



ANAERGIA INC.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS**

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

Table of Contents

<u>CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION</u>	1
<u>NON-GAAP MEASURES AND INDUSTRY METRICS</u>	3
<u>HIGHLIGHTS</u>	3
<u>BUSINESS OVERVIEW</u>	4
<u>MARKET DYNAMICS AND GROWTH</u>	6
<u>RECENT DEVELOPMENTS</u>	8
<u>KEY COMPONENTS OF RESULTS OF OPERATIONS</u>	9
<u>RESULTS OF OPERATIONS</u>	12
<u>RECONCILIATION OF NET INCOME (LOSS) TO EBITDA AND ADJUSTED EBITDA</u>	18
<u>STATEMENT OF FINANCIAL POSITION</u>	18
<u>CAPITAL MANAGEMENT</u>	19
<u>ANALYSIS OF CASH FLOWS</u>	20
<u>CONTRACTUAL OBLIGATIONS</u>	21
<u>OFF-BALANCE SHEET ARRANGEMENTS</u>	21
<u>RELATED PARTY TRANSACTIONS</u>	21
<u>OUTSTANDING SHARES DATA</u>	23
<u>QUARTERLY INFORMATION</u>	24
<u>RISKS AND UNCERTAINTIES</u>	24
<u>DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING</u>	24
<u>CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS</u>	25
<u>FINANCIAL INSTRUMENTS</u>	27
<u>FUTURE ACCOUNTING POLICY CHANGES</u>	29
<u>ADDITIONAL INFORMATION</u>	27

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This management's discussion and analysis of financial condition and results of operations ("MD&A") for the twelve month periods ended December 31, 2024 and 2023 is prepared as of March 31, 2025 and provides information concerning our financial condition and results of operations. This MD&A should be read in conjunction with the Company's audited annual consolidated financial statements at December 31, 2024 (the "2024 Annual Financial Statements"), together with the related notes thereto. The financial information presented in this MD&A is derived from the 2024 Annual Financial Statements, which have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB") ("IFRS Accounting Standards").

All amounts in this MD&A are in thousands of Canadian Dollars except where otherwise indicated. References to the "Company", "Anaergia", "we", "us" or "our" refer to Anaergia Inc. and its subsidiary entities, on a consolidated basis. References to "Q1 2024", "Q2 2024", "Q3 2024", and "Q4 2024" are to each of our fiscal quarters, respectively, for the year ended December 31, 2024 and references to "Q1 2023", "Q2 2023", "Q3 2023", and "Q4 2023" are to each of our fiscal quarters, respectively, for the year ended December 31, 2023. References to "Fiscal 2024" are to the fiscal year ending December 31, 2024, and references to "Fiscal 2023" are to the fiscal year ending December 31, 2023.

Additional information about the Company, including its annual information form for Fiscal 2023 (the "Annual Information Form") and management information circular for Fiscal 2023, is available on SEDAR+ at www.sedarplus.ca. The Company's common shares ("Common Shares") are listed for trading on the Toronto Stock Exchange ("TSX") under the symbol "ANRG."

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of applicable securities laws. Forward-looking information may relate to future plans, expectations and intentions, results, levels of activity, performance, goals or achievements, other future events or developments and may include, without limitation, information regarding our financial position, business strategy, growth strategy, budgets, operations, financial results, taxes, plans and objectives. Particularly, information regarding our future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "may", "will", "would", "should", "could", "expects", "plans", "intends", "anticipates", "believes", "likely", "potential", "typically", "continue", "seek", "aim", "pursue", or "future" or the negative or other variations of these words or other comparable words or phrases. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not facts but instead represent management's expectations, estimates and projections regarding future events or circumstances. Forward-looking statements in this MD&A include, among other things, financial condition and results of operations; expectations regarding our revenue, expenses and operations; expectations regarding low upfront capital investments; expectations regarding industry trends, overall market growth rates and our growth strategy; expectations regarding improving margins, reducing expenses and conserving cash; statements regarding enhancing contractual requirements for margin protection and improving execution process and prudent cash management; expectations regarding our ability to grow the number and scope of operation and maintenance service ("O&M") contracts; expectations regarding leveraging technologies for value extraction; the expected financial performance of our build-own-operate ("BOO") assets; access to project-specific debt and equity for financing current and new BOO projects; access to debt financing from related and third-party sources; statements regarding the benefits of Investment Tax Credits ("ITC") and Low Carbon Fuel Standards ("LCFS"); expectation regarding our hedge relationships; estimates of Revenue Backlog; our business plans and growth strategies; statements regarding remediation efforts to address the material weakness; statements regarding access to a robust incremental pipeline of key Capital Sales projects; expectations regarding recognizing costs as additional impairment losses during 2024; our competitive position in our industry, including anticipated trends and challenges in our business and the markets in which we operate; and intentions with respect to the implementation of new accounting standards.

Forward-looking information is necessarily based on a number of opinions, assumptions and estimates that we considered appropriate and reasonable as of the date such statements were made. It is also subject to known and unknown risks, uncertainties, assumptions and other factors that may cause our actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to the risk factors described under "Risks and Uncertainties" in this MD&A, such as the risk of the Company to continue as a going concern. Additional risks and uncertainties are discussed in the Company's materials filed with the Canadian securities regulatory authorities from time to time, including the Annual Information Form. Certain assumptions in respect of our growth

outlook; our ability to refocus resources on our Capital Sales segment and rely on low upfront capital investments; our ability to sell certain assets to generate cash; our ability to meet our financing and liquidity requirements on a continuing basis; our ability to provide projected revenue and Adjusted EBITDA (as defined below); our ability to retain key personnel; our ability to maintain and expand geographic scope; our ability to improve margins, improve execution processes, and ensure prudent cash management; our ability to monitor the expected cash inflows on trade and other receivables with expected cash outflow of the same; our ability to meet the requirements under a consent agreement with the Rhode Island Department of Environmental Management (“**RIDEM**”); our ability to meet the requirements and covenants under the Rhode Island Bioenergy Facility LLC (“**RIBF**”) US\$20,000 term loan (the “**RIBF Loan**”); our ability to be in compliance with the terms and requirements of SoCal Organics Recycling Facility, LLC (“**SCORF**”); our ability to meet the requirements and covenants under the California Department of Resources Recycling and Recovery US\$10,000 term loan (the “**SCORF Loan**”); our ability to leverage technologies to increase sales and maximize value extraction; our ability to improve profitability of the existing business; our ability to attain profitability and positive cashflows; our ability to focus efforts on refining our existing technologies; our ability to maintain good relationships with our customers and suppliers; our ability to execute on our expansion plans; our ability to execute on additional acquisition opportunities; our ability to obtain or maintain existing financing on acceptable terms; our ability to remediate the material weakness and execute on our plan to add additional internal technical accounting specialist resources in the financial reporting process; our ability to continue as a going concern; the effects of changes in currency exchange and interest rates; the changes and trends in our industry or the global economy; our estimated contracted revenue and revenue from our BOO assets operating at full capacity during their useful lives; operations and maintenance cost estimates; capital costs remaining steady; the timely construction of facilities; the continuation of legislation and regulation favouring landfill diversion and environmental attributes for renewable natural gas (“**RNG**”); the anticipated monetary incentives for RNG to be provided by California’s LCFS and other initiatives; the expected incentivization for projects that use biogas or RNG as a result of LCFS; the benefits of the ITC; our hedge relationships being effective; our ability to recognize development fees and generate third-party Capital Sales and O&M contracts associated with future BOO projects; our ability to recognize costs as additional impairment losses during 2024; and our ability to realize the anticipated benefits of such are material factors underlying forward-looking information and management’s expectations.

The purpose of the forward-looking statements in this MD&A is to provide the reader with a description of management’s current expectations regarding the Company’s financial performance and may not be appropriate for other purposes. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information, which speaks only to opinions, estimates and assumptions as of the date made. To the extent any forward-looking information in this MD&A constitutes future-oriented financial information or financial outlook, within the meaning of applicable securities laws, such information is being provided to demonstrate the potential of the Company and readers are cautioned that this information may not be appropriate for any other purpose. Future-oriented financial information and financial outlook, as with forward-looking information generally, are based on current assumptions and subject to risks, uncertainties and other factors. Furthermore, unless otherwise stated, the forward-looking statements contained in this MD&A are made as of the date of this MD&A, and we have no intention and undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

NON-GAAP MEASURES

This MD&A makes reference to certain non-GAAP measures. These non-GAAP measures are not recognized measures under IFRS Accounting Standards and do not have a standardized meaning prescribed by IFRS Accounting Standards and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these non-GAAP measures are provided as additional information to complement IFRS Accounting Standards measures by providing further understanding of our results of operations from management's perspective. Accordingly, these non-GAAP measures should not be considered in isolation or as a substitute for analysis of our financial information reported under IFRS Accounting Standards. We use non-GAAP measures, including "Adjusted EBITDA", "EBITDA", and "Revenue Backlog" to provide investors with supplemental measures. Management also uses non-GAAP measures internally in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess our ability to meet our future debt service, capital expenditure and working capital requirements. Management believes these non-GAAP measures are important supplemental measures of operating performance because they eliminate items that have less bearing on operating performance and highlight trends in the core business that may not otherwise be apparent when relying solely on IFRS Accounting Standards financial measures. Management believes such measures are useful as they allow for assessment of our operating performance and financial condition on a basis that is more consistent and comparable between reporting periods. We also believe that securities analysts, investors and other interested parties frequently use non-GAAP measures in the evaluation of issuers.

"**Adjusted EBITDA**" is defined as EBITDA adjusted for our normalized proportionate interest in our BOO assets, one-time or non-recurring items, stock-based compensation expense, asset impairment charges and write downs, losses related to equity-accounted investees, significant one-time provisions, foreign exchange gains or losses, restructuring and severance costs, Enterprise Resource Planning ("**ERP**") customization and configuration costs, litigation and other claims settlements, gains and losses resulting from changes in certain balance sheet valuations (such as derivatives and warrants) and acquisition costs.

"**EBITDA**" is defined as net income or loss before interest expenses, taxes and depreciation and amortization.

See "Reconciliation of Net Income (Loss) to EBITDA and Adjusted EBITDA" for a reconciliation of the foregoing non-GAAP measures to their most directly comparable measures calculated in accordance with IFRS Accounting Standards.

"**Revenue Backlog**" is defined as the balance of unrecognized, undiscounted, consolidated revenues from signed contracts in our Capital Sales and O&M/Services segments. For our Capital Sales contracts, we have modeled only projects that have been contracted. For our O&M/Services segment, while most of our in-hand contracts are 5-15 years in tenure, we have conservatively modeled for only 3 years of contracted revenue.

Anaergia "technical reference projects", our technology can be installed on a standalone basis at greenfield facilities or used to enhance existing waste infrastructure for solid waste collection at transfer stations and existing anaerobic digesters at wastewater treatment plants ("**WWTPs**"). We help WWTPs identify sources of organics feedstock and then work with them to upgrade or install new digestion capacity at the plant. Our "technical reference projects" are projects that we believe are representative of Anaergia's component-driven, technical framework that categorizes the standards and technologies provided by the Company over time.

HIGHLIGHTS

- For Fiscal 2024, revenue decreased 24.2%, or \$35,579, to \$111,646 compared to Fiscal 2023 (Fiscal 2023: \$147,225). The decrease was driven mainly due to Italian and North American Capital Sales projects being completed, some projects facing customer delays, and an interim delay in new capital sale project signing.
- For Fiscal 2024, gross profit of \$25,633 increased 29.9%, or \$5,904, compared to Fiscal 2023 (Fiscal 2023: \$19,729). The increase was mainly driven by management's ability to capture higher margin Capital Sales and O&M contracts as part of our capital light strategy, the continued progression and ramp up of our margins on BOO projects, as well as close monitoring of costs through the project construction phase.
- For Fiscal 2024, the net loss of \$55,864 decreased 71.0%, or \$136,927, compared to Fiscal 2023 (Fiscal 2023: net loss of \$192,791). The decrease is mainly due to prior year loss on the disposal of ITA of \$54,444 and deconsolidation of Rialto Bioenergy Facility, LLC ("**RBF**") transaction of \$35,663, partially offset by a gain on the sale of Tønder of \$10,063 in 2023. Additionally, 2024 no longer included 2023 items such as a loss on certain intercompany loans that were deemed no longer recoverable and a loss where a letter of credit related to a terminated O&M contract was drawn. None of these items are recurring in nature during 2024.

- For Fiscal 2024, Adjusted EBITDA* loss decreased 23.0%, or \$8,022, to a loss of \$26,892 compared to Fiscal 2023 (Fiscal 2023: loss of \$34,914). The decrease was driven by higher gross margins and a reduction in selling, general, and administrative expenses (“SG&A”).
- On December 18, 2023, we announced a \$40,800 equity investment by Marny Investissement SA (“Marny”) by way of an arm’s-length, multi-tranche, non-brokered private placement (the “Strategic Investment”), pursuant to a subscription agreement dated December 17, 2023 as amended on December 29, 2023, February 2, 2024 and April 1, 2024 (the “Subscription Agreement”). Marny, through a wholly-owned subsidiary, Marny Holdco, Inc. (“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 Anaergia (each a “Warrant”). Each Warrant entitles Marny Holdco to purchase one additional Common Share at an exercise price of \$0.80 until February 2, 2027. The Unit subscription price of \$0.40 represented a 57% premium to the 10-day volume weighted average price of the Common Shares on the TSX as of December 15, 2023. Pursuant to the Subscription Agreement, Marny Holdco was provided with the right, in its sole discretion, to allocate an aggregate of 10,200,000 of the Common Shares for which it has subscribed to certain individual investors, and any such investors is required to grant an irrevocable proxy to Marny Holdco in respect of the voting rights for such Common Shares. As of July 10, 2024, Marny completed all three tranches of the Strategic Investment with the issuance of 102,000,000 Units for aggregate gross proceeds of approximately \$40,800.
- On June 26, 2024, the Company announced the appointment of Assaf Onn as its acting Chief Executive Officer, effective June 24, 2024. On July 6, 2024, Gregory Wolf, CPA, MST, was named interim Chief Financial Officer. On August 13, 2024, it was announced by the Board that both Assaf Onn and Gregory Wolf’s positions are permanent.

Financial Highlights (in thousands, except per share data)

	For the Three Months Ended December 31,		For the Twelve Months Ended December 31,	
	2024	2023	2024	2023
Revenue	34,057	33,408	111,646	147,225
Cost of sales	25,050	29,914	86,013	127,496
Gross profit	9,007	3,494	25,633	19,729
Loss from operations	(7,234)	(35,931)	(40,036)	(85,802)
Net loss	(15,416)	(34,058)	(55,864)	(192,791)
Net loss per share	(0.09)	(0.48)	(0.31)	(2.74)
Weighted average # of shares	169,508,968	64,931,585	137,687,156	64,889,196
EBITDA*	(4,908)	(34,071)	(38,256)	(191,995)
Adjusted EBITDA*	(6,311)	(7,713)	(26,892)	(34,914)

* See “Non-GAAP Measures”

BUSINESS OVERVIEW

Our Business

Anaergia is an integrated waste-to-value platform created to eliminate a major source of greenhouse gases (“GHG”) by turning organic waste into RNG, clean water and natural fertilizer through the use of proprietary technologies. We provide integrated solutions to today’s resource recovery challenges using a broad portfolio of proven technologies and multiple project delivery methods.

Formed in 2007, Anaergia was built on the foundations of acquired companies specializing in processing and treating organic waste. Continued investments in innovation and execution capabilities allow us to deliver facilities that divert waste, reduce life cycle costs, create new revenue streams and maximize renewable energy output.

Our business model involves the development of technologies and services used to design, build, own, operate and finance projects that process organic waste into valuable resources. We focus on the three largest sub-sectors of this market, principally solid waste, wastewater and agriculture, as these account for the largest reliable sources of waste creation and benefit from significant existing infrastructure.

Anaergia has a proprietary portfolio of end-to-end solutions that integrates solid waste processing as well as wastewater treatment with organics recovery, high-efficiency anaerobic digestion (“AD”), RNG production and recovery of fertilizer and water from organic residuals. The combination of these technologies enhances carbon-negative biogas, clean water and natural fertilizer production, utilizes a minimized footprint and lowers waste and wastewater treatment costs and GHG emissions.

Anaergia is headquartered in Burlington, Ontario, Canada and has operations in North America, Europe, Asia, and Africa. Since 2010, the Company’s technologies have been deployed at over 235 resource recovery facilities in over 18 countries worldwide.

Business Segments

We report our operating results in the following three reportable segments:

1. *Capital Sales.* Our Capital Sales segment consists of technology packaged solutions and services to third-party customers, predominantly municipalities and project developers, and includes engineering services, proprietary product sales, engineering procurement and construction contracts, or a combination thereof.
2. *O&M Services.* Our O&M Services segment offers third-party O&M and field service contracts, generally 5-10 years in length, with customers that typically include municipalities and project developers that utilize our technology solutions.
3. *BOO.* Our BOO segment has been building, owning, and operating greenfield or brownfield facilities that are expected to generate higher-margin revenues and long-term and more predictable cash flows. This segment capitalizes on our ability to acquire and retrofit existing infrastructure and bypass lengthy permitting processes. Starting 2024, we have followed a capital-light model for this segment where we do not aim to own the majority equity interest in any new assets. In addition to recognizing some revenues directly from BOO operations in the future, alongside potential financial partners, we intend to recognize development fees and generate third-party Capital Sales and O&M contracts associated with each future BOO project.

Geographical Operations

Globally, there are over two billion tons of waste sent to landfills each year (according to the Landfill Methane Outreach Program Landfill and Project database), creating significant GHG emissions as organic materials decompose. A growing global awareness about landfill constraints and increased focus on mitigating climate change are driving governments and municipalities to adopt organics diversion regulations around the globe. Anaergia targets markets that benefit from supportive regulatory regimes and readily available feedstock supplies and that provide the ability to utilize existing infrastructure. With our set of integrated resource recovery solutions and flexible delivery models, Anaergia is positioned to capitalize on this global opportunity. The Company’s global presence consists of eight office locations and two manufacturing facilities that have helped deploy our technologies at resource recovery facilities worldwide.

The Company’s core markets and revenue sources are in North America, Europe, and Asia Pacific where we take advantage of the opportunity created by regulations that drive organics diversion and encourage the use of AD to process organic waste and produce RNG. In other markets, Anaergia sells integrated solutions to waste management companies where BOO assets are typically less attractive.

We report our operating results in the following three geographical areas:

1. *North America.* In North America, our core market is in California, where we have fifteen projects that serve as technical reference projects.
2. *Europe, Middle East and Africa (“EMEA”).* In the EMEA region, we have focused on the Italian market due to its strong regulatory support and robust natural gas infrastructure. Outside of Italy, we are focused on the United Kingdom, Germany, Spain, Portugal, Netherlands, and South Africa.

3. *Asia Pacific (“APAC”)*. In the APAC region, we have focused on the mature markets of Singapore, Japan, Australia, and Korea, as well as explore other countries' potential. Our APAC headquarters in Singapore is currently executing projects in China, Taiwan, Singapore, South Korea, and Japan and has a robust incremental pipeline of key Capital Sales projects in the APAC region.

Strategy

Anaergia is driven to innovate. Our strategic vision is clear: to provide complete, integrated resource recovery solutions globally. Underpinned by a robust market, and regulatory and environmental tailwinds, Anaergia is uniquely positioned to benefit from the growing demand for sustainable waste solutions. The Company’s products and services respond to regulatory and customer demand for sustainable waste management services that are superior to landfills and composting while providing carbon negative fuel, thereby reducing GHG emissions. Anaergia is focused on providing cost effective and sustainable solutions that leverage our experience with project development, execution and our network of owned infrastructure. Key elements of our growth strategy are set out below.

Shift to a Capital-Light Business Model

For all new BOO opportunities in the development pipeline, we plan to develop future projects with a financial partner(s) who will fund all or the majority of the capital in the projects. Anaergia intends to recognize “Revenue” and “EBITDA” from a development fee, Capital Sale and long-term O&M contract with each future BOO opportunity. With this approach, Anaergia expects to reduce the capital burden and leverage its development, technical and operational skills to improve short-term cashflow.

Meet Market Demand for Cost-Effective, Sustainable Solutions Using our Proven Technologies

Anaergia has taken a proactive approach to improving its impact on the environment. We believe that addressing climate change will remain a global objective for government, institutions and commercial organizations. Through our products and services and our owned infrastructure, we optimize the diversion of organic waste from landfills and use the output to generate renewable energy and fertilizers, thereby reducing GHG emissions and the cost of waste management. We plan to continue to focus on providing sustainable solutions that will address the growing demand for products and services that create environmental benefits for our customers and communities.

Focus on Performance

Anaergia is focusing its efforts on improving margins, reducing expenses, and conserving cash. We are taking actions to enhance contractual requirements to de-risk margin erosion, improve execution processes, and ensure prudent cash management, including SG&A. Anaergia plans to continue leveraging its proven technologies to increase sales and optimize value extraction.

Increase Services Revenue

We intend to continue to seek opportunities to increase our sources of recurring revenue from O&M services, sales of spare parts to existing clients and the sale of non-strategic products and services to third parties. For some of our technology solutions projects, we enter multi-year O&M contracts, and we intend to continue to grow both the number and scope of such contracts. In cases where we do not operate plants, our customers also provide opportunities to grow recurring revenue through our support of their operations.

MARKET DYNAMICS AND GROWTH

Many initiatives, particularly in Europe, call for long-term RNG supply increases and are expected to further promote the development of new biogas facilities along with increasing opportunities for our Capital Sales business. Anaergia finances its BOO projects with a combination of its own equity, third-party equity with a financial partner, project debt, and on occasion with the sale of preferred equity in some of its projects. Management is continuing to work to provide the Company with opportunities to access project-specific debt and/or various types of project-related equity for financing existing and new BOO projects.

Europe

European natural gas prices began Fiscal 2022 at all-time highs as a result of tight gas markets throughout the European Union (the “EU”). The conflict in eastern Europe further inflated gas prices prompting the EU to propose a plan known as “REPowerEU”, to reduce reliance on Russian fossil gas by two thirds in Fiscal 2022 and completely phase out its use by the year 2030. REPowerEU in part relies on increasing supplies of RNG. REPowerEU sets a target for the EU to produce approximately 1,300,000,000 metric million British Thermal units (“MMbtu”) (35 billion cubic meters) of biomethane per year by 2030, approximately two times the previously proposed target. Current EU RNG capacity is only about 8% of this target. While natural gas prices have significantly declined from all-time highs in Fiscal 2022 due to a combination of mild weather, increased gas storage and other factors, prices remain above historic averages. The International Energy Agency described the current gas balance as fragile and highly susceptible to short-term market forces.

To supplement the 2018 biomethane (RNG) incentive program in Italy, the European Commission approved, under EU state aid rules, a new Italian incentive program to support the production of sustainable biomethane (RNG) to be injected into the national gas grid for use in the transport and heating sectors. The Italian Ministry of Ecological Transition introduced the new incentive program through a decree in September 2022. This program is in line with REPowerEU and is aimed at promoting the construction and the operation of new or converted RNG production plants in Italy. It will feature both a grant guaranteed by the Italian government expected to cover up to 40% of the eligible capital costs of new RNG facilities, and a fixed feed-in-tariff paid for 15 years that will begin at €60-70 per Megawatt Hour (“MWh”) for solid waste projects and €110-115 per MWh for agricultural waste projects.

Anaergia expects support for RNG to increase in other EU countries as well and is developing opportunities in other countries including France, Spain, the United Kingdom (“U.K.”), Portugal, and Germany.

North America

Cities in California are required to comply with SB1383 regulations that went into effect on January 1, 2022. The City of Los Angeles belatedly implemented its ordinance in December 2022, which requires all commercial generators to subscribe to organic waste collection and diversion services. In February 2022, the California Public Utilities Commission established the first renewable gas standard in the United States of America (“U.S.”) under regulation authorized by SB1440 (Hueso, 2018), requiring utilities to replace at least 3% of the traditional gas delivered to customers with RNG by 2025 and replace 12% with RNG by 2030. Under SB 1440, California utilities will have to procure approximately 75,000,000 MMBtu of RNG annually by 2030 with up to 15-year fixed price off-take agreements. RNG generated from landfill diverted organic waste will be prioritized. SB 1440 complements Anaergia’s strategy in California to generate RNG from landfill-diverted organics and is ideally suited for Anaergia’s technology offering and expertise with a European-style long-term fixed price arrangement.

Other U.S. states are also pursuing landfill organics diversion goals and programs like California’s LCFS. The voluntary market for RNG is also growing as utilities, refineries and other corporations look to offset their carbon emissions. Many U.S. states have implemented policies enabling and promoting the utility procurement of RNG and multiple utilities have set voluntary RNG supply targets, that will provide further off-take opportunities. Illustrating the shift in the voluntary markets, Anaergia has two agreements where we supply carbon-negative RNG; one with Irving Oil supplied by RIBF and a second where Anaergia's subsidiary, SoCal Biomethane, LLC supplies FuelCell Energy Inc.’s Tri-gen system producing carbon-negative hydrogen and electricity for Toyota.

In the U.S., the Inflation Reduction Act of 2022 (“IRA”) puts the country on a path to 40% emissions reductions by 2030. The legislation extends and improves the existing ITC for investments in infrastructure to produce clean fuels and includes biogas property constructed prior to the end of 2024. The credit rate could amount to 30% of the investment, with a possible 10% bonus credit for projects that meet domestic content requirements. Anaergia expects the expanded ITC could directly benefit a number of biogas facilities currently under development in the U.S., as well as expand the opportunity set of projects that can be pursued with improved economic fundamentals. Many of Anaergia’s facilities, both existing and under development, stand to benefit directly from this new clean fuel production tax credit starting in 2025, which could amount to up to \$1.00 per gallon of non-aviation fuel and would apply to all transportation fuel sold until the end of 2027. The extension and modification of the 45Q tax credit for carbon dioxide sequestration could also offer credits of up to \$85/ton of carbon geologically sequestered.

In Canada, Clean Fuel Regulations (“CFR”), which increase incentives for the development and adoption of clean fuels, technologies and processes, are expected to dramatically increase the consumption of renewable fuels across Canada. Similar to the LCFS, these regulations will provide monetary incentives for RNG that is used as a transportation fuel. The regulations

will also provide incentives for projects that utilize biogas or RNG to reduce the carbon intensity of liquid transportation fuels. The CFR is expected to drive demand for long-term procurement of low carbon intensity RNG.

RECENT DEVELOPMENTS

- On December 22, 2023, the Company's subsidiary, Rhode Island Bioenergy Facility Holdco, LLC (“RIBFH”) entered into a definitive agreement for a sale of \$21,679 of Inflation Reduction Act (IRA) investment tax credits (the “ITC Transaction”) generated by its subsidiary, Rhode Island Bioenergy Facility, LLC (“RIBF”) in Johnston, Rhode Island from qualified investments by the subsidiary into renewable natural gas generating capital expenditures. The ITC Transaction closed on January 29, 2024, and is subject to certain customary conditions and generated \$21,679 in cash during the year. As of December 31, 2023, the Company had recorded another current asset of \$20,628 on the accompanying statements of financial position. During fiscal year 2024, the Company recognized the transaction costs of \$2,416, as expenses in the period the ITC Transaction was consummated.
- On February 2, 2024, the Company announced that a first tranche of the previously announced Strategic Investment of \$40,800 from Marny had closed with the issuance of 31,250,000 Units for gross proceeds of \$12,500. As result of the issuance of shares during the three months ended March 31, 2024, the Company issued 6,250,000 in warrants that are valued at \$0.11 per warrant, for a total contributed surplus of \$687.
- On February 7, 2024, the Company entered into a settlement agreement between the Company's subsidiary, Anaergia B.V. (“ABV”) and Blue Sphere Brabant B.V. (“Blue Sphere”), and Anaergia received \$3,952 (€2.7 million) on February 14, 2024. Pursuant to the settlement agreement, Blue Sphere also agreed to additional payments totaling \$1,101 (€750) to be paid to ABV on or before January 30, 2025. As part of the settlement, the parties entered into consideration of mutual waiver of claims concerning the turnkey agreement for engineering, procurement, and construction of an installation for the biogas plant in Sterksel, Netherlands.
- On April 1, 2024, the Company received the second tranche of the previously announced equity investment of \$40,800 from Marny and had closed with the issuance of 34,000,000 Units for gross proceeds of \$13,600. With the closing of the second tranche of the Strategic Investment and at June 30, 2024, Dr. Andrew Benedek held approximately 40.8% of the voting rights attached to the Subordinate Voting Shares and Multiple Voting Shares (on a non-diluted basis) and approximately 37.8% of the voting rights attached to the Subordinate Voting Shares and Multiple Voting Shares (on a partially diluted basis). 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 June 12, 2024, Rialto closed the sale of substantially all of its assets to Rialto Bioenergy Solutions LLC (“RBS”), an affiliate of Sevana Bioenergy, LLC, in accordance with the bankruptcy court’s sale order and the associated Rialto Sale, the (“Rialto Sale”). As part of the Rialto Sale, certain contracts were assigned from Rialto to RBS, but not the Fee Agreement between Rialto and SoCal Organics Recycling Facility, LLC (“SCORF”), a subsidiary, which is collateral for the US\$10 million loan from CalRecycle to SCORF. Pursuant to the terms of the Rialto Sale, the interconnection agreement between Rialto and SoCal Gas was assigned to RBS, and RBS is required to cure costs claimed by SoCal Gas under that contract that comprise the same claim pending in litigation by SoCal Gas against UTS Bioenergy Holdings, LLC, as guarantor under the interconnection agreement. During the three months ended June 30, 2024, the Company recognized a gain of \$1,767 in other gains and losses on the Company's consolidated interim statements of operations due to removal of a liability associated with Rialto.
- On July 10, 2024, the Company received the third tranche of the previously announced equity investment of \$40,800 from Marny and had 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.
- On July 29, 2024, a special resolution approving the alteration to the notice of articles and articles of Anaergia to remove the Multiple Voting Shares from the authorized share structure of Anaergia and to alter the identifying name of the Subordinate Voting Shares to “common shares” was approved by the shareholders of the Company at the annual general and special meeting of shareholders.
- On August 5, 2024, the court with the pending Rialto Chapter 11 bankruptcy conducted a hearing on dismissal of the case and other relief. The court entered its order confirming a dismissal, which became effective in August 2024 and resulted in a change of ownership agreement.

- On August 19, 2024, the Company completed its previously announced reclassification of its subordinate voting shares as common shares of the Company. The Common Shares began trading on a post-reclassification basis on the TSX at market open on August 23, 2024, under the existing trading symbol. Additionally, the Multiple Voting Shares, of which none are outstanding, have been removed from the authorized share structure of the Company.
- On September 10, 2024, NGIF Accelerator, the not-for-profit arm of the Canadian Biogas Association-created Natural Gas Innovation Fund, announced the granting of a funding contribution of \$354 to the Company to lead efforts in advancing cleantech innovations in Canada. This grant will support the Company's project to convert agricultural waste into pipeline-quality renewable natural gas RNG using a novel technology known as hyperthermophilic hydrolysis.
- On October 21, 2024, the Company announced that its subsidiary, Anaergia Technologies, LLC, entered into an equipment supply contract, with revenue to the Company estimated at \$13.3 million, with the City of Riverside, California. The contract involves installing infrastructure at the Riverside Water Quality Control Plant to enable the reception of organic municipal waste, which will be converted into renewable natural gas (RNG). This initiative is supported by the California Department of Resources Recycling and Recovery (CalRecycle) to enhance the state's organic waste recycling infrastructure.
- On November 5, 2024, Anaergia Inc. announced plans to expand its commercial footprint by opening an office in Tokyo, Japan. This strategic move was implemented to capitalize on increasing opportunities for Anaergia's proprietary solutions in the Japanese market, where the company has already delivered two projects converting farm and food waste into renewable energy.
- On November 15, 2024, Anaergia Inc. reported that its subsidiary, Anaergia Services LLC, has secured a 10-year Operations and Maintenance contract with Rialto Bioenergy Solutions LLC, an affiliate of Sevana Bioenergy LLC. The Rialto facility is designed to process up to 1,000 tons per day of organic waste, producing up to 985,000 MMBtu per year of RNG and fertilizer.
- On December 10, 2024, Anaergia Inc., through its subsidiary Anaergia Technologies, LLC, expanded its activities with Monterey One Water (M1W) in California. This contract involves operating an organic waste co-digestion facility at M1W's Regional Treatment Plant. Under this contract, Anaergia will manage the procurement of organic waste and operation of a new food waste receiving station, aiming to process up to 50,000 tons of organic waste annually and generate up to 100,000 million BTUs per year of RNG.
- On December 24, 2024, Anaergia Inc. announced that its Canadian subsidiary, Anaergia DB Inc., had entered into a contract with PepsiCo Alimentos Z.F. LTDA to provide high-efficiency digestion and integrated biogas conditioning and upgrading technology at PepsiCo's facility in Funza, Colombia. The system will convert approximately 50,000 tons of organic residues annually into RNG, offsetting the use of fossil natural gas and reducing greenhouse gas emissions by up to 3,700 tons of CO₂ per year.

KEY COMPONENTS OF RESULTS OF OPERATIONS

Revenue

Revenue in our Capital Sales segment consists of sales of technology packaged solutions and services to third-party customers, primarily consisting of municipalities and project developers. The solutions are delivered using a variety of methods, including engineering, EPC and design-build services. Revenue in our Capital Sales segment is calculated using the percentage of completion method.

Revenue in our O&M Services segment consists of fees earned from third-party services contracts, including in respect of plant operations and maintenance, and the sale of non-proprietary products to third-party customers. Revenue is recognized as the services performed or upon transfer of title for products provided.

Revenue in our BOO segment includes revenue from the sale of RNG and fertilizer and the receipt of tipping fees from our owned facilities. Revenue is recognized when gas enters the pipeline, fertilizer is shipped and, for tipping fees, when waste is received.

Cost of Sales

Cost of sales includes the cost of labour and materials used directly to create the associated revenue, as well as certain indirect costs. For our Capital Sales segment, cost of sales will generally include engineering, labour, product costs and other project-related costs. In our O&M Services segment, cost of sales is mainly comprised of labour, raw materials and spare parts. In our BOO segment, cost of sales includes labour costs, spare parts, chemicals and other inputs needed to produce RNG and the related by-products.

Operating Expenses

Selling, General, and Administrative Expenses

SG&A expenses encompass all costs not directly tied to performing a service or producing a product and include such expenses as rent, marketing, accounting, travel, meals, salaries, bonuses and employee-based stock compensation. Depreciation and amortization expenses related to non-revenue generating tangible and intangible assets are also included in SG&A expenses.

Research and Development (“R&D”) Expenses

R&D expenses include labour and other costs related to the exploration of new or improved technologies. Our R&D expenditures are mainly focused on developing or improving our proprietary products that are key inputs in our overall technology solutions.

Government Grant Income

Government grants are received for various R&D projects as well as other government incentives. It is recognized based upon the related-IFRS Accounting Standards guidance and typically recognized as income over the life of the relevant project.

Asset Impairment Loss

Asset impairment loss represents a loss recognized on impairment testing of our CGUs based on impairment triggers.

Other Expenses

Loss on Disposal of Italian Boo HoldCo (“ITA”)

This is a reference to the disposal of the Company’s subsidiary ITA, along with the Italian BOO assets, to Arjun Infrastructure Partners (“AIP”) during Q3 2023.

Loss on the RBF Embedded Derivative

The tax-exempt bonds for the RBF contained an early repayment option, which was treated as an embedded derivative for accounting purposes. The fair value of the repayment option was estimated by calculating the present value of the net interest if the Company exercised the option across a variety of likely scenarios. The RBF’s embedded derivative was divested in the deconsolidation.

Loss on Deconsolidation of the RBF

This is a reference to the loss on the deconsolidation of the RBF in Q2 2023.

Expected Credit Loss on Loans Receivable from Related Parties

Expected credit losses are expenses that are a result of change in the underlying credit quality of the counter parties.

Gain on Sale of Tønder

This is a reference to the gain on the sale of our equity interests in a subsidiary of Anaergia that owned the Envo Biogas facility in Tønder, Denmark in Q1 2023.

Losses Related to Equity-Accounted Investees

Losses related to equity-accounted investees represents the Company's portion of losses in our equity-accounted investees, namely Fibracast Ltd. ("**Fibracast**") and other losses arising from our equity-accounted investments including adjustments to fair value or impairment. Due to the dilution of the Company's investment in Fibracast during 2024, the investment has been updated to the cost method of accounting as of December 31, 2024.

Other Gains (Losses)

Other gains (losses) include gains and losses that are one-time charges or expenditures that do not relate to the normal operations of the Company.

Finance (Expense) Income

Finance expense includes interest incurred on the indebtedness of the Company and its subsidiaries that is not related to construction in progress, for which interest is capitalized. These costs are offset by income earned on cash and cash equivalents, and loan receivables.

Foreign Exchange Gains (Losses)

Foreign exchange gain includes our exposure (realized and unrealized gains and losses) to transactions with currencies that differ from the functional currencies of our Canadian and foreign operations.

Income Tax Recovery (Expense)

Income tax recovery represents the Company's effective tax expenditure or recovery for the relevant period based on the Company's taxable income or loss.

RESULTS OF OPERATIONS

The following table outlines our consolidated results and earnings for Q4 2024 and Q4 2023, and Fiscal 2024 and Fiscal 2023:

	<u>Q4 2024</u>	<u>Q4 2023</u>	<u>Fiscal 2024</u>	<u>Fiscal 2023</u>
Revenue	34,057	33,408	111,646	147,225
Cost of sales	25,050	29,914	86,013	127,496
Gross profit	9,007	3,494	25,633	19,729
Selling and general administrative expenses	18,602	13,835	66,795	75,313
Asset impairment losses	352	26,336	1,939	29,727
Research and development (recoveries) expenses	(672)	260	(290)	1,936
Government grant income	(2,041)	(1,006)	(2,775)	(1,445)
Loss from operations	(7,234)	(35,931)	(40,036)	(85,802)
Loss on disposal of ITA	—	—	—	(54,444)
Loss on deconsolidation of Rialto	—	4,056	—	(35,663)
Impairment loss for Fibracast	—	(1,503)	(6,244)	(8,151)
Change in value of embedded derivative	—	—	—	(7,953)
Loss from equity-accounted investees	—	(765)	(1,062)	(6,726)
Expected credit loss on loans receivable from related parties	—	—	—	(5,127)
Other (losses) gains, net	(726)	(1,215)	1,388	(4,586)
Finance expense, net	(1,969)	(826)	(5,493)	(3,333)
Gain on sale of Tonder	—	—	—	10,063
Foreign exchange gain	1,436	—	2,048	325
Loss before income taxes	(8,493)	(36,184)	(49,399)	(201,397)
Income tax recovery (expense)	(6,923)	2,126	(6,465)	8,606
Net loss	(15,416)	(34,058)	(55,864)	(192,791)

Analysis of Results

Revenue by Segment

Revenue by segment	<u>Q4 2024</u>	<u>Q4 2023</u>	<u>Change (\$)</u>	<u>Change (%)</u>	<u>Fiscal 2024</u>	<u>Fiscal 2023</u>	<u>Change (\$)</u>	<u>Change (%)</u>
Capital Sales	24,918	24,473	445	1.8%	75,574	98,380	(22,806)	-23.2%
O&M Services	5,492	3,513	1,979	56.3%	20,559	18,620	1,939	10.4%
BOO	3,647	5,422	(1,775)	-32.7%	15,513	30,225	(14,712)	-48.7%
Total Revenue	34,057	33,408	649	1.9%	111,646	147,225	(35,579)	-24.2%

Revenue of \$34,057 for Q4 2024 increased 1.9%, or \$649, compared to Q4 2023 (Q4 2023: \$33,408). For Fiscal 2024, revenue of \$111,646 decreased 24.2% or \$35,579, compared to Fiscal 2023 (Fiscal 2023: \$147,225). Revenue decreased mainly due to Italian Capital Sales projects being completed, some projects facing customer delays and interim delays in new project signings. Revenue also decreased due to a decrease in BOO revenue due to the sale of Bioener, S.p.A. (“**Bioener**”), a BOO project in Udine, Italy, on August 17, 2023, and the idling of our Charlotte facility in February 2024 to minimize operating losses while preparing the site for construction.

Revenue for our Capital Sales segment of \$24,918 for Q4 2024 increased 1.8%, or \$445, compared to Q4 2023 (Q4 2023: \$24,473). For Fiscal 2024, revenue of \$75,574 decreased 23.2%, or \$22,806, compared to Fiscal 2023 (Fiscal 2023: \$98,380). The increase for Q4 2024 is due to the Company having increased capital sales activity in North America during YTD 2024. The decrease for annual revenue was due to the combination of completed projects in Italy, some projects facing customer and vendor delays and interim delays in new project signings especially in Europe.

Revenue for our O&M Services segment of \$5,492 for Q4 2024 increased 56.3%, or \$1,979, compared to Q4 2023 (Q4 2023: \$3,513). For Fiscal 2024, revenue of \$20,559 increased 10.4%, or \$1,939, compared to Fiscal 2023 (Fiscal 2023: \$18,620). The increase for both Q4 2024 and YTD 2024 is due to the Company having more field service activity in North America during 2024.

Revenue for our BOO segment of \$3,647 for Q4 2024 decreased 32.7%, or \$1,775, compared to Q4 2023 (Q4 2023: \$5,422). For Fiscal 2024, revenue of \$15,513 decreased 48.7%, or \$14,712, compared to Fiscal 2023 (Fiscal 2023: \$30,225). Revenue

from our BOO segment decreased for Fiscal 2024 due to the sale of Bioener and for Q4 2024 due to the idling of our Charlotte facility in February 2024 to minimize operating losses while preparing the site for construction, partially offset by the continued ramp and increased ramp of the SoCal Biomethane and Rhode Island facilities.

Material Projects

Singapore Integrated Waste Management Facility (“IWMF”) Plant (Current Capital Sale Project)

During Fiscal 2024, we recognized revenue of \$4,195 for this project. The project had an original contract value of SGD 35,017 and was approximately 42% complete as of December 31, 2024. While the project is currently generating less than 10% of our revenue, the overall contract value is deemed to be significant. The project is designed to process 5,800 tonnes per day of incinerable waste, 250 tonnes per day of household recyclables, 400 tonnes per day of source separated food waste, and 800 tonnes per day of dewatered sludge. The plant is located at the Tuas View Basin Site and will be completed in phases, with the first phase targeted for completion by 2025.

Quakertown (Current Capital Sale Project)

The project had an original contract value of \$18,444 and was approximately 71% complete as of December 31, 2024. This project is designed to refurbish and install new AD facilities at the Borough of Quakertown WWTP in Quakertown, Pennsylvania using our Omnivore™ technology.

The RIBF (BOO Project)

The RIBF, located near Rhode Island’s central landfill in Johnston, is designed to divert over 100,000 tons per year of waste from landfills and it is the largest AD processing organic waste in New England. This facility converts food scraps plus some other organic wastes, into fertilizer, recycled water and RNG.

On January 29, 2024, Rhode Island Bioenergy Facility Holdco, LLC completed the sale of \$21,679 of the IRA investment tax credits (the “**ITC Transaction**”) generated by qualified investments of RIBF in RNG generating capital expenditures and generated \$21,679 in cash during Q1 2024, which was offset by distributions to our partner of \$7,973, and we recognized expenses on the ITC Transaction of \$2,416.

On April 17, 2024, the RIBF entered into a consent agreement with RIDEM acknowledging the payment of US\$15 and resolving a previous notice of violation. RIBF continues to monitor our compliance on the consent agreement with RIDEM.

On September 30th, 2024, the Company executed an amendment to the RIBF loan, extending its interest-only period through year-end 2025, and restructuring covenant terms and timing.

SoCal Biomethane (BOO Project)

Anaergia upgraded the existing digester system at this 12 million gallons per day facility providing enough additional capacity to enable co-digestion of food scraps with wastewater solids. We also installed two of our 800-kW dual-fuel combined heat and power modules. In Phase 2 of this project these modules began using conventional natural gas so that the facility’s biogas can be upgraded to RNG (biomethane) for injection into the regional gas utility pipeline system. The plant can produce more than 340,000 MMBtu of renewable natural gas per year. On January 1, 2023, SoCal Biomethane was placed into service and depreciation began on the plant. As of December 31, 2024, the plant was operating profitably while continuing to ramp further to full production capacity.

Charlotte (BOO Project)

Charlotte, a 5.2-megawatt AD facility located in Charlotte, North Carolina, can process over 120,000 tons of organic waste per year and has its entire annual feedstock requirement under contract or in negotiations with suppliers.

On February 1, 2024, due to recurring losses, the idling of the plant resulted in additional costs of \$1,199 and estimated loss of revenue of approximately \$1,000 in Fiscal 2024.

Revenue by Region

Revenue by geography	Q4 2024	Q4 2023	Change (\$)	Change (%)	Fiscal 2024	Fiscal 2023	Change (\$)	Change (%)
North America	15,232	15,228	4	0.0%	60,173	53,363	6,810	12.8%
Italy	9,015	11,934	(2,919)	-24.5%	21,129	67,243	(46,114)	-68.6%
Other EMEA*	4,695	3,487	1,208	34.6%	15,762	16,941	(1,179)	-7.0%
APAC	5,115	2,759	2,356	85.4%	14,582	9,678	4,904	50.7%
Total Revenue	34,057	33,408	649	1.9%	111,646	147,225	(35,579)	-24.2%

* Other EMEA excludes Italy as it is disclosed separately

Revenue in North America of \$15,232 for Q4 2024 increased 0.0%, or \$4, compared to Q4 2023 (Q4 2023: \$15,228). For Fiscal 2024, revenue of \$60,173 increased 12.8%, or \$6,810, compared to Fiscal 2023 (Fiscal 2023: \$53,363). The increase was due to increases in O&M Services revenue for a new O&M contract and due to increases in revenue at our SoCal Biomethane BOO project, which continues to ramp further towards full production capacity.

Revenue in Italy of \$9,015 for Q4 2024 decreased 24.5%, or \$2,919, compared to Q4 2023 (Q4 2023: \$11,934). For Fiscal 2024, revenue of \$21,129 decreased 68.6%, or \$46,114, compared to Fiscal 2023 (Fiscal 2023: \$67,243). The decrease was due to project completions and the decrease in work performed on behalf of previous related parties.

Revenue in the EMEA region of \$4,695 for Q4 2024 increased 34.6%, or \$1,208, compared to Q4 2023 (Q4 2023: \$3,487). For Fiscal 2024, revenue of \$15,762 decreased 7.0%, or \$1,179, compared to Fiscal 2023 (Fiscal 2023: \$16,941). The increase in Q4 revenue was due to the receipt of previously deferred revenues from existing capital sales projects. The decrease for annual revenue was driven by scope changes and external delays on Capital Sales projects in the middle of execution and an interim delay in new project bookings.

Revenue in the APAC region of \$5,115 for Q4 2024 increased 85.4%, or \$2,356, compared to Q4 2023 (Q4 2023: \$2,759). For Fiscal 2024, revenue of \$14,582 increased 50.7%, or \$4,904, compared to Fiscal 2023 (Fiscal 2023: \$9,678). The increase was driven primarily by the IWMF Capital Sales project.

Cost of Sales

Cost of Sales by segment	Q4 2024	Q4 2023	Change (\$)	Change (%)	Fiscal 2024	Fiscal 2023	Change (\$)	Change (%)
Capital Sales	19,029	18,715	314	1.7%	56,411	83,573	(27,162)	-32.5%
O&M Services	4,685	3,767	918	24.4%	13,153	18,316	(5,163)	-28.2%
BOO	1,336	7,432	(6,096)	-82.0%	16,449	25,607	(9,158)	-35.8%
Total Cost of Sales	25,050	29,914	(4,864)	-16.3%	86,013	127,496	(41,483)	-32.5%

Cost of sales of \$25,050 for Q4 2024 decreased 16.3%, or \$4,864, compared to Q4 2023 (Q4 2023: \$29,914). For Fiscal 2024, cost of sales of \$86,013 decreased 32.5%, or \$41,483, compared to Fiscal 2023 (Fiscal 2023: \$127,496). The decrease was driven by lower sales noted above and lower costs on Service related revenue.

Cost of sales for Capital Sales of \$19,029 for Q4 2024 increased 1.7%, or \$314, compared to Q4 2023 (Q4 2023: \$18,715). For Fiscal 2024, cost of sales of \$56,411 decreased 32.5%, or \$27,162, compared to Fiscal 2023 (Fiscal 2023: \$83,573). Cost of sales for Capital Sales increased in Q4 and decreased annually, due to the timing of project bookings and expenditures and the decrease in cost of sales is tied directionally with the changes in revenue.

Cost of sales for O&M Services of \$4,685 for Q4 2024 increased 24.4%, or \$918, compared to Q4 2023 (Q4 2023: \$3,767). For Fiscal 2024, cost of sales of \$13,153 decreased 28.2%, or \$5,163, compared to Fiscal 2023 (Fiscal 2023: \$18,316). Cost of sales for O&M Services increased in Q4 and decreased annually, mainly due to the timing of service activities and decreases in field services expenses and O&M project expenses.

Cost of sales for BOO of \$1,336 for Q4 2024 decreased 82.0%, or \$6,096, compared to Q4 2023 (Q4 2023: \$7,432). For Fiscal 2024, cost of sales of \$16,449 decreased 35.8%, or \$9,158, compared to Fiscal 2023 (Fiscal 2023 : \$25,607). Cost of sales for BOO decreases in the Fiscal Year were mainly due to Bioener being sold in August of 2023, however, the revenue and costs of sales are included in the prior year 2023 amounts. In addition to the removal of Bioener, the decrease in costs of sales for

Q4 2024 relative to Q4 2023 due to Charlotte being idled in February 2024, minimizing cost of sales while preparing the site for construction.

Gross Profit (Loss)

Gross Profit (Loss) by segment	Q4 2024	Q4 2023	Change (\$)	Change (%)	Fiscal 2024	Fiscal 2023	Change (\$)	Change (%)
Capital Sales	5,889	5,758	131	2.3%	19,163	14,807	4,356	29.4%
O&M Services	807	(254)	1,061	-417.7%	7,406	304	7,102	2336.2%
BOO	2,311	(2,010)	4,321	-215.0%	(936)	4,618	(5,554)	-120.3%
Total Gross Profit (Loss)	9,007	3,494	5,513	157.8%	25,633	19,729	5,904	29.9%

Gross profit of \$9,007 for Q4 2024 increased 157.8%, or \$5,513, compared to Q4 2023 (Q4 2023: \$3,494). For Fiscal 2024, gross profit of \$25,633 increased 29.9%, or \$5,904, compared to Fiscal 2023 (Fiscal 2023: \$19,729). The change in gross profit was due to increased margins on O&M Services contracts and Capital Sales, partially offset by decreased margins from BOO contracts during 2024.

Gross profit for Capital Sales of \$5,889 for Q4 2024 increased 2.3%, or \$131, compared to Q4 2023 (Q4 2023: \$5,758). For Fiscal 2024, gross profit of \$19,163 increased 29.4%, or \$4,356 compared to Fiscal 2023 (Fiscal 2023: \$14,807). Capital Sales gross profit decreased QTD due to decreased margins on contracts achieved during the period. Capital Sales gross profit increased annually, due to new Capital Sales projects in North America and increased margins on contracts achieved during the year.

Gross profit for O&M Services of \$807 for Q4 2024 increased 417.7%, or \$1,061, compared to Q4 2023 (Q4 2023: gross loss of \$254). For Fiscal 2024, gross profit of \$7,406 increased 2336.2%, or \$7,102, compared to Fiscal 2023 (Fiscal 2023: \$304). The increase in gross profit is a result of new O&M project revenue with increased margins and lower costs incurred in field service revenue.

Gross profit for BOO of \$2,311 for Q4 2024 increased 215.0%, or \$4,321, compared to Q4 2023 (Q4 2023: gross loss of \$2,010). For Fiscal 2024, gross loss of \$936 decreased 120.3%, or \$5,554, compared to Fiscal 2023 (Fiscal 2023: gross profit of \$4,618). BOO gross profit increased in Q4 due to increased margins on contracts achieved during the period. The decrease annually is mainly due to one-time costs associated with the idling of the BOO facility in Charlotte and increased non-recurring operating costs at RIBF.

Operating Expenses

	Q4 2024	Q4 2023	Change (\$)	Change (%)	Fiscal 2024	Fiscal 2023	Change (\$)	Change (%)
SG&A	18,602	13,835	4,767	34.5%	66,795	75,313	(8,518)	-11.3%
R&D (recovery) expenses	(672)	260	(932)	-358.5%	(290)	1,936	(2,226)	-115.0%
Government grant income	(2,041)	(1,006)	(1,035)	100.0%	(2,775)	(1,445)	(1,330)	92.0%
Asset impairment loss	352	26,336	(25,984)	-98.7%	1,939	29,727	(27,788)	-93.5%
Total operating expenses	16,241	39,425	(23,184)	-58.8%	65,669	105,531	(39,862)	-37.8%

SG&A expenses of \$18,602 for Q4 2024 increased 34.5%, or \$4,767, compared to Q4 2023 (Q4 2023: \$13,835). For Fiscal 2024, SG&A expenses of \$66,795 decreased 11.3%, or \$8,518, compared to Fiscal 2023 (Fiscal 2023: \$75,313). SG&A annual decrease is primarily from a reduction of headcount and implemented business actions taken to reduce the capital burden from future project and credit losses. SG&A expenses increased during Q4 2024 as compared to Q4 2023, due to increased labour costs, increased insurance premiums, and fees associated with the annual 2024 financial statement audit.

R&D recovery of \$672 for Q4 2024 decreased 358.5%, or \$932, compared to Q4 2023 (Q4 2023: expense of \$260). For Fiscal 2024, R&D recovery of \$290 decreased 115.0%, or \$2,226, compared to Fiscal 2023 (Fiscal 2023: expense of \$1,936). Management has been focusing our efforts on refining the Company's existing technology and Capital Sales product offerings and is continuing to lower investment in R&D expenses as it tries to monitor costs. Additionally we secured certain recoveries in the current year related to prior year expenses.

Government grant income of \$2,041 for Q4 2024 increased 100.0%, or \$1,035, compared to Q4 2023 (Q4 2023: gain of \$1,006). For Fiscal 2024, government grant income of \$2,775 increased 92.0%, or \$1,330, compared to Fiscal 2023 (Fiscal 2023:

\$1,445). The increase was due to the release of previously recognized deferred government grants for our SoCal Biomethane project.

Asset impairment loss of \$352 for Q4 2024 decreased 98.7%, or \$25,984, compared to Q4 2023 (Q4 2023: \$26,336). For Fiscal 2024, asset impairment loss of \$1,939 decreased 93.5%, or \$27,788, compared to Fiscal 2023 (Fiscal 2023: \$29,727). As a result of indicators of impairment, we determined that the Company had an impairment charge of \$3,391 in our European Capital Sales segment during 2023. We had further impairments at two BOOs in North America during Q4 2023 which resulted in an additional impairment charge to the statements of operations of \$26,860. During 2024, we recognized additional capital expenses of \$1,939 for RIBF as asset impairment loss.

Other Expenses

	Q4 2024	Q4 2023	Change (\$)	Change (%)	Fiscal 2024	Fiscal 2023	Change (\$)	Change (%)
Loss on disposal of ITA	—	—	—	0.0%	—	(54,444)	54,444	-100.0%
Gain / (loss) on deconsolidation of Rialto	—	4,056	(4,056)	-100.0%	—	(35,663)	35,663	-100.0%
Impairment loss for Fibracast	—	(1,503)	1,503	-100.0%	(6,244)	(8,151)	1,907	-23.4%
Change in value of embedded derivative	—	—	—	0.0%	—	(7,953)	7,953	-100.0%
Loss from equity-accounted investees	—	(765)	765	-100.0%	(1,062)	(6,726)	5,664	-84.2%
Expected credit loss on loans receivable from related parties	—	—	—	0.0%	—	(5,127)	5,127	-100.0%
Other (loss) gain, net	(726)	(1,215)	489	-40.2%	1,388	(4,586)	5,974	-130.3%
Finance expense, net	(1,969)	(826)	(1,143)	138.4%	(5,493)	(3,333)	(2,160)	64.8%
Gain on sale of Tønder	—	—	—	0.0%	—	10,063	(10,063)	-100.0%

A large part of our “Other Expenses” listed in the table above relate to single transactions that do not have a comparable amount in the current quarter or current fiscal period or vice versa. Below is a summary of the single transactions that have occurred in Fiscal 2023 that explain the line items in the table above:

- **Gain (loss) on disposal of ITA**

On August 17, 2023, we entered into several agreements with AIP, which resulted in the disposal of the ITA and a loss of \$54,444.

- **Loss on deconsolidation of Rialto**

As discussed in the 2024 Annual Financial Statements, the Company’s subsidiary, the RBF, initiated Chapter 11 restructuring proceedings and it was determined that the Company no longer controlled the RBF from an accounting perspective. As such we recognized a loss of \$35,663 associated with the deconsolidation of the RBF on our Q3 2023 statement of operations.

- **Loss on the RBF embedded derivative**

The loss from the RBF embedded derivative is \$nil, which was due to the deconsolidation of the RBF in Q2 2023, as discussed above.

- **Expected credit loss on loans receivable from related parties**

During the second quarter of 2023, we entered discussions with certain lenders and became aware that certain loans were no longer deemed recoverable and thus recognized an additional expected credit loss for these loans of \$4,264. During the third quarter of 2023, we recognized an additional expected credit loss for these loans of \$863, for total Fiscal 2023 losses of \$5,127.

- **Gain on sale of Tønder**

The gain on the sale of Tønder of \$10,063 in the first quarter of 2023 relates to the disposition of our equity interests in a subsidiary of Anaergia that owned the Envo Biogas asset in Tønder, Denmark.

Losses related to equity-accounted investees

The adjustment to equity accounted investees in Q4 2024 is \$nil, representing a 100.0% decrease, or \$765, when compared to Q4 2023 value of \$765. For Fiscal 2024, the adjustment to equity accounted investees of \$1,062 decreased 84.2%, or \$5,664, compared to Fiscal 2023 (Fiscal 2023: \$6,726). The losses in both periods of \$nil in Q4 2024 and \$1,062 for YTD 2024 are driven by the Company's share of Fibracast's net losses.

Other gains (losses), net

Other loss of \$726 for Q4 2024, decreased by 40.2%, or \$489, compared to Q4 2023 (Q4 2023: loss of \$1,215). For Fiscal 2024, other gain of \$1,388 increased 130.3%, or \$5,974, compared to Fiscal 2023 (Fiscal 2023: loss of \$4,586). The change from loss to gain is mainly due to changes in timing and the nature of one-time charges that are not deemed to be an operating expense. Additionally, during 2024, we recognized a gain on the derecognition of liabilities that we guaranteed for the RBF.

Finance costs, net

Finance costs of \$1,969 for Q4 2024 increased by 138.4%, or \$1,143, compared to Q4 2023 (Q4 2023: \$826). For Fiscal 2024, finance costs of \$5,493 increased 64.8%, or \$2,160, compared to Fiscal 2023 (Fiscal 2023: \$3,333). The change in finance costs as compared to the prior period is due to changes in lending activity from borrowers including the RIBF term loan entered into in the third quarter of 2023, and a fluctuation in loans receivable balances from related parties.

EBITDA and Adjusted EBITDA

	<u>Q4 2024</u>	<u>Q4 2023</u>	<u>Change (\$)</u>	<u>Change (%)</u>	<u>Fiscal 2024</u>	<u>Fiscal 2023</u>	<u>Change (\$)</u>	<u>Change (%)</u>
EBITDA*	(4,908)	(34,071)	29,163	-85.6%	(38,256)	(191,995)	153,739	-80.1%
Adjusted EBITDA*	(6,311)	(7,713)	1,402	-18.2%	(26,892)	(34,914)	8,022	-23.0%

EBITDA* Loss of \$4,908 for Q4 2024 decreased 85.6%, or \$29,163, compared to Q4 2023 (Q4 2023: EBITDA* Loss of \$34,071). For Fiscal 2024, EBITDA* Loss of \$38,256 decreased 80.1%, or \$153,739, compared to Fiscal 2023 (Fiscal 2023: EBITDA* Loss of \$191,995). The decrease was driven by transactions recognized in other expenses during 2023 including deconsolidation of the RBF \$38,979 and expected credit losses on related party loans of \$59,373, which were partially offset by a gain on the sale of our equity interests in an Anaergia subsidiary that owns the Envo Biogas asset in Tønder, Denmark \$10,063.

Adjusted EBITDA* Loss of \$6,311 for Q4 2024 decreased 18.2%, or \$1,402, compared to Q4 2023 (Q4 2023: Adjusted EBITDA* Loss of \$7,713). For Fiscal 2024, Adjusted EBITDA* Loss of \$26,892 improved 23.0%, or \$8,022, compared to Fiscal 2023 (Fiscal 2023: Adjusted EBITDA* Loss of \$34,914). The improvement in adjusted EBITDA loss is driven by SG&A reductions and primarily by the improvement in net loss (nonrecurring of prior year one-time transactions such as the loss in the deconsolidation of RBF and lower expected credit losses).

* See "Non-GAAP Measures"

Revenue Backlog

Revenue Backlog	As at December 31, 2024
Capital Sales	89,760
O&M and Services	13,305
Total Revenue Backlog	103,065

RECONCILIATION OF NET LOSS TO EBITDA AND ADJUSTED EBITDA

The following table shows a reconciliation of net income (loss) to EBITDA* and Adjusted EBITDA* for Q4 2024, Q4 2023, Fiscal 2024 and Fiscal 2023:

	Q4 2024	Q4 2023	Fiscal 2024	Fiscal 2023
Net loss	(15,416)	(34,058)	(55,864)	(192,791)
Finance costs	1,969	826	5,493	3,333
Depreciation and amortization	1,616	1,287	5,650	6,069
Income tax expense (recovery)	6,923	(2,126)	6,465	(8,606)
EBITDA*	(4,908)	(34,071)	(38,256)	(191,995)
RBF -Non controlling interest - EBITDA	—	—	—	1,544
Share-based compensation expense	(1,634)	595	2,174	1,941
Loss on RBF embedded derivative	—	—	—	7,953
Loss on disposal of ITA	—	—	—	(665)
Fibrecast impairment	—	1,503	6,244	8,151
Asset impairment loss	352	26,336	1,939	29,727
Losses related to equity-accounted investees	—	765	1,062	6,726
Loss on control of Rialto	—	(4,056)	—	35,663
Expected credit loss on loans receivable from related parties	—	—	—	60,236
Provision for customer claim	—	—	—	1,002
Other (gains) losses (1)	726	1,066	(1,388)	4,586
ERP customization and configuration costs (2)	—	—	—	542
RIBF income tax credit transaction cost (3)	—	—	2,416	—
Severance Costs (4)	589	—	965	—
Foreign exchange (gain) loss	(1,436)	149	(2,048)	(325)
Adjusted EBITDA*	(6,311)	(7,713)	(26,892)	(34,914)

* See "Non-GAAP Measures"

Notes:

- (1) The other (gains) losses are included as other gains and losses on our statement of operations.
- (2) ERP customization and configuration costs are costs that are included in fiscal year 2023.
- (3) The RIBF income tax credits transaction costs represent one-time costs that are included in SG&A on our statement of operations.
- (4) Severance costs are costs paid to some former Executives due to the transition of new ownership under Marny and due to a new management team. This cost was new beginning in Q2 2024 and thus a change from prior Adjusted EBITDA calculations.

STATEMENT OF FINANCIAL POSITION

Statement of Financial Position	As at December 31, 2024	As at December 31, 2023
Current assets	104,218	148,314
Non-current assets	129,109	130,353
Current financial liabilities	93,447	5,582
Current non-financial liabilities	30,202	122,466
Current liabilities	123,649	128,048
Non-current financial liabilities	37,103	65,305
Non-current non-financial liabilities	19,370	11,724
Non-current liabilities	56,473	77,029
Equity	53,205	73,590

The main driver of the decrease in current assets arise as a combined result of the Strategic Investment, and increased cash netted against decreased accounts receivables and decreased contract assets for the Fiscal 2024 year. The increase in current liabilities is primarily due to the Company not being in compliance with certain production covenants during the fourth quarter, resulting in the loan being reclassified as current as of December 31, 2024, partially offset by payments on aged receivables and lower accrued liabilities incurred. Subsequent to the balance sheet date the Company requested and was granted a waiver of this covenant as of December 31, 2024. The Company expects that it will continue to not be in compliance with this production covenant as of March 31, 2024.

LIQUIDITY AND CAPITAL MANAGEMENT

Overview

Our objective when managing liquidity is to maintain sufficient liquidity to meet our liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to our reputation. We also strive to maintain a strong capital base which is integral to investor, creditor and market confidence and to supporting future business development. Our capital structure consists of cash, long-term debt and equity consisting of share capital, contributed surplus and accumulated deficit.

We monitor cash flow requirements to optimize our cash return on investments. We aim to maintain a level of cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next 60 days. We also monitor the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

In addition, our Capital Sales contract payment terms are structured so that projects are cash positive, resulting in margins being captured early in the project. This allows us to effectively fund our Capital Sales growth without the need for additional capital. As part of our growth strategy, as updated to conform to our capital-light model, BOO capital expenditures are expected to be spent developing, acquiring and building BOO assets. Funding for projects consists of a combination of project-level debt financing, potential equity investment partners, cash from operations and equity investments from the Company.

In supporting the construction of BOO assets currently in execution and the development of other assets in our development pipeline, the Company expects to deploy capital as required depending on a number of factors, including project-specific development timelines and the availability of debt and equity financing, among others. Moreover, the Company may have contributed capital to a project before debt financing is in place and then may recover and reallocate the funds to another project once debt financing has been established. As a result, the source of capital and the amount of capital that would be contributed by the Company to a particular BOO asset change over time and cannot be determined with precision in advance.

Capital Resources

As part of our new capital light strategy, we are focusing on entering into Capital Sales contracts that will require our customers to make prepayments on our Capital Sales contracts in order to fund construction. This includes our product companies in Europe, as these entities will require up-front payments from customers in order to start and complete orders.

Our working capital requirements can vary significantly from month-to-month due to a range of business factors, including the ramping of new Capital Sales projects, expansion or volume of our O&M Services segment and fluctuations in BOO operations, timing of purchases, customer delays in project timing, timing of payments and A/R collections. Management's intent is to structure contracts so that the Capital Sales contracts are cash flow positive but delays in projects remain outside of Anaergia's control. The international scope of our operations may also create working capital requirements in certain countries while other countries generate cash in excess of working capital needs.

Liquidity

The 2024 Annual Financial Statements have been prepared in accordance with IFRS Accounting Standards, which contemplates continuation of the Company as a going concern. For Fiscal 2024, the Company experienced operating losses of \$40,036 and negative cash flows from operations of \$30,232. In order to decrease liquidity risk, the Company has, among other actions, terminated loss making contracts, decreased headcount for certain positions, increased management's efforts to collect on older receivables, and is limiting non-essential expenditures.

As of December 31, 2024, the Company's cash reserves have increased from \$22,113 as at December 31, 2023 to \$30,220 due to the Strategic Investment and the ITC Transactions, net of distributions to non-controlling interests.

The Company has used the capital from the Strategic Investment to fund the operations of Anaergia and to bring trade payables current. Management cannot guarantee that it will satisfactorily complete these plans, or that the plans will alleviate the need for additional cash funding of the business. Our future strategy continues to rely on low up-front capital investment and refocusing our resources on our Capital Sales segment.

We are continuing to evaluate our BOO assets and are determining if certain financing options are worth pursuing at this time to increase capital resources available to the remaining projects. We will continue to seek equity partners and debt financing on our current BOO projects.

The Company, through its subsidiary, RIBF, has entered into the RIBF Loan, which is subject to customary financial covenants. On September 30th, 2024, the Company executed an amendment to the RIBF loan, extending its interest-only period through year-end 2025, and restructuring covenant terms and timing. Due to the Company not being in compliance with certain production covenants during the fourth quarter, this loan has been reclassified as current as of December 31, 2024. Subsequent to the balance sheet date the Company requested and was granted a waiver of this covenant as of December 31, 2024. The Company expects that it will continue to not be in compliance with this production covenant as of March 31, 2024.

The Company, through its subsidiary, SCORE, has the SCORF Loan, which, due to filings as part of the RBF bankruptcy filing and Royal Bank of Scotland's rejection of the Fee Agreement, a portion of the collateral for the loan has been cancelled. We have entered negotiations with the lender and are continuing to make payments on the SCORF Loan. As of December 31, 2024, CalRecycle has provided the Company with an estoppel certificate declaring that it is not considering the status of the Fee Agreement, as impacted by the RBF bankruptcy, to be an event of default under the Loan Agreement.

On February 5, 2025, the Company entered into an agreement securing a new \$13,900 line of credit with the Royal Bank of Canada ("RBC"), guaranteed by Export Development Canada ("EDC"). This line of credit is valid through January 31, 2027 and can be utilized as collateral for Letters of Credit required on certain Capital Sales projects at the time of executing a contract. As of March 31, 2025, the Company has not utilized any funds on this line of credit.

ANALYSIS OF CASH FLOWS

Cash Flows

	<u>Fiscal 2024</u>	<u>Fiscal 2023</u>
Cash used in operating activities	(30,232)	(66,759)
Cash provided by (used) in investing activities	10,901	(27,799)
Cash provided by financing activities	32,517	64,761
Effect of exchange rate differences	(5,079)	(3,468)
Cash, beginning of year	22,113	55,378
Cash, end of year	30,220	22,113

Cash Used in Operating Activities

Changes to cash used in operating activities for Fiscal 2024 were mainly due to a reduction in the net loss, partially offset by payments made to vendors and suppliers.

Cash Provided by (Used) in Investing Activities

The increase in cash provided by investing activities during Fiscal 2024 is due to the cash receipt for the ITC Transaction offset by purchases of non-financial assets.

Cash Provided by Financing Activities

The decrease in cash provided by financing activities for Fiscal 2024 was mainly due to lower borrowing activity in the period compared to Fiscal 2023, and the distributions to non-controlling interests in the first quarter of 2024, offset by the receipt of cash for the Strategic Investment in Fiscal 2024.

CONTRACTUAL OBLIGATIONS

We have contractual obligations with a variety of expiration dates. The table below outlines our contractual obligations as at December 31, 2024.

	<u>Maturing</u>					
	<u>Maturing</u>	<u>Maturing</u>	<u>Maturing</u>	<u>Maturing</u>	<u>Maturing</u>	<u>Maturing</u>
	<u>in</u>	<u>in</u>	<u>in</u>	<u>in</u>	<u>in</u>	<u>beyond</u>
	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 5</u>
Lease and debt obligations	101,101	49,690	7,208	6,737	9,088	5,439
						22,939

OFF-BALANCE SHEET ARRANGEMENTS

As at December 31, 2024, Anaergia had commitments of \$405 relating to capital expenditures for our North America BOOs, mainly related to the RIBF. These capital commitments represent construction contracts with third-party contractors and are calculated as the total amount of the contract offset by the amount billed and completed as of our balance sheet date. The contracts do permit cancellation for various reasons and we believe we would be able to settle these contracts for decreased amounts given that the work and effort has not been incurred by the vendor, if these contracts were terminated.

As at December 31, 2024, Anaergia had performance bonds of \$53,124 representing the maximum amount potentially payable on performance bonds and guarantees issued by financial institutions to Anaergia S.r.L., Anaergia and Anaergia DB Inc., for the benefit of a third parties. Performance bonds are financial guarantee contracts issued by financial institutions, for the benefit of a third party on behalf of Anaergia and Anaergia S.r.L. We use these bonds to guarantee performance for our customers' benefit and to lessen our capital requirements to customers. If we perform on the Capital Sales and BOO sales, customers would have no need or use for the bond and they would then expire at the end of the contract. Customers could draw on the bond for their benefit by submitting claims to the financial institution or insurance company, and then we would be forced to reimburse them for the claims. We could dispute the claim and enter into litigation to resolve the dispute. Historically with the number of our contracts, we have had only rare claims on these performance bonds. We have also been able to successfully enter litigation to reclaim payment or partial payment on bonds wrongfully claimed.

As at December 31, 2024, Anaergia had financial guarantees of \$14,127. 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 guarantees sufficient capital for performance on a revenue contract. We have four financial guarantees for the benefit of related parties were they not to pay on an obligation that they owe, where we would be forced to pay on those obligations. In addition, we have financial guarantee contracts in the form of indemnity agreements from insurance carriers related to the performance bonds discussed above.

RELATED PARTY TRANSACTIONS

The following is a description of our related parties and the nature of the transactions with them.

Fibracast

Fibracast is a manufacturer of water treatment membranes domiciled in Ontario, Canada. In previous years, we were a significant shareholder of Fibracast (approximately 45% on a non-diluted basis). Subject to any conversion of interests by pending preferred equity holders in Fibracast, we currently hold an approximate 4% interest (on a non-diluted basis) in Fibracast. Anaergia purchases water treatment screens from Fibracast for our Capital Sales projects. We have guaranteed two loans with Canadian federal entities and have subordinated our loan to Fibracast in respect of the same loans. On July 23, 2024, we entered into a back-stop agreement with an investor of Fibracast, to obtain an unconditional indemnity agreement to off-set any claims made on the guarantees.

Marny

Marny is a Luxembourg-based holding company which focuses on investment properties in central and eastern Europe. Marny invests in high-quality projects that utilize advanced technology and materials and through Marny's collaborations with its partners it ensures that its investments are well-managed and yield maximum value. Marny is a participant in the Strategic Investment through its wholly-owned subsidiary, Marny Holdco.

Bioenergy Pte. Ltd.

Bioenergy Pte. Ltd. is a bioenergy plant located in Singapore. Anaergia Singapore Pte Ltd. owns a 5% investment in the Bioenergy Pte Ltd. which is currently carried at cost of \$nil and was the O&M service and EPC provider on their plant in Singapore.

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 Chairman of the board of directors of W.M. Lyles, 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 capitalized as part of BOO property, plant, and equipment, and all sales are transacted at the Company's standard pricing. As of December 31, 2024, Mr. Simmons is no longer a member of the Board of Directors of W.M. Lyles.

Rialto

Rialto, prior to the Chapter 11 bankruptcy filing, was a fully consolidated bioenergy plant located in Rialto, California. Anaergia Services, LLC continues to provide O&M services to the plant after its acquisition in the bankruptcy by Rialto Bioenergy Solutions, LLC, an affiliate of Sevana Bioenergy. Previously, prior to the sale of Rialto, we had two guarantees executed for the benefit of Rialto, one to a contractor and one for the benefit of one of Rialto’s landlords; such guarantees were terminated in the Chapter 11 bankruptcy process. After the sale of Rialto in 2024, Rialto is no longer a related party.

MD Limassol Waste Management Company Ltd. (“Limassol”)

Our subsidiary, db Technologies BV (“dbT”), owns a 40% interest in a joint venture (“JV”) with Medcon Construction Ltd. The JV 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 made with the unanimous consent of both JV partners. dbT also has a minority interest in MD Limassol Waste Management Company Ltd., a Cyprus limited liability company, which was formed and entered into as an O&M agreement with the municipal solid waste plant and transfer station that the JV was contracted to build. As a result of losses of the JV, the carrying value of our interest as of December 31, 2024 and December 31, 2023 is nil. In December 2023 the Cyprus government client terminated the O&M agreement.

TGW Holdings

TGW Holdings is a construction and infrastructure group that is assisting the Company with Engineering, Procurement, and Construction contracts within the European Union. Ohad Epschtein, Chairman of the Board of the Company, also holds the position of Chairman of the Board of TGW Holdings.

The Company and its subsidiaries (together referred to as the “Group”) had the following related party asset balances as of December 31, 2024 and as of December 31, 2023.

Related party:	Accounts receivable	
	Outstanding Balances at	
	December 31, 2024	December 31, 2023
Fibracast	7	6
MD Waste Management Co Ltd *	10,557	10,557
MD Waste Management JV (“Limassol”) *	—	514
Bioenergy Pte. Ltd	31	28
Rialto	0	309
W.M. Lyles Co.	494	—
Total	11,089	11,414

Related party:	Loans receivable	
	Outstanding Balances at	
	December 31, 2024	December 31, 2023
Fibracast	590	574
Loan to Bioenergy Pty. Ltd. **	—	472
Loan to MD Waste Management Co Ltd., Limassol, Medcon & db Technologies BV (JV partner) **	807	1,417
Total	1,397	2,463

* These accounts receivables with related parties are fully reserved for the Company’s expected credit losses provisions as at December 31, 2023 and December 31, 2024.

** These loans receivable balances with related parties are fully reserved for the Company’s expected credit losses provisions as at December 31, 2023 and December 31, 2024.

The Group had the following related party liability balances as of December 31, 2024 and as of December 31, 2023.

Related party:	Accounts Payable	
	Outstanding Balances at	
	December 31, 2024	December 31, 2023
W.M. Lyles Co.	2,669	5,328
Fibracast	64	—
Bioenergy Pte. Ltd	99	181
Total	2,832	5,509

The Group had the following related party transactions for Fiscal 2024 and Fiscal 2023.

Related party:	Transactions for the year ended December 31,	
	2024	2023
	Revenue for goods and services	
Fibracast	—	471
WTE and subsidiaries	—	3,565
Rialto	1,182	2,364
W.M. Lyles Co.	1,516	—
Total	2,698	6,400
Purchases of goods or services		
Fibracast	98	36
Bioenergy Pte. Ltd	—	86
TGW Holdings ***	185	—
W.M. Lyles	4,264	2,977
Total	4,547	3,099

*** 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, \$185 has been recorded as an expense in the current year.

OUTSTANDING SHARES DATA

On July 29, 2024, a special resolution approving the alteration to the notice of articles and articles of Anaergia to remove the Multiple Voting Shares from the authorized share structure of Anaergia and to alter the identifying name of the subordinate

voting shares to “common shares” was approved by the shareholders of the Company at the annual general and special meeting of shareholders.

As at December 31, 2024 and 2023, the table below indicates the number of outstanding Multiple Voting Shares of the Company and Common Shares as of the dates indicated:

	As at December 31, 2024	As at December 31, 2023
Multiple Voting Shares	—	32,222,369
Common Shares	169,789,578	33,179,135

QUARTERLY INFORMATION

The following table sets forth selected unaudited quarterly statements of operations data for periods indicated below. The information for each of these quarters has been prepared on the same basis as the 2023 Annual Financial Statements. This data should be read in conjunction with the 2024 Annual Financial Statements and the notes thereto and is not necessarily indicative of our operating results for a full-year or any future period.

Quarterly information	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Revenue	34,057	29,029	23,591	24,969	33,408	33,952	42,502	37,363
Loss from operations	(7,234)	(10,927)	(11,665)	(10,210)	(35,931)	(13,327)	(25,789)	(10,755)
Net loss	(15,416)	(15,611)	(13,356)	(11,481)	(34,058)	(30,568)	(117,523)	(8,400)

* See “Non-GAAP Measures”

Revenue of \$34,057 for Q4 2024 increased 17.3%, or \$5,028, compared to Q3 2024 (Q3 2024: \$29,029). Revenue increased mainly due to increases in large capital sales projects and ramping up of existing BOO facilities. Q4 2024 revenue increased 3.8% or \$1,273 relative to Q4 2023 due to these large projects and continued ramp of our BOO facilities, offset by the idling of our Charlotte Bioenergy BOO facility.

Loss from operations of \$7,234 for Q4 2024 decreased 33.8%, or \$3,693, compared to Q3 2024 (Q3 2024: \$10,927). This decrease is a result of timing differences for SG&A expenses and a decrease mentioned above in revenue.

Loss from operations of \$7,234 for Q4 2024 decreased 79.9%, or \$28,697, compared to Q4 2023 (Q4 2023: \$35,931). This decrease is due to an increase in Margin during Q4 2024 as compared to Q4 2023.

Net loss of \$15,416 for Q4 2024 decreased 1.2%, or \$195, compared to Q3 2024 (Q3 2024: net loss of \$15,611). The main increase was due to the impairment of Fibrecast of \$4,397 in Q3 2024 without a similar impairment in Q4 2024.

Net loss of \$15,416 for Q4 2024 decreased 54.7%, or \$18,642, compared to Q4 2023 (Q4 2023: net loss of \$34,058). The decrease is mainly due to losses on the deconsolidation of Rialto that occurred in Q4 2023 without a similar transaction in Q4 2024.

RISKS AND UNCERTAINTIES

An investment in the Common Shares involves risk. Investors should carefully consider the risks and uncertainties described herein and in the Annual Information Form. The risks and uncertainties described herein and in the Annual Information Form are not the only ones we face. Additional risks and uncertainties, including those that we do not know about now or that we currently deem immaterial, may also adversely affect our business. For a more complete discussion of the risks and uncertainties which apply to our business and our operating results, please see our Annual Information Form and other filings with the Canadian securities authorities, which are available on SEDAR+ at www.sedarplus.ca.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal controls over financial reporting. Our internal control system was designed to provide reasonable assurance to our management team and the board of directors of the Company regarding the preparation and fair presentation of published financial statements in accordance with IFRS. All

internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Canadian Securities Administrators require that companies certify the effectiveness of internal controls over financial reporting. It also requires a company to use a control framework such as the COSO Framework to design internal controls over financial reporting, which was applied by the Company. As well, the threshold for reporting a weakness of internal controls over financial reporting should be of a “material weakness” rather than “reportable deficiency.”

During Fiscal 2024, we assessed the effectiveness of our internal control over financial reporting related to the period and reassessed for the comparative periods (“**Periods**”). Based on that evaluation and due to the material weakness described below, the Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures, and internal controls over financial reporting, for the Periods were not effective.

Identification of Material Weakness in Internal Control Over Financial Reporting

During the reporting periods presented, management did not maintain effective control over the interpretation and application of technical IFRS Accounting Standards matters. This deficiency required the Company to make adjustments prior to or in connection with the issuance of the 2023 Annual Financial Statements.

Delays in filing the 2023 Annual Financial Statements, which resulted in a failure to file cease trade order imposed by the Ontario Securities Commission, are also indicative of a material weakness in internal controls.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company’s annual or interim financial statements will not be prevented or detected on a timely basis. Management has determined there is a material weakness in internal control over financial reporting.

Remediation of Material Weakness in Internal Control Over Financial Reporting

In response to the material weakness, management has hired financial accounting and management personnel with extensive technical knowledge and professional experience of financial reporting. The underlying process related to the material weakness continues to be enhanced. Revenue recognition policies have been updated to conform with IFRS 15. The revised process and control will continue to be tested quarterly for design and operating effectiveness.

In response to delays in filing the 2023 Annual Financial Statements, the Company’s finance and accounting organization has built up a stronger professional team, strengthened its policies and procedures for internal and external reporting, streamlined the process of interim and year-end audits to allow timely completion, and implemented a monthly accounting close process, which helped to expedite the year-end and quarterly disclosure of financial information.

Management is committed to the implementation of remediation efforts to address the material weakness. Remediation is continuing and intended to address the material weakness and enhance the overall financial control environment, including steps to address the evaluation, applicability, and documentation of the impact of technical accounting matters on an ongoing basis, as well as adopting a monthly accounting close. The material weakness will only be considered as remediated when the applicable controls operate for a sufficient period of time and management has concluded through testing, that the controls are operating effectively.

No assurance can be provided at this time that the actions and remediation efforts of the Company will effectively remediate the material weakness or prevent the occurrence of other significant deficiencies or material weaknesses in the Company’s internal controls over financial reporting in the future.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

Evaluation of Control Over Investees

We regularly assess our control for each investee on an ongoing basis. In evaluating whether we control investees, we apply judgment to assess whether we hold existing rights that give us the current ability to direct the relevant activities of our investee, has exposure or rights to variable returns from our involvement in the investee, and has the ability to use our power to affect these returns. Judgment is also required to determine the point in time at which we can exercise or cease to exercise such rights and abilities.

Componentization and Useful Lives of Property, Plant, and Equipment

Amounts recorded for depreciation and amortization expense are based on our componentization of our property, plant, and equipment and our estimate 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.

Determining Cash Generating Units (“CGUs”)

For the purpose of assessing impairment of non-financial assets, we must determine our 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 our judgment and is an assessment of the smallest group of assets that generate cash inflows independently of other assets.

Arrangements That May Contain a Lease

We apply judgment when determining whether an arrangement may contain a lease. For leases identified, we exercise judgment in determining the lease term, lease components, and the underlying value of the leased asset.

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 our judgment. 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 requires us 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 its 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. We conducted an impairment test on two CGUs during the year and two CGUs at year end, and quarterly during fiscal year 2024, see Note 10 to the 2024 Annual Financial Statements for further details.

Going Concern Assessment

We apply judgment when performing an assessment of going concern. This assessment requires us to make judgments related to our projected cash flows, material risks and uncertainties including compliance with future debt covenants and the necessary timing of cash flows to meet our present obligations as they become due.

Key Areas of Estimation Uncertainty

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 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.

Fair Value of Financial Instruments

Certain financial instruments, such as embedded derivative financial instruments and cash flow hedges, are carried in the consolidated statements of financial position at fair value, with changes in fair value reflected in profit and loss or through other comprehensive income. 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.

Estimated Credit Losses

We maintain 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 our ability to collect.

Business Combination Accounting

We recognize, separately from goodwill, the identifiable assets acquired and liabilities assumed at their estimated acquisition date fair values. We measure and recognize 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. The accounting for business combinations requires management to make assumptions including about the fair value of consideration transferred, the fair value of assets and liabilities acquired, and the fair value of any non-controlling interest.

Recoverability of Long-Lived Assets

We test annually or more frequently, if necessary, whether goodwill or other long-lived assets have suffered any impairment in accordance with the accounting policies. 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 our assumptions as to prices, costs or other factors that may result in changes in our estimates of future cash flows.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at December 31, 2024, we had an embedded prepayment option on our outstanding Live Oak loan for SoCal Biomethane - which has an asset balance of \$22. This instrument is valued using a binomial option pricing model that reflects our credit rating and the likelihood that we would exercise the prepayment option. Changes in the fair value of this financial instrument are recorded through the statement of operations as other gains or losses. This financial instrument can only ever be an asset balance, as a prepayment penalty.

On October 13, 2023, we executed an International Swaps and Derivatives Association schedule and master agreement effective October 4, 2023 with East West Bank. These agreements and other associated required agreements (collectively, the “**Interest Rate Swap Agreements**”) effectively constitute an interest rate swap agreement with East West Bank which effectively fixes the interest on the RIBF Loan at 9.04%. The Interest Rate Swap Agreements have a notional amount of US\$20,000, and a maturity of seven years, the same as the RIBF Loan. It is our intention to designate the interest rate swap as an effective hedge. The Interest Rate Swap Agreement is valued using discounted future cash flows and market pricing of a similar instrument on

each reporting date. We are anticipating that the hedge relationship is highly effective and that changes in the value of the swap will be recorded in our statement of other comprehensive income (loss) as fair value gain or loss on an effective hedge.

Financial Risk Management

We have exposure to risks arising from financial instruments, including credit risk, liquidity risk, and market risk, which includes currency risk and interest rate risk. Our board of directors has overall responsibility for the establishment and oversight of our risk management framework. Our senior management is responsible for developing and monitoring our risk management policies. Our risk management policies are established to identify and analyze the risks faced, 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 our activities.

Credit Risk

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

Our 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.

We mitigate this risk through our credit policies and practices including the use of credit limits and approvals, and by monitoring the financial condition of our customers. We evaluate the concentration of risk with respect to trade receivables as low, as our customers are located in several jurisdictions and industries and operate in largely independent markets.

In addition, we are exposed to credit risk in relation to financial guarantee contracts given by banks on behalf of related parties. Our maximum exposure in this respect is the maximum amount the group could have to pay if the guarantee is called. As at December 31, 2024, an amount of \$8,923 is the total estimated loss that we are 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.

Liquidity Risk

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

Our objective when managing liquidity is to ensure, as far as possible, that the Company will have sufficient liquidity to meet our liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to our reputation. We monitor our cash flow requirements to optimize its cash return on investments. We aim to maintain the level of our 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. We also monitor the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

Market Risk

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

Our financial instruments which are affected by market risk include loans and borrowings, deposits, cash flow hedging 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

We are exposed to interest rate risk on our variable rate borrowings. Accordingly, interest rate fluctuations affect the amount of interest expense we are obligated to pay. We currently use Interest Rate Swap Agreements to manage our exposure to interest rate changes. We have 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 Fiscal 2024.

Taking our 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) during Fiscal 2024 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 our relevant entity. We operate internationally and are exposed to the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. We monitor our exposure to currency risk and review whether the use of derivative financial instruments is appropriate to manage potential fluctuations in foreign exchange rates.

FUTURE ACCOUNTING POLICY CHANGES

From time to time, new accounting pronouncements are issued by the IASB or other standards-setting bodies and are adopted as of the specified effective date. The new and amended standards and interpretations that are issued, but not yet effective, if any, up to the date of issuance of our financial statements will be disclosed below. We adopt new and amended standards and interpretations, if applicable, when they become effective.

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Annual Information Form, is available on SEDAR+ at www.sedarplus.ca.



Anaergia Inc.

Consolidated Financial Statements
(in thousands of Canadian Dollars)

December 31, 2024 and 2023

Independent Auditor's Report

To the Shareholders and the Board of Directors of Anaergia Inc.

Opinion

We have audited the consolidated financial statements of Anaergia Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of operations, comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years 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 ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 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 Matter

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, 2024. 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 K) iv) i), 3 i), 23 and 24

Key Audit Matter Description

The Company recognizes revenue on capital sales contracts over time using an input method based on costs incurred to date relative to total anticipated costs at completion. Total anticipated costs at completion include both incurred costs to date as well as anticipated costs to complete, which could include contingencies and provisions. These costs are impacted by a variety of factors such as potential variances in scheduling and cost of materials along with the availability and cost of qualified labour and subcontractors, productivity, and possible claims for overruns by subcontractors. Given the duration of capital sales contracts, assumptions regarding anticipated costs to completion change over time as the contract is being completed.

Accounting for the Company's capital sales revenue for in-progress contracts involved significant judgments and estimates such as the determination of the costs to complete for each contract. This required extensive audit effort and a high degree of auditor attention when performing audit procedures and evaluating the results of those procedures.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to the costs to complete of the Company's in-progress capital sales contracts included the following, among others:

- For a sample of in-progress contracts:
 - Obtained and inspected the executed contracts, amendments, and confirmed key details with management, project management personnel and the Company's customers;
 - Conducted inquiries with management and project management personnel to gain an understanding of the status of project activities;
 - Evaluated costs to complete by testing key components of the estimated total contract costs, including materials, labour and subcontractor costs.
- Evaluated management's ability to estimate costs by comparing actual costs to management's historical estimates for a sample of contracts that have been completed.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the 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 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 GAAS 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the 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 financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 Steven Lawrenson.

/s/ Deloitte LLP

Chartered Professional Accountants
Toronto, Ontario
March 31, 2025

ANAERGIA INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of December 31, 2024 and 2023
All amounts in thousands of Canadian Dollars

	Notes	December 31, 2024 \$	December 31, 2023 \$
ASSETS			
Current assets			
Cash		30,220	22,113
Restricted cash		14,769	21,469
Trade and other receivables	12	26,934	39,314
Contract assets	23	10,757	27,951
Prepaid expenses		3,754	2,384
Inventories	13	8,425	7,620
Other current assets		9,359	27,463
Total current assets		104,218	148,314
Non-current assets			
Restricted cash		287	1,433
Property, plant and equipment, net	10	108,203	101,762
Intangible assets, net	11	2,560	2,661
Deferred tax assets	15	4,068	3,207
Equity-accounted investees	8	—	9,890
Other long-term assets	14	13,991	11,400
Total non-current assets		129,109	130,353
Total assets		233,327	278,667

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, 2024 and 2023
All amounts in thousands of Canadian Dollars

		December 31, 2024	December 31, 2023
		\$	\$
Current liabilities			
Accounts payable		28,598	44,851
Accrued liabilities and provisions	17	30,242	47,965
Taxes payables		7,472	6,336
Current portion of deferred government grants	25	4,791	5,774
Current portion of contract liabilities	23	17,939	17,540
Current portion of lease liabilities		2,273	1,917
Current portion of long-term debt	16	32,334	3,665
Total current liabilities		123,649	128,048
Non-current liabilities			
Long-term portion of deferred government grants	25	4,608	4,252
Long-term portion of contract liabilities	23	1,634	890
Long-term portion of lease liabilities		9,297	8,701
Long-term debt	16	27,806	56,604
Asset retirement obligation	17	2,562	2,326
Deferred tax liabilities	15	6,794	—
Derivative liability	9	733	1,073
Other long-term liabilities		3,039	3,183
Total non-current liabilities		56,473	77,029
Total liabilities		180,122	205,077
SHAREHOLDERS' EQUITY			
Non-controlling interests	19	110,850	128,973
Issued capital	20	439,315	397,831
Contributed surplus		7,350	8,066
Deficit		(522,781)	(479,222)
Accumulated other comprehensive income		18,471	17,942
Total equity		53,205	73,590
Total liabilities and equity		233,327	278,667

Commitments and contingencies Note 18
Subsequent events Note 30

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, 2024 and 2023

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

	Notes	December 31,	
		2024	2023
		\$	\$
Revenue	24	111,646	147,225
Cost of sales		86,013	127,496
Gross profit		25,633	19,729
Selling and general administrative expenses		66,795	75,313
Research and development (recoveries) expenses		(290)	1,936
Government grant income	25	(2,775)	(1,445)
Asset impairment losses	10, 11	1,939	29,727
Operating expenses		65,669	105,531
Loss from operations		(40,036)	(85,802)
Loss on disposal of ITA	6	—	(54,444)
Loss on deconsolidation of Rialto	6	—	(35,663)
Impairment loss for Fibracast	8	(6,244)	(8,151)
Change in value of embedded derivative		—	(7,953)
Loss from equity-accounted investees	8	(1,062)	(6,726)
Expected credit loss on loans receivable from related parties		—	(5,127)
Other (losses) gains, net	27	1,388	(4,586)
Finance expense, net		(5,493)	(3,333)
Gain on sale of Tonder	6	—	10,063
Foreign exchange gain		2,048	325
		(9,363)	(115,595)
Loss before income taxes		(49,399)	(201,397)
Income tax (expense) recovery	15	(6,465)	8,606
Net loss		(55,864)	(192,791)
Net loss attributable to:			
Shareholders		(42,891)	(182,599)
Non-controlling interests		(12,973)	(10,192)
		(55,864)	(192,791)
Basic and diluted loss per share	28	(0.31)	(2.74)

ANAERGIA INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
For the years ended December 31, 2024 and 2023
All amounts in thousands of Canadian Dollars

	Notes	December 31,	
		2024	2023
		\$	\$
Net loss		(55,864)	(192,791)
Items that may be reclassified back to profit or loss in future periods			
Exchange difference on translation of foreign operations		(294)	(1,910)
Fair value gains (losses) related to hedging transaction		625	(906)
Total comprehensive loss		(55,533)	(195,607)
Total comprehensive (loss) income attributable to:			
Shareholders		(42,308)	(184,517)
Non-controlling interests		(13,225)	(11,090)
		(55,533)	(195,607)

ANAERGIA INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2024 and 2023

All amounts in thousands of Canadian Dollars

	Issued Share Capital	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income (Loss) (Note 9)	Total	Non- controlling Interests	Total Equity
	\$	\$	\$	\$	\$	\$	\$
As at January 1, 2024	397,831	8,066	(479,222)	17,942	(55,383)	128,973	73,590
Net loss	—	—	(42,891)	—	(42,891)	(12,973)	(55,864)
Other comprehensive gain (loss) - hedging	—	—	—	1,180	1,180	(555)	625
Other comprehensive income (loss) - foreign currency translation	—	—	—	(597)	(597)	303	(294)
Total comprehensive loss	—	—	(42,891)	583	(42,308)	(13,225)	(55,533)
Issuance of shares (Note 20)	36,054	2,532	—	—	38,586	—	38,586
Preferred share issuance to non-controlling interests (Note 19)	—	—	—	—	—	2,353	2,353
Preferred distribution to non-controlling interest (Note 19)	—	—	—	—	—	(7,973)	(7,973)
Vesting of RSUs and exercise of stock options (Note 20)	5,430	(5,422)	—	—	8	—	8
Profit sharing arrangement - Anaergia Bioenergy Facilities (Note 19)	—	—	145	(8)	137	(137)	—
Profit sharing arrangement - Rhode Island Bioenergy Facilities (Note 19)	—	—	(813)	(46)	(859)	859	—
Share based compensation (Note 21)	—	2,174	—	—	2,174	—	2,174
As at December 31, 2024	439,315	7,350	(522,781)	18,471	(57,645)	110,850	53,205

ANAERGIA INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2024 and 2023

All amounts in thousands of Canadian Dollars

	Issued Share Capital	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income (Loss) (Note 9)	Total	Non- controlling Interests	Total Equity
	\$	\$	\$	\$	\$	\$	\$
As at January 1, 2023	397,246	6,700	(263,896)	15,014	155,064	180,981	336,045
Net loss	—	—	(182,599)	—	(182,599)	(10,192)	(192,791)
Other comprehensive income - hedging	—	—	—	(317)	(317)	(589)	(906)
Other comprehensive income - foreign currency translation	—	—	—	(1,601)	(1,601)	(309)	(1,910)
Total comprehensive loss	—	—	(182,599)	(1,918)	(184,517)	(11,090)	(195,607)
Foreign currency translation - disposals and deconsolidation (Note 6)	—	—	—	(846)	(846)	—	(846)
Bioener acquisition non-controlling interest (Note 6)	—	—	—	—	—	1,592	1,592
Issuance of preferred capital - Anaergia Bioenergy Facilities (Note 19)	—	—	—	—	—	19,779	19,779
Profit sharing arrangement - Anaergia Bioenergy Facilities (Note 19)	—	—	19,505	3,416	22,921	(22,921)	—
Profit sharing arrangement - Rhode Island Bioenergy Facilities (Note 19)	—	—	(44,068)	1,642	(42,426)	42,426	—
Profit sharing arrangement - Rialto (Note 19)	—	—	(8,164)	634	(7,530)	7,530	—
Exercise of stock options (Note 21)	585	(575)	—	—	10	—	10
Rialto deconsolidation (Note 6)	—	—	—	—	—	(82,948)	(82,948)
Disposal of ITA (Note 6)	—	—	—	—	—	(6,376)	(6,376)
Share based compensation (Note 21)	—	1,941	—	—	1,941	—	1,941
As at December 31, 2023	397,831	8,066	(479,222)	17,942	(55,383)	128,973	73,590

ANAERGIA INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2024 and 2023

All amounts in thousands of Canadian Dollars

	Notes	2024 \$	2023 \$
OPERATING ACTIVITIES			
Net loss		(55,864)	(192,791)
Adjustments for the following non-cash items:			
Depreciation and amortization		5,534	5,848
Income tax expense (recovery)		6,465	(8,606)
Finance expense, net		5,493	3,333
Share based compensation expense	21	2,174	1,941
Impairment loss for Fibracast	8	6,244	8,151
Loss on embedded derivative		—	7,953
Gain on disposition of Tonder	6	—	(10,063)
Loss on deconsolidation of Rialto	6	—	35,663
Loss on disposal of ITA	6	—	54,444
Expected credit loss on receivables		3,524	5,127
Impairment of assets	10, 11	1,939	29,727
Loss on equity-accounted investees		1,062	6,726
Government grant income	25	(2,775)	(1,445)
Other losses (gains), net		(1,388)	4,261
Net change in operating assets and liabilities	29	(3,812)	(16,175)
Net cash received (paid) for income taxes		1,172	(853)
Cash used in operating activities		(30,232)	(66,759)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(10,654)	(63,897)
Proceeds from the sale of income tax credits		21,679	—
Investment in intangible assets		(124)	(217)
Investment in loans and investments		—	(34,622)
Cash receipts from loans		—	2,466
Proceeds from disposition of Tonder	6	—	70,659
Cash disposed for ITA	6	—	(2,188)
Cash provided by (used in) investing activities		10,901	(27,799)
FINANCING ACTIVITIES			
Restricted cash utilization / (funding)		8,589	(4,940)
Proceeds from exercise of stock options		8	10
Proceeds from issuance of share capital	20	40,800	—
Proceeds from government grant funding		2,241	7,337
Proceeds from issuance of preferred capital in a subsidiary		2,353	19,779
Distributions to non-controlling interests		(7,973)	—
Payment of share issuance costs		(2,215)	—
Cash paid for borrowing or transaction costs		(34)	(874)
Proceeds from borrowings	9	—	57,939
Lease payments		(1,600)	(2,647)
Cash paid for interest	9	(5,292)	(1,536)
Repayment of debt	9	(4,360)	(5,613)
Repayment of line of credit	9	—	(4,694)
Cash provided by financing activities		32,517	64,761
Effect of exchange rate differences		(5,079)	(3,468)
Net increase (decrease) in cash during the year		8,107	(33,265)
Cash, beginning of year		22,113	55,378
Cash, end of year		30,220	22,113

See notes to the consolidated financial statements.

ANAERGIA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2024 and 2023

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

1. Corporate information

Anaergia Inc. (the "Company") 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, and South Africa. 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 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 31, 2025, 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^(R) 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 7 – *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 19.

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. 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.

D. 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.

E. 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.

F. 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:

Building	15 to 20 years
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.

G. 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
Customer lists and relationships	2 to 4 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.

H. 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.

I. 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.

J. 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.

K. 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.

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.

L. 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.

M. 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.

N. 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.

O. 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	FVTPL

Financial liabilities

Line of credit	Amortized cost
Accounts payable	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 9.

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 2024 and 2023, 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.

P. 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 10 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(G) and 2.3(H). 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

(i) New standards and interpretations adopted during the year

The following new standards, and amendments to standards and interpretations, are effective for the first time for periods beginning on or after January 1, 2024, and have been applied in preparing these consolidated financial statements.

Amendments to IFRS 16 - Lease Liability in a Sale-and-Leaseback

On September 22, 2022, the IASB issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16). The amendments are effective for annual periods beginning on or after January 1, 2024. The amendment introduces a new accounting model which impacts how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. The amendments clarify that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction and after initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. The amendments need to be applied retrospectively, which require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019. The adoption of this amendment did not have a material impact on the consolidated financial statements.

(ii) 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. Recent Developments

On December 22, 2023, the Company's subsidiary, Rhode Island Bioenergy Facility Holdco, LLC ("RIBFH") entered into a definitive agreement for a sale of \$21,679 of Inflation Reduction Act (IRA) investment tax credits (the "ITC Transaction") generated by its subsidiary, Rhode Island Bioenergy Facility, LLC ("RIBF") in Johnston, Rhode Island from qualified investments by the subsidiary into renewable natural gas generating capital expenditures. The ITC Transaction closed on January 29, 2024, and is subject to certain customary conditions and generated \$21,679 in cash during the year. As of December 31, 2023, the Company had recorded an other current asset of \$20,628 on the accompanying statements of financial position. During fiscal year 2024, the Company recognized the transaction costs of \$2,416, as expenses in the period the ITC Transaction was consummated.

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 February 7, 2024, the Company entered into a settlement agreement between the Company's subsidiary, Anaergia B.V. ("ABV") and Blue Sphere Brabant B.V. ("Blue Sphere"), and Anaergia received \$3,952 (€2.7 million) on February 14, 2024. Pursuant to the settlement agreement, Blue Sphere also agreed to additional payments totaling \$1,101 (€750) to be paid to ABV on or before January 30, 2025. As part of the settlement, the parties entered into consideration of mutual waiver of claims concerning the turnkey agreement for engineering, procurement, and construction of an installation for the biogas plant in Sterksel, Netherlands.

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 June 12, 2024, Rialto closed the sale of substantially all of its assets to Rialto Bioenergy Solutions LLC (“RBS”), an affiliate of Sevana Bioenergy, LLC, in accordance with the bankruptcy court’s sale order (the “Rialto Sale”). As part of the Rialto Sale, certain contracts were assigned from Rialto to RBS, but not the Fee Agreement between Rialto and SoCal Organics Recycling Facility, LLC (“SCORF”), a subsidiary, which is collateral for the US\$10 million loan from CalRecycle to SCORF. Pursuant to the terms of the Rialto Sale, the interconnection agreement between Rialto and SoCal Gas was assigned to RBS, and RBS is required to cure costs claimed by SoCal Gas under that contract that comprise the same claim pending in litigation by SoCal Gas against UTS Bioenergy Holdings, LLC, as guarantor under the interconnection agreement. During fiscal year 2024, the Company recognized a gain of \$1,767 in other gains and losses on the Company's consolidated statements of operations due to removal of a liability associated with Rialto.

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.

On July 29, 2024, a special resolution approving the alteration to the notice of articles and articles of Anaergia to remove the Multiple Voting Shares from the authorized share structure of Anaergia and to alter the identifying name of the Subordinate Voting Shares to “common shares” was approved by the shareholders of the Company at the annual general and special meeting of shareholders.

On August 5, 2024, the court with the pending Rialto Chapter 11 bankruptcy conducted a hearing on dismissal of the case and other relief. The court entered its order confirming a dismissal, which became effective in August 2024 and resulted in a change of ownership agreement.

On August 19, 2024, the Company completed its previously announced reclassification of its subordinate voting shares as common shares of the Company. The Common Shares began trading on a post-reclassification basis on the TSX at market open on August 23, 2024, under the existing trading symbol. Additionally, the Multiple Voting Shares, of which none are outstanding, have been removed from the authorized share structure of the Company.

6. Acquisition and Disposal Transactions

Disposal and deconsolidation of subsidiaries

Disposal of Anaergia ITA B.V. (“ITA”), including WTEH and related entities

On August 17, 2023, the Company entered into an Shareholder Loan Transfer Deed, Deed of release and termination, Deed of acknowledgment, and a corresponding cooperation agreement with Arjun Infrastructure Partners (“AIP”). WTEH controlled five BOO assets in Italy (the “Italian Projects”), The effect of these agreements was to immediately terminate the existing loan agreement whereby the Company is immediately released of its loan obligation of \$144,830 owing to AIP, including with respect to a lender option (the “Lender Option”), in exchange for the transfer of inter-company loans owing by ITA of approximately \$55,000 (as previously written off by the Company) and the equity interests in ITA, a subsidiary of Anaergia that owns the projects, to AIP. The Lender Option had required the Company to purchase the associated loans for the Italian Projects under conditions that include the failure to secure senior debt financing for particular Projects by a certain date. ITA had the following subsidiaries, Anaergia Infrastructure S.r.L., WTEH, Easy Energia Ambiente, S.r.L., Recall Latina, S.p.A., Calimera S.r.L., BS Green S.r.L., Bioener S.p.A. (“Bioener”) and Ambiente & Risorse, S.r.L.

As a result of the ITA Transaction, Anaergia received de minimus cash consideration. The Company did not have the ability to purchase the associated loans in the event the Lender Option was duly exercised by AIP.

As a result of the ITA Transaction, AIP has acquired full ownership and control of the six Italian Projects which will provide it with the opportunity to fund the additional capital required for each Italian Project to reach commercial operations. Accordingly, the Company has no further requirements to provide additional capital with respect of the Italian Projects. The Company and AIP have also entered into a cooperation agreement to manage post-closing activities including, but not limited to, the Company’s continued participation in providing remaining EPC work on the Italian Projects, certain transition services, and the opportunity for the Company to receive additional consideration through performance incentives and an earn-out on terms to be negotiated in good faith. The transaction was concluded on December 31, 2023 with the termination of the cooperation agreement and the Company has recognized additional losses of \$5,867 during the fiscal year ended December 31, 2023 on accounts receivable from the Italian projects due to these negotiations and the cooperation agreement.

Accordingly, the Company has presented the gain on disposal of ITA inclusive of bargain purchase gains and fair value adjustments from the acquisition of WTEH, as described below.

Financial information relating to the disposal as well as the operations of ITA and subsidiaries for the period to the date of disposal, is set out below.

	January 1, 2023 to August 17, 2023	
	\$	
Financial performance		
Revenue	\$	14,674
Expenses		(15,443)
Loss for the period		(769)

	Year Ended December 31, 2023
	\$
Details of Disposal	
Expected credit loss on loans to WTEH	(55,109)
Net assets disposed	(10,609)
Carrying amount of non-controlling interest	6,376
Bargain purchase on acquisition of WTEH	13,731
Less provision for other on-going transactions	(5,867)
Less other expenses/losses associated with the disposal	(3,403)
Loss on disposal before effect of OCI	(54,881)
Other comprehensive income - foreign currency translation	437
Loss on disposal after effect of OCI	\$ (54,444)

Deconsolidation of Rialto

On May 25, 2023, the Company's subsidiary Rialto, filed a voluntary petition for Chapter 11 restructuring proceedings in the U.S. Bankruptcy Court for the Southern District of California. Rialto was 51% owned by the Company's wholly owned subsidiary, Anaergia Services, LLC ("Anaergia Services"). The Company, due to the bankruptcy court's ability to direct payments and oversee the pertinent activities of the subsidiary, has determined that the Group no longer controls Rialto, and thus the Company has deconsolidated Rialto as of May 25, 2023. The Company has determined that it will account for the Company's equity investment in Rialto as fair value through profit and loss ("FVTPL") under IFRS 9. As discussed in recent developments (Note 5), on June 12, 2024, Rialto closed the sale of substantially all of its assets to RBS. On August 5, 2024, the court with the pending Rialto Chapter 11 bankruptcy conducted a hearing on dismissal of the case and other relief. The court entered its order confirming a dismissal, which became effective in August 2024 and resulted in a change of ownership agreement. Financial information relating to the deconsolidation as well as the operations of the subsidiary for the period from January 1, 2023 to the date of deconsolidation, is set out below.

	January 1, 2023 to May 25, 2023
	\$
Financial performance	
Revenue	\$ 611
Expenses	(11,247)
Loss for the period	(10,636)
	Year Ended December 31, 2023
	\$
Details of Deconsolidation	
Carrying amount of net assets disposed	(113,359)
Plus carrying amount of non-controlling interest	82,948
Recorded liabilities as a result of guarantees	(6,978)
Plus equity value of Rialto	1,129
Loss on deconsolidation before effect of OCI	(36,260)
Other comprehensive income - foreign currency translation	597
Loss on deconsolidation after effect of OCI	\$ (35,663)

Anaergia Services and other entities guaranteed payments of Rialto to facilitate construction and other contractual obligations.

Sale of Tønder

On February 22, 2023, the Company announced the sale of its equity interests in a subsidiary of Anaergia that owned the Envo Biogas, an anaerobic digestion facility in Tønder, Denmark. The disposition supports the strategic decision to increase investments in new and existing projects in other European countries. The deferred consideration receivable by the Company was due in August 22, 2024 and is accrued on the accompanying statement of financial position in other current assets, however this did not occur and the Company is in dispute. The Company is currently disputing certain facts and circumstances with the buyer, as a result the timing of this payment is uncertain. Financial information relating to the disposal as well as the operations of the subsidiary for the period from January 1, 2023 to the date of disposal, is set out below.

	January 1, 2023 to February 22, 2023
	\$
Financial performance	
Revenue	\$ 109
Expenses	(162)
Loss for the period	(53)
	Year Ended December 31, 2023
	\$
Details of sale	
Cash net of transaction costs	\$ 66,912
Settlement of payables by purchaser	3,747
Deferred consideration receivable	3,343
Total consideration	74,002
Carrying amount of net assets disposed	63,751
Gain on sale before effect of OCI	10,251
Other comprehensive income - foreign currency translation	(188)
Gain on sale after effect of OCI	\$ 10,063

Business combinations

WTEH

On July 3, 2023, the shareholders of WTEH, an equity method investee of the Company, met in a special meeting to determine the effect of losses on the business and to subscribe to cover the losses of WTEH. It was determined that WTEH's other controlling member would not subscribe to cover any additional losses and thus the Group became the sole shareholder of WTEH. WTEH controls five BOO assets in Italy. As part of the board meeting, the 45% shareholder of WTEH waived their right under the Italian corporations' code to subscribe to the additional amount to cover the losses of the entity. As a result of the meeting, the board of WTEH has been reconstituted with the Company, in sole control of WTEH. As discussed further above, WTEH was subsequently included in the sale of ITA to AIP. The below tables summarizes the assets and liabilities of WTEH as of July 3, 2023 which were recognized in the gain on disposal of ITA on August 17, 2023.

	CAD \$
Recognized amounts of identifiable assets acquired and liabilities assumed	
Assets acquired for resale	188,522
Liabilities acquired for resale	(33,675)
Deferred gain for uneliminated losses	(15,326)
Total identifiable net assets	139,521
Bargain purchase	(13,731)
Fair value of investment in WTEH recorded on acquisition of control	125,790

7. 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*	
		2024	2023
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 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%
DB Technologies BV	Netherlands	100%	100%
Anaergia BV	Netherlands	100%	100%
Anaergia Singapore Pte. Ltd.	Singapore	100%	100%
Anaergia Africa (Pty) Ltd.	South Africa	100%	100%
Anaergia South Africa Services (Pty) Ltd	South Africa	100%	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 ¹	United States	51%	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%

¹The Rialto Bioenergy Facility was deconsolidated during FY 2023. See Note 6.

* 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. In previous years, the Company was a significant shareholder of Fibracast (approximately 45%). The Company still 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, as discussed more fully in Note 5 and 6 of these financial statements.
- 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., which is currently carried at cost of \$596.
- 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 Chairman of the Board of W.M. Lyles, Inc., 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 capitalized as part of BOO property, plant and equipment, and all sales are transacted at the Company's standard pricing. As of December 31, 2024, Mr. Simmons is no longer a member of the Board of Directors of W.M. Lyles.
- WTEH and subsidiaries - Prior to July 1, 2023, the Company had significant influence over WTEH. As discussed in Note 6, the ITA transaction, these entities were accounted for as an acquisition with the intention to resale.
- 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, 2024, and 2023 is nil.
- TGW Holdings is a construction and infrastructure group that is assisting the Company with EPC contracts within the European Union. Ohad Epschtein, 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, 2024, and 2023.

Related party:	Accounts receivable	
	Outstanding Balances at	
	December 31, 2024	December 31, 2023
Fibracast	7	6
MD Waste Management Co Ltd. *	10,557	10,557
Limassol *	—	514
Bioenergy Pte. Ltd	31	28
Rialto	—	309
W.M. Lyles Co.	494	—
Total	11,089	11,414

Related party name:	Loans receivable	
	Outstanding Balances at	
	December 31, 2024	December 31, 2023
Fibracast	590	574
Loan to Bioenergy Pty. Ltd. *	—	472
Loan to MD Waste Management Co Ltd., Limassol, dbT (JV partner) *	807	1,417
Total	1,397	2,463

Related party name:	Accounts Payable	
	Outstanding Balances at	
	December 31, 2024	December 31, 2023
W.M. Lyles	2,669	5,328
Fibracast	64	—
Bioenergy Pte Ltd	99	181
Total	2,832	5,509

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

	Transactions for the year ended December 31,	
	2024	2023
Related party:	Revenue for goods and services	
Fibracast	—	471
WTE and subsidiaries	—	3,565
Rialto	1,182	2,364
W.M. Lyles Co.	1,516	—
Total	2,698	6,400

Related party name:	Purchases of goods or services	
Fibracast	98	36
Bioenergy Pte Ltd	—	86
TGW Holdings **	185	—
W.M. Lyles	4,264	2,977
Total	4,547	3,099

** 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, \$185 has been recorded as an expense in the current year.

Key management personnel compensation

The remuneration of key management personnel is as follows:

	2024	2023
Salaries and benefits	6,344	6,261
	<u>6,344</u>	<u>6,261</u>

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, 2024, was \$840 (2023 - \$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, 2024, was \$590 (2023 - \$4,818). 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 \$3,727 as of December 31, 2024 (2023 - \$6,978) which are recorded as liabilities on the accompanying consolidated statements of financial position.

8. Equity-accounted investees

The Group has the following equity-accounted investees:

	Percent Ownership		Carrying Amount	
	2024	2023	2024	2023
Fibracast *	4.0%	20.5%	\$ —	\$ 9,890
Total			—	9,890

* The Fibracast investment has been updated 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. See Note 14 for further details.

a) Fibracast

On October 25, 2023, Fibracast completed a private placement offering with a third-party which valued the Company's equity method investee at \$63,000 and diluted the Company's ownership to 20.5%. As a result of the transaction, the Company recognized an impairment loss of \$6,648 on the accompanying consolidated statements of operations for the year ended December 31, 2023. As of December 31, 2023, the Company determined that the investment in Fibracast had indicators of impairment and as such management performed a fair value assessment of Fibracast and determined that the Company's investment was additionally impaired for \$1,503, for a total impairment of \$8,151 which is included on accompanying statements of operations for the year ended December 31, 2023. During the year ended December 31, 2024, the Company recognized losses from Fibracast of \$1,062 and recognized impairment of \$6,244. Due to the dilution of the Company's investment in Fibracast during 2024

that reduced the ownership to be 4.0%, the investment has been updated 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.

The following table reconciles the financial information to the carrying amount of the Group's interest in Fibracast.

Investment in Fibracast	2024	2023
Beginning balance	9,890	21,771
Impairment	(6,244)	(8,151)
Share of Fibracast net loss	(1,062)	(3,730)
Reclassification to Other long-term assets	(2,584)	—
Ending balance	<u>—</u>	<u>9,890</u>

b) WTEH

During 2020, Anaergia S.r.l.(a subsidiary of the Company) and Renewable Environmental Engineering S.r.l. ("Renewable") , an unrelated third party, entered into an agreement to acquire from shareholders of the holding company WTEH, respectively, 55% and 45% of the ownership interest in WTEH. As discussed in Notes 5 and 6, WTEH was part of group of assets that were disposed of in the ITA transaction, as such the disclosures for the previous equity method investee have not been made for 2023.

Due to the transaction of July 3, 2023, as discussed above in Notes 5 and 6, the Company recognized an additional loss of \$2,996 for the previously unrecognized un-eliminated profit related to WTEH. As of August 17, 2023, WTEH's remaining un-eliminated profit of \$15,326 was recognized as part of the gain on disposal of ITA.

The Group, through its capital sales segment sells equipment to WTEH's subsidiaries, which would typically be eliminated against unrealized profits of the equity method-investee, but due to the recurring losses of the equity method investee, the Group has been unable to eliminate these losses.

9. 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, 2024</u>	<u>Carrying amount</u>	<u>Fair Value</u>
		<u>Level 2</u>
Financial assets		
Derivative asset	22	22
	<u>22</u>	<u>22</u>
Financial (liabilities)		
Derivative liability	733	733
Other long-term debt	(60,140)	(61,044)
	<u>(59,407)</u>	<u>(60,311)</u>

<u>At December 31, 2023</u>	<u>Carrying amount</u>	<u>Fair Value</u>
		<u>Level 2</u>
Financial assets		
Derivative asset	169	169
Embedded derivative	2	2
	<u>171</u>	<u>171</u>
Financial (liabilities)		
Derivative liability	(1,073)	(1,073)
Other long-term debt	(60,269)	(58,478)
	<u>(61,342)</u>	<u>(59,551)</u>

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, 2024, the Company recorded an unrealized gain on the interest rate swaps of \$625 (2023 - \$906), net of tax. The Company expects \$733 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, 2024 and 2023.

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, 2024, and 2023. 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 (O).

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
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, 2024, and 2023.

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:

	Liabilities				
	Rhode Island Project Financing Term Loan	Live Oak Indenture	SoCal Organics Recycling Facility	Other long-term debt	Total
	Balance at January 1, 2024	25,709	14,927	13,187	6,446
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
Balance at December 31, 2024	27,929	14,711	12,744	4,756	60,140

	Liabilities				
	Line of credit	Rialto bonds	AIP Loans	Other long-term debt	Total
	Balance at January 1, 2023	5,451	148,964	138,661	68,577
Loan advances	—	4,471	6,153	47,315	57,939
Payment of debt issuance costs	—	—	—	(874)	(874)
Repayment of debt	(4,694)	—	(777)	(4,836)	(10,307)
Interest paid	—	—	(28)	(1,508)	(1,536)
Foreign exchange adjustments	(757)	(3,323)	(1,497)	(1,881)	(7,458)
Non-cash adjustments	—	(150,112)	(142,512)	(46,524)	(339,148)
Balance at December 31, 2023	—	—	—	60,269	60,269

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 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, 2024, an amount of \$9,145 (2023 - \$9,091) 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 12 and concentration of revenue by line of business and geographic region from contracts with customers in Note 24. 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 (O).

As of December 31, 2024, 35% (2023 – 38%) 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.

At December 31, 2024	Less than 1 year	Between 1 and 5 years	Over 5 years	Total Contractual Cash flows	Carrying Amount
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
Total	108,530	28,473	22,939	159,942	130,550

At December 31, 2023	Less than 1 year	Between 1 and 5 years	Over 5 years	Total Contractual Cash flows	Carrying Amount
Borrowings	7,394	39,125	37,308	83,827	60,269
Leases	1,778	6,065	14,265	22,108	10,618
Accounts payable	44,851	—	—	44,851	44,851
Accrued liabilities	47,965	—	—	47,965	47,965
Total	101,988	45,190	51,573	198,751	163,703

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, 2024 and 2023.

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, 2024 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	
	2024	2023	2024	2023
Cash	8,339	9,592	1,589	4,963
Accounts receivables	12,444	24,743	12,556	17,652
Other receivables	4,979	21,112	17,102	69
Accounts payable and accrued liabilities	(21,336)	(35,632)	(24,041)	(36,331)
Long-term debt	(28,113)	(59,016)	(485)	942
Derivative asset (liability), net	(4,431)	(904)	—	—
Net exposure	(28,118)	(40,105)	6,721	(12,705)

A one cent (\$0.01) increase/decline in the Canadian Dollar against the US Dollar as at December 31, 2024, would have increased/decreased net earnings by \$181 (2023 – \$591).

A one cent (\$0.01) increase/decline in the Canadian Dollar against the Euro as at December 31, 2024, would have increased/decreased net earnings by \$63 (2023 – \$99).

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
As of January 1, 2023	15,014	—
Foreign currency revaluation of the foreign operations	(1,601)	—
Foreign currency effect of disposals and deconsolidation	(846)	—
Foreign currency effect of profit sharing adjustments	5,692	—
Fair value losses related to hedging transaction	—	(317)
As of December 31, 2023	18,259	(317)
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
As of December 31, 2024	17,608	863

10. 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, 2024, and 2023:

	Property	Building and leasehold improvements	Office furniture and equipment	Equipment and machinery	Construction work-in-progress	Other ^(a)	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
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
Balance at December 31, 2024	15,769	9,986	5,564	100,949	38,625	1,749	172,642
Accumulated depreciation and impairment							
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
Balance at December 31, 2024	6,273	3,466	5,504	17,480	30,317	1,399	64,439
Carrying amounts							
Balance at December 31, 2024	9,496	6,520	60	83,469	8,308	350	108,203
Of which: Net book value of right of use assets included in property, plant and equipment at December 31, 2024	9,496	—	—	—	—	128	9,624
Cost							
Balance at January 1, 2023	17,464	11,290	5,845	16,283	471,914	1,712	524,508
Additions	1,562	46	95	42,534	15,952	224	60,413
Assets placed in service	—	—	—	39,834	(39,834)	—	—
Assets disposed or deconsolidated	(5,193)	(2,018)	(404)	(61)	(389,544)	(341)	(397,561)
RIBF income tax credit	—	—	—	—	(20,628)	—	(20,628)
Exchange adjustment	(312)	(195)	(76)	(887)	(9,257)	15	(10,712)
Balance at December 31, 2023	13,521	9,123	5,460	97,703	28,603	1,610	156,020
Accumulated depreciation							
Balance at January 1, 2023	2,988	2,767	4,757	10,830	—	1,130	22,472
Depreciation	1,389	517	301	3,143	—	190	5,540
Assets disposed or deconsolidated	(13)	(627)	(151)	(61)	—	(341)	(1,193)
Impairment	385	93	421	267	26,336	344	27,846
Foreign exchange rate adjustment	(37)	(61)	(81)	(164)	—	(64)	(407)
Balance at December 31, 2023	4,712	2,689	5,247	14,015	26,336	1,259	54,258
Carrying amounts							
At December 31, 2023	8,809	6,434	213	83,688	2,267	351	101,762
Of which: Net book value of right of use assets included in property, plant and equipment at December 31, 2023	8,809	—	—	—	—	174	8,983

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

Property, plant, and equipment under construction

Construction work in progress is related to the SoCal Biomethane, Rhode Island Bioenergy Facility (“RIBF”), Charlotte Bioenergy Facility (“Charlotte”) and includes advances paid to vendors and subcontractors.

Disposals

During the year ended December 31, 2023, and as discussed in Note 6, the Company disposed of \$333,466 related to Rialto deconsolidation and \$62,234 related to the sale of Tonder.

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 2024, and 2023, 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\$2,690 or \$3,870.

Impairment

Based on potential impairment triggers including delays in commercial operations and a decrease in operating cash flow, the Group tested the recoverable amount of one BOO (Rialto) in North America based on its value in use at March 31, 2023. That calculation used run-out cash flow projections over the remaining lease life of the project of 25 years, and a discount rate of 10.2 per cent which is derived based on the Company's assessment of weighted average cost of capital. These cash flow projections were derived from managements approved financial budgets and forecasts. The Company believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause their carrying amount to exceed its recoverable amount.

Based on potential impairment indicators including decreased performance from the CGU for decreased revenue and cash flows, the Group tested the recoverable amount of the European capital sales operations of the Company's Capital Sales segment based on its value-in-use at June 30, 2023. That calculation used five year discounted cash flow, a terminal year value, and a discount rate of 12.5 percent which is derived based on the Company's assessment of the CGUs weighted average cost of capital. These cash flow projections were derived from management's best estimate. As a result of the Company's testing during the second quarter of 2023, management determined that an impairment had occurred and recognized an impairment loss of \$1,510 related to property, plant and equipment and ROU assets.

As of December 31, 2023, based on potential impairment triggers including delays in commercial operations and a decrease in operating cash flow, the Group tested the recoverable amount of two BOO's in North America. These BOO's were bioenergy facilities located at Rhode Island and Charlotte. Rhode Island was tested due to delays in the start of commercial operations and the Charlotte BOO was idled beginning on February 1, 2024. Rhode Island was tested for impairment based on its value-in-use and Charlotte was tested for impairment based on its fair value less costs to sell at December 31, 2023.

Rhode Island's value-in-use calculation used run-out cash flow projections over the remaining life of the project of 17 years, and a discount rate of 17.0 percent which is derived based on the Company's assessment of weighted average cost of capital. The cash flow projections for years six through 17 were derived based on low revenue growth rates of 2% given the long-term horizon of the project and based on expected profitability margins. As of December 31, 2023, the Company recognized an impairment of \$26,336 of which \$9,607 related to Rhode Island and \$16,729 related to Charlotte.

During the year ended December 31, 2024, the Company recognized an asset impairment loss of \$1,939 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.

11. Intangible assets

The following table presents the summary of intangible assets and related accumulated amortization for the years ended December 31, 2024, and 2023:

	Patents \$	Computer Software and Licenses \$	Other Intangible Assets ^(a) \$	Goodwill \$	Total \$
Cost					
As of January 1, 2024	4,177	2,139	2,777	1,681	10,774
Additions	75	33	16	—	124
Exchange adjustment	(2)	(8)	13	(1)	2
As of December 31, 2024	4,250	2,164	2,806	1,680	10,900
Accumulated amortization and impairment					
As of January 1, 2024	1,992	2,052	2,388	1,681	8,113
Amortization	171	65	6	—	242
Exchange adjustment	(3)	(10)	(1)	(1)	(15)
As of December 31, 2024	2,160	2,107	2,393	1,680	8,340
Carrying amount					
At December 31, 2024	2,090	57	413	—	2,560
<hr/>					
	Patents \$	Computer Software and Licenses \$	Other Intangible Assets ^(a) \$	Goodwill \$	Total \$
Cost					
Balance at January 1, 2023	3,956	2,205	15,570	3,687	25,418
Additions	217	—	—	1,592	1,809
Disposals and impairments	—	(64)	(12,796)	(3,531)	(16,391)
Exchange adjustment	4	(2)	3	(67)	(62)
As of December 31, 2023	4,177	2,139	2,777	1,681	10,774
Accumulated amortization					
Balance at January 1, 2023	1,791	2,037	2,162	—	5,990
Amortization	179	73	56	—	308
Assets disposed or deconsolidated	—	(64)	(19)	—	(83)
Impairment of assets	17	7	176	1,681	1,881
Exchange adjustment	5	(1)	13	—	17
As of December 31, 2023	1,992	2,052	2,388	1,681	8,113
Carrying amount					
At December 31, 2023	2,185	87	389	—	2,661

(a) "Other" intangible assets include customer lists and customer relationships.

Disposals

During the year ended December 31, 2023, and as discussed in Note 6, the Company disposed of \$15,647 related to the disposal of Bioener which includes \$12,860 related to intangible assets and \$2,787 relates to goodwill. The Company also disposed of \$744 relating to goodwill of Tender.

Impairment

Goodwill has historically been allocated for impairment testing to two cash-generating units in Europe, the Group's European capital sales CGU and the Group's BOO Bioener. As discussed more fully in Note 6, Bioener was disposed in the third quarter of 2023.

As discussed above, as a result of the Company's testing during the second quarter of 2023, management determined that an impairment had occurred and recognized an impairment loss of \$1,881 for intangible assets on the accompanying consolidated statement of operations, which included an impairment of goodwill of \$1,681.

12. Accounts receivables

	2024	2023
	\$	\$
Accounts receivables	39,066	48,395
Expected credit losses	(12,132)	(9,081)
Net accounts receivables	26,934	39,314

Payment terms with customers vary by contract. Standard payment terms are 30 days from invoice date. As of December 31, 2024, and 2023, the aging analysis of trade receivables is as follows:

	2024	2023
	\$	\$
Current	13,676	18,315
31 – 60 days	3,747	5,871
61 – 90 days	3,511	2,021
91 – 120 days	1,255	2,338
120+ days	10,303	11,643
	32,492	40,188
Retainage	6,574	8,207
Total accounts receivables	39,066	48,395

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:

	2024	2023
	\$	\$
Beginning balance January 1,	(9,081)	(4,722)
Provisions used	500	235
Provision added	(3,524)	(4,599)
Exchange adjustments	(27)	5
Ending balance December 31,	(12,132)	(9,081)

13. Inventories

	2024	2023
	\$	\$
Raw materials	2,415	1,530
In-transit	79	193
Production supplies	168	291
Spare parts	2,133	2,937
Work in progress	439	—
Finished goods	3,191	2,669
Total inventories	8,425	7,620

Included in the finished goods is gas stored with SoCal Biomethane, LLC for both 2024, and 2023.

14. Other long-term assets

The following table presents the summary of loans and investments for the years ended December 31, 2024, and 2023:

	Interest	Year of maturity	Note	2024	2023
				\$	\$
Deferred consideration for Tonder sale, see Note 6				3,706	3,343
Agrifer Loan	7.0%	2025	(a)	—	2,953
Petawawa Loan	2%	2032	(b)	1,872	1,778
Other loans	0.0%	Demand	(c)	4,207	1,696
Deposit for Singapore contract			(d)	1,228	1,004
Investments FVTPL			(e)	394	626
Fibracast Investment			(f)	2,584	-
Total other long-term assets				13,991	11,400

(a) Agrifer Loan

On December 16, 2021, the Company through an Italian subsidiary, Anaergia S.r.L., entered into a loan agreement with a customer for €1,800 which bears interest at 7% per annum. The loan receivable is secured by security interest in the equity of the borrower and matures on November 30, 2025. As of December 31, 2024 this loan has been reclassified as an Other current asset in current assets.

(b) 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. 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.

(c) Other loans

Included in the other loans and receivables as of both December 31, 2024 and 2023 are expected credit losses of \$807 (2023 - \$5,127) which are mainly related to the Company's Limassol and Medcon JV equity method investee.

(d) 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.

(e) Investments FTPL

The Company's investments include 5% investments in Bioenergy Pte. Ltd. which is recorded at \$nil as of December 31, 2024 and 2023, 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 current cost of \$394.

(f) 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. See Note 8 for further details.

15. Income taxes

The major components of income tax (recovery) expense for the years ended December 31, 2024 and 2023 are as follows:

	2024 \$	2023 \$
Income tax (recovery) expense		
Current income taxes	621	(1,712)
Deferred income taxes	5,844	(6,894)
Income tax (recovery) expense	6,465	(8,606)

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:

	2024 \$	2023 \$
Pre-tax loss for the year	(49,399)	(201,397)
Statutory tax rates (15% Federal + 11.50% Ontario)	26.50%	26.50%
Statutory tax expense (recovery)	(13,091)	(53,370)
State taxes	—	4
True-up of prior year amounts	2,019	(1,351)
RSU and Option valuation gain	—	(5)
Foreign tax rate differences	1,727	(2,606)
Net change in unrecognized temporary differences	12,332	25,939
Non-deductible items	(10,407)	20,500
Cancellation of debt income	12,388	—
Other	1,497	2,283
Income tax (recovery) expense for the year	6,465	(8,606)

Deferred Income Taxes

Deferred income taxes relate to the Group for the following:

	2024 \$	2023 \$
Deferred tax assets (liabilities) in relation to:		
Property, plant, and equipment	(6,794)	—
Other temporary differences	4,068	3,207
Net deferred tax asset (liability)	(2,726)	3,207

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

	2024 \$	2023 \$
Temporary differences in relation to:		
Non-capital losses (never expire)	167,520	137,235
Non-capital losses (expiring between 2036-2043)	203,932	72,129
Canadian allowable capital loss (never expire)	—	32,199
Intangible assets	5,532	2,496
Financing fees	9,112	13,327
R&D expenditure	2,578	4,098
Government grants	8,610	700
Anticipated credit losses	471	907
Other	8,204	7,920
Total temporary differences	405,959	271,011

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 2036 – 2044, 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 20). 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.

16. 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	2024 Carrying amount	2023 Carrying amount
Rhode Island Project Financing Term Loan	Prime plus 1.25%	2030	(a)	28,770	26,496
Live Oak Indenture	5.96%	2032	(b)	14,031	14,824
SoCal Organics Recycling Facility	4.00%	2033	(c)	13,259	13,248
Caterpillar Financial Services Term Loans	5.70% - 6.69%	2025 - 2028	(d)	4,707	5,231
Other	0% - 11.4%	2023 - 2027		116	1,273
				60,883	61,072
Less: issuance costs				(743)	(803)
Total long-term debt				60,140	60,269
Of which:					
Current				32,334	3,665
Long term				27,806	56,604

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%. As described in Note 9, 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, this loan has been reclassified as current as of December 31, 2024. Subsequent to the balance sheet date the Company requested and was granted a waiver of this covenant as of December 31, 2024. While the provided waiver grants relief from the covenant for fiscal year 2024, the Company recognizes that it was within the rights of East West Bank to call the loan as of December 31, 2024. The Company expects that it will continue to not be in compliance with this production covenant as of March 31, 2025.

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. As of December 31, 2024, and 2023 the Company's subsidiary was in compliance with these covenants.

c) SoCal Organics Recycling Facility Loan

On February 2, 2023, the Company's newly formed 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 is being 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, 2024 and 2023. 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.

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. Both of these loans have certain financial covenants including a debt service coverage ratio of 1.3 and a minimum tangible member's equity (for Escondido) of greater than \$0 or a total liabilities to tangible members equity ratio (for Biogas Power Mojave Systems) of no greater than 2.0. As of December 31, 2024 and 2023, the Company's subsidiaries were 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:

Repayment Period	Principal	Interest	Total Repayment
12 months after period end	32,426	29,542	61,968
13-24 months after period end	3,864	1,419	5,283
25-36 months after period end	3,758	1,230	4,988
37-48 months after period end	6,305	1,027	7,332
49-60 months after period end	3,612	703	4,315
Thereafter	10,918	937	11,855
	<u>60,883</u>	<u>34,858</u>	<u>95,741</u>

17. Accrued liabilities, provisions and asset retirement obligations

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

	2024 \$	2023 \$
Warranties	2,832	2,476
Loss contracts	240	4,404
Accrued payroll and benefits	7,147	5,035
Accrued project related costs	12,197	22,020
Other accruals	7,826	14,030
Total accrued liabilities and provisions	<u>30,242</u>	<u>47,965</u>

Provisions activities were the following for the years ended December 31, 2024, and 2023:

	Warranties	Asset retirement obligation	Loss Contracts	Legal Provisions	Total
Balance at January 1, 2024	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
Balance at December 31, 2024	<u>2,832</u>	<u>2,562</u>	<u>240</u>	<u>4,541</u>	<u>10,175</u>
Balance at January 1, 2023	2,077	5,819	4,860	1,370	14,126
Provisions used during the year (payments)	(384)	—	(2,100)	(778)	(3,262)
Adjusted during the year or accretion	347	132	(1,090)	—	(611)
Disposals	—	(3,672)	—	—	(3,672)
Provisions made during the year	425	113	2,721	8,855	12,114
Exchange adjustment	11	(66)	13	(125)	(167)
Balance at December 31, 2023	<u>2,476</u>	<u>2,326</u>	<u>4,404</u>	<u>9,322</u>	<u>18,528</u>

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 plaintiff's motions for leave to pursue the secondary market misrepresentation claims and certification of the class action have been scheduled for April 2025 in Milton, Ontario. The Company's motion for summary judgment to dismiss the primary market misrepresentation claims on limitations grounds is scheduled to be heard at the same time. The parties have delivered their affidavits and expert reports in support of these motions, and cross-examinations were completed in January 2025. The Company intends to continue to vigorously defend against the claim. As of December 31, 2024, the Company has accrued a provision for the insurance deductible given the status of the claim and the likely outflow of \$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 \$440.

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 \$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 \$2,203.

As of December 31, 2024, the amount shown above for legal claims is accrued in other accruals above, except for \$1,194 which is included in accounts payable. 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.

18. Commitments and contingencies

	2024	2023
Capital commitments	—	4,398
Financial guarantee contracts	14,127	13,877
Contingent liabilities and legal claims	4,541	8,065
Performance bonds	53,124	45,177
Total	71,792	71,517

Capital commitments

The above capital commitments included significant capital expenditures contracted for at December 31, 2023 but not recognized as liabilities. The capital commitments mainly related to the Group's capital expenditures for build-own-operate entities in North America.

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 17.

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.

19. Non-controlling interests

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

Non-controlling interest	At December 31,	
	2024	2023
Anaergia Bioenergy Facilities, LLC	89,056	92,323
Rhode Island Bioenergy Facility Holdco, LLC	23,265	38,127
Other entities	(1,471)	(1,477)
	110,850	128,973

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, 2024, the Company's preferred equity partners contributed \$nil. During the year ended December 31, 2024, the Company 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. During the year ended December 31, 2023, the Group recognized a decrease in its deficit in the amount of \$19,505 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, 2024.

The following table summarizes the financial information relating to ABF for the year ended December 31, 2024, and 2023.

Anaergia Bioenergy Facilities, LLC	At December 31,	
	2024	2023
Current assets	13,543	9,103
Non-current assets	48,209	63,104
Current liabilities	17,450	9,914
Non-current liabilities	22,556	22,109
Net assets	21,746	40,184
Net assets attributable to NCI	89,056	92,323
	2024	2023
Revenue	8,905	11,644
Net (loss) income	(5,011)	198
Total comprehensive loss	(5,011)	(1,293)
Loss allocated to NCI	(3,267)	(815)
Cash flows (used in) from operating activities	(4,696)	7,463
Cash flows from (used in) investment activities	20,606	(8,671)
Cash flows used in financing activities	(16,368)	(5,533)
Net decrease in cash	(458)	(6,741)

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, 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. During the year ended December 31, 2024, the Company distributed \$7,973 to its preferred equity partner which was related to the proceeds from the ITC Transaction. See Note 1 for further details. During the year ended December 31, 2024, the Company's preferred equity partners contributed \$2,353. No further changes have been made as of December 31, 2024. During the year ended December 31, 2023, the Group recognized an increase in its deficit in the amount of \$44,068 with a corresponding decrease 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, 2024.

Rhode Island Bioenergy Facility, LLC	At December 31, 2024	At December 31, 2023
Current assets	16,506	20,876
Non-current assets	43,813	70,667
Current liabilities	12,161	6,774
Non-current liabilities	32,007	29,538
Net assets	16,151	55,231
Net assets attributable to NCI	23,265	38,127
	2024	2023
Revenue	4,183	1,795
Net loss	(15,830)	(5,669)
Total comprehensive loss	(15,830)	(5,669)
Loss allocated to NCI	(10,320)	(3,709)
Cash flows (used in) from operating activities	5,582	(9,063)
Cash flows used in investment activities	-	(29,410)
Cash flows (used in) from financing activities	(5,931)	38,634
Net (decrease) increase in cash and cash equivalents	(349)	161

20. Issued share capital

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

	As at December 31, 2023		
	Authorized	Outstanding #	Share capital
Multiple Voting Shares	Unlimited	32,222,369	78,810
Subordinate Voting Shares	Unlimited	33,179,135	319,021
Total		65,401,504	\$ 397,831

	Multiple voting shares		Common shares (previously Subordinate voting shares)	
	# (000's)	\$ (000's)	# (000's)	\$ (000's)
Balance as at January 1, 2023	32,222	78,810	32,212	318,436
Vested RSUs	—	—	29	—
Exercise of employee stock options	—	—	938	585
Balance as at January 1, 2024	32,222	78,810	33,179	319,021
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
Balance as at December 31, 2024	-	-	169,789	439,315

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, 2024, the Company had stock options exercised of 833,511 (2023 - 937,563) which resulted in a \$2,275 (2023 - \$585) increase to issued share capital for cash received for the exercise of these options. During the year ended December 31, 2024, the Company had restricted stock units ("RSUs") of 1,554,563 that vested and were released to the participant which resulted in a \$3,155 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.

21. 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, 2024, the Company had granted 4,556,452 (2023 - 3,850,922) restricted stock units to employees and directors of the Company. The Company recorded \$2,174 (2023 – \$1,813) in share-based compensation expense relating to the 2021 Plan.

Share Issuance Plans (equity-settled)

During the years ended December 31, 2024, and 2023, the Company had two share-based payment arrangements, which are described below.

Type of arrangement	Awards granted at December 31,	Type of Awards	Contractual life	Vesting conditions
	2024			
Employee Stock Option Plan (“ESOP”)	767,163	Stock options	Earlier of 15 years or December 31, 2025	Four years’ service
2021 Omnibus Equity Incentive Plan (“2021 Plan”)	5,974,882	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, 2024, and 2023:

	ESOP			2021 Plan		Total
	Number of Options	Weighted Average Exercise Price	Weighted Average Fair Value	Number of Awards	Weighted Average Fair Value	Number of Awards
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)
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

	ESOP			2021 Plan		Total
	Number of Options	Weighted Average Exercise Price	Weighted Average Fair Value	Number of Awards	Weighted Average Fair Value	Number of Awards
Outstanding at January 1, 2023	2,543,237	\$ 0.01	\$ 2.72	342,701	10.14	2,885,938
Granted	—	—	—	3,850,922	1.11	3,850,922
Cancelled - vested	—	—	—	(12,461)	3.40	(12,461)
Vested and released	—	—	—	(29,419)	3.90	(29,419)
Forfeited/adjusted	(5,000)	0.01	2.72	(310,445)	1.72	(315,445)
Exercised	(937,563)	0.01	2.72	—	—	(937,563)
Outstanding at December 31, 2023	1,600,674	\$ 0.01	\$ 2.72	3,841,298	\$ 1.84	5,441,972
Exercisable at December 31, 2023	1,600,674	\$ 0.01	\$ 2.72	—	\$ —	1,600,674

For the years ended December 31, 2024, and 2023, the weighted average share price at the date of exercise for share options exercised during the period was \$0.75 and \$1.21, respectively. The options outstanding at December 31, 2024, and 2023 had an exercise price of \$0.01, and a weighted average remaining contractual life of 1 year and 2 years, respectively. During the year ended December 31, 2024, the Company had 1,554,563 RSUs vested and were released to the participant which had a weighted average share price on the date of vesting of \$2.02.

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, 2024, the weighted average grant date fair value of the RSUs was \$0.58 (2023 - \$1.11).

Expense recognized in profit and loss

Share-based payment expenses by plan for the year ended December 31, 2024, and 2023 were as follows:

	ESOP		2021 Plan		Total
	\$		\$		\$
Expense arising from RSUs	\$ —		\$ 2,174		\$ 2,174
Total expense for year 2024	\$ —		\$ 2,174		\$ 2,174

	ESOP		2021 Plan		Total	
	\$		\$		\$	
Expense arising from RSUs	\$	—	\$	1,813	\$	1,813
Expense arising from Stock Options	\$	128	\$	—	\$	128
Total expense for year 2023	\$	128	\$	1,813	\$	1,941

22. 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, 2024, and 2023. The Group expects that funds generated from operations and cash amounts will provide sufficient capital resources and liquidity to fund existing operations in 2024.

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

	2024	2023
Long-term debt	60,140	60,269
Share capital	439,315	397,831
Contributed surplus	7,350	8,066
Deficit	(522,781)	(479,222)
Total capital deficit	(15,976)	(13,056)

23. Revenue from contracts with customers

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

	2024			2023	
	Capital Sales	O&M Services	BOO	Total	Total
	\$	\$	\$	\$	\$
Cost and estimated earnings in excess of billings (contract assets)					
Current	9,916	271	570	10,757	27,951
Long-term	—	—	—	—	—
Billings in excess of cost and estimated earnings (contract liabilities)					
Current	(17,939)	—	—	(17,939)	(17,540)
Long-term	(1,634)	—	—	(1,634)	(890)

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:

	2024			2023	
	Capital Sales	O&M Services	BOO	Total	Total
	\$	\$	\$	\$	\$
As of January 1	7,814	394	1,313	9,521	69,786
Billings in current year	(83,383)	(8,570)	(9,358)	(101,311)	(173,442)
Recognized in the consolidated statements of operations (EPC contract revenue)	75,574	—	—	75,574	98,380
Recognized in the consolidated statements of operations (service revenue)	—	20,559	—	20,559	18,620
Recognized in the consolidated statements of operations (BOO revenue)	—	—	15,513	15,513	30,225
Disposal of contracts assets & liabilities	—	—	—	—	(44,711)
Foreign exchange and other adjustments	(9,662)	(12,112)	(6,898)	(28,672)	10,663
Balance as of December 31	(9,657)	271	570	(8,816)	9,521

The Group's remaining performance obligations represent the unrecognized revenue value of the Group's contract commitments. As of December 31, 2024, the unsatisfied performance obligations for EPC contracts were \$89,760. As of December 31, 2024, the unsatisfied performance obligations for service contracts were \$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, 2024, the Company had no contracts that were cancelled related to previously disclosed unsatisfied performance obligations; however, the Company has cancelled three unprofitable service contracts with third-parties due to disputes that arose between the parties.

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, 2024, 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, 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, 2024, the Group recognized \$1,797 (2023 – \$2,265) of operating lease revenue under these agreements.

Concentration of customers

For the year ended December 31, 2024, there were no customer projects accounted for more than 10% of the Company's revenue and two customer projects which accounted for 22.3% of the Company's revenue for the year ended December 31, 2023.

24. 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 2024:

2024	Capital Sales \$	O&M Services \$	Build, Own, and Operate \$	Total \$
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 revenue and results by reportable segment in 2023:

2023	Capital Sales \$	O&M Services \$	Build, Own, and Operate \$	Total \$
Revenue	98,380	18,620	30,225	147,225
Gross profit	14,807	304	4,618	19,729

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 \$
2024	97,370	48,348	90,847	(3,238)	233,327
2023	89,967	21,247	149,564	17,889	278,667

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	
	2024	2023	2024	2023
Italy	21,129	67,243	608	496
North America	60,173	53,363	108,701	113,401
Other EMEA	15,762	16,941	1,080	360
APAC	14,582	9,678	374	56
Total	111,646	147,225	110,763	114,313

25. 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.

	2024 \$	2023 \$
As of January 1	10,026	49,304
Accrued or received during the year	2,239	7,337
Released to the consolidated statements of operations	(2,775)	(1,445)
Adjusted during the year	—	(45,240)
Exchange adjustment	(91)	70
Balance as of December 31	9,399	10,026
Less: current portion of deferred government grants	(4,791)	(5,774)
Long-term portion of deferred government grants	4,608	4,252

During the year ended December 31, 2023, as described in Note 6, the Company deconsolidated government grants that were related to Rialto of \$44,945 (US\$33,308).

26. Personnel expenses

Personnel expenses consists of the following for the years ended December 31, 2024, and 2023:

	2024	2023
Salaries and wages	35,303	41,230
Benefits	7,214	7,368
Total	42,517	48,598

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

27. Other (losses) gains

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

	Notes	2024	2023
Other income (loss)		1,388	(2,313)
Fair value adjustment of FVTPL investments		—	(1,734)
Expected credit loss of loans receivable		—	(539)
Total other (losses) gains		1,388	(4,586)

28. 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 19 for additional information on the profit sharing arrangements.

In thousands of Canadian Dollars except share amounts	2024	2023
Net loss	(55,864)	(182,599)
Effect of profit sharing arrangement and preferred equity interests adjustment	12,973	4,525
Loss available for ordinary shareholders - basic and dilutive	(42,891)	(178,074)
Weighted average Common, Multiple, and Subordinate Voting Shares outstanding	137,687,156	64,889,196
Total ordinary shares	137,687,156	64,889,196
	2024	2023
Basic and diluted loss per share	\$ (0.31)	\$ (2.74)

Instruments excluded because they are considered anti-dilutive:

	2024	2023
Restricted stock units	5,974,882	3,841,298
Share purchase warrants - Marny	20,400,000	-
Subordinate Voting shares Stock Options outstanding	745,842	1,600,674
	27,120,724	5,441,972

29. 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.

	2024	2023
Net change in operating assets and liabilities	\$	\$
Decrease/(increase) in accounts receivable	8,856	(5,572)
Decrease/(increase) in contract assets	17,194	9,131
Decrease/(increase) in government grants receivable	61	(6,361)
Decrease/(increase) in prepaid expenses	(1,370)	(981)
Decrease/(increase) in inventory	(805)	1,341
Decrease/(increase) in other current assets and sales tax recoverable	(2,926)	4,137
Increase/(decrease) in accounts payable	(16,253)	6,732
Increase/(decrease) in accrued liabilities and provisions	(17,907)	(20,729)
Increase in contract liabilities	1,089	7,926
Decrease in accrued interest	-	(6,220)
Increase/(decrease) in property, plant and equipment included in accounts payable	1,597	(5,084)
Others	6,652	(495)
	(3,812)	(16,175)

30. Subsequent Events

On February 5, 2025, the Company entered into an agreement securing a new \$13,900 line of credit with the Royal Bank of Canada ("RBC"), guaranteed by Export Development Canada ("EDC"). This line of credit is valid through January 31, 2027 and can be utilized as collateral for Letters of Credit required on certain Capital Sales projects at the time of executing a contract. As of March 31, 2025, the Company has not utilized any funds on this line of credit.

In March 2025, due to the Company not being in compliance with certain production covenants during the fourth quarter of fiscal year 2024, the \$20,000 Rhode Island Project Financing Term Loan has been reclassified as current as of December 31, 2024. Subsequent to the balance sheet date the Company requested and was granted a waiver of this covenant as of December 31, 2024. While the provided waiver grants relief from the covenant for fiscal year 2024, the Company recognizes that it was within the rights of East West Bank to call the loan as of December 31, 2024.