own, and Operate	Total
2024	\$	\$	\$	\$
Revenue	75,574	20,559	15,513	111,646
Gross profit	19,163	7,406	(936)	25,633

The following is an analysis of the Group's total assets by reportable segment:

	Capital Sales	O&M Services	Build, Own, and Operate	Other	Total
	\$	\$	\$	\$	\$
2025	92,121	78,537	72,624	(5,341)	237,941
2024	97,370	48,348	90,847	(3,238)	233,327

### Geographical information

The Group's revenue from external customers and information about its segment assets (non-current assets excluding financial instruments, deferred tax assets, and other financial assets) by geographical location are detailed below:

Geographic Region	Revenue		Non-current Assets	
	2025	2024	2025	2024
Italy	80,053	21,129	700	608
North America	71,353	60,173	100,100	108,701
Other EMEA	16,370	15,762	1,275	1,080
APAC	12,409	14,582	256	374
<b>Total</b>	<b>180,185</b>	<b>111,646</b>	<b>102,331</b>	<b>110,763</b>

### 23. Government grants

Government grants have been received for the purchase of certain items of property, plant, and equipment and for encumbrance of certain eligible expenditures qualifying for grant or incentive under various government programs.

	2025	2024
	\$	\$
<b>As of January 1</b>	9,399	10,026
Accrued or received during the year	793	2,239
Released to the consolidated statements of operations	(6,601)	(2,775)
Exchange adjustment	(170)	(91)
Balance as of December 31	3,421	9,399
Less: current portion of deferred government grants	(278)	(4,791)
<b>Long-term portion of deferred government grants</b>	<b>3,143</b>	<b>4,608</b>

### 24. Personnel expenses

Personnel expenses consists of the following for the years ended December 31, 2025, and 2024:

	2025	2024
Salaries and wages	30,512	35,303
Benefits	12,957	7,214
<b>Total</b>	<b>43,469</b>	<b>42,517</b>

These amounts are recorded in cost of sales and selling and general administrative expenses on the accompanying statements of operations.

### 25. Other (losses) gains

Other (losses) gains include the following accounts and balances:

	2025	2024
Other (losses) gains	(271)	1,388
<b>Total other (losses) gains</b>	<b>(271)</b>	<b>1,388</b>

## 26. Earnings per share

Basic earnings per share (“EPS”) is calculated by dividing the profit or loss attributable to equity holders of the Group by the weighted-average number of common shares outstanding during the year. Diluted earnings per share are calculated by using the treasury stock method. The treasury stock method assumes that any proceeds obtained on exercise of equity-based compensation arrangements would be used to purchase common shares at the average market price during the period. The weighted-average number of shares outstanding is then adjusted by the difference between the number of shares issued from the exercise of equity-based compensation arrangements and shares repurchased from the related proceeds.

The below profit sharing adjustment to net loss attributable to shareholders is the adjustment for the profit sharing arrangement with the Company's preferred equity interest holders at the Group's subsidiaries, as these instruments are deemed to be participating securities. Preferred equity interests in the Company's subsidiaries are to be distributed first to the preferred equity holders, which in both the cases of ABF and RIBFH would be distributed first to non-controlling interests at a ratio of approximately 65% to 35%. See Note 18 for additional information on the profit sharing arrangements.

<b>In thousands of Canadian Dollars except share amounts</b>	<b>2025</b>	<b>2024</b>
Net loss	(4,475)	(55,864)
Effect of profit sharing arrangement and preferred equity interests adjustment	11,439	12,973
Income (loss) available for ordinary shareholders - basic and dilutive	6,964	(42,891)
Weighted average Common Shares outstanding, basic	170,219,908	137,687,156
Weighted average effect of dilutive securities	4,066,940	—
Weighted average Common Shares outstanding, diluted	<b>174,286,848</b>	<b>137,687,156</b>
	<b>2025</b>	<b>2024</b>
<b>Basic income (loss) per share</b>	<b>\$ 0.04</b>	<b>\$ (0.31)</b>
<b>Diluted income (loss) per share</b>	<b>\$ 0.04</b>	<b>\$ (0.31)</b>

Instruments excluded because they are considered anti-dilutive:

	<b>2025</b>	<b>2024</b>
Restricted stock units	4,690,387	5,974,882
Share purchase warrants - Marny	20,400,000	20,400,000
Subordinate Voting shares Stock Options outstanding	—	745,842
	<b>25,090,387</b>	<b>27,120,724</b>

## 27. Net change in operating assets and liabilities

The table below reconciles the change in current assets and liabilities as shown in the consolidated statements of cash flows.

	<b>2025</b>	<b>2024</b>
<b>Net change in operating assets and liabilities</b>	<b>\$</b>	<b>\$</b>
Decrease in accounts receivable	1,338	8,856
Decrease/(increase) in contract assets	(4,223)	17,194
Decrease in government grants receivable	—	61
Decrease/(increase) in prepaid expenses	111	(1,370)
Increase in inventory	(3,116)	(805)
Increase in other current assets	(25)	(2,926)
Increase/(decrease) in accounts payable	22,292	(16,253)
Decrease in accrued liabilities and provisions	(681)	(17,907)
Increase in contract liabilities	3,323	1,089
Decrease in accrued interest	219	—
Increase in property, plant and equipment included in accounts payable	—	1,597
Others	68	6,652
	<b>19,306</b>	<b>(3,812)</b>