

12 May 2025

MYCELX TECHNOLOGIES CORPORATION (AIM: MYX)

Final Results for the Year Ending 31 December 2024

MYCELX Technologies Corporation ("MYCELX" or the "Company"), the clean water and clean air technology company, announces its audited results for the year ended 31 December 2024.

Highlights

Financial

- Revenue of 4.9 million (2023: 10.9 million). The decrease in 2024 is due to the sale of Saudi Araba business operations.
- Gross profit of 1.3 million (2023: 3.9 million).
- EBITDA¹ of negative 2.2 million (2023: negative 2.5 million). The EBITDA loss decreased in 2024 despite reduced revenue due to the gain on the sale of the Saudi branch assets.
- Loss before tax of 2.6 million (2023: loss before tax 3.3 million).
- Cash & cash equivalents of 1.3 million (2023: 0.4 million), which reflects the 0.9 million fundraise in August 2024.

Operational

PFAS Remediation

- Completed a short-term, AFFF remediation project for a global engineering company demonstrating capabilities as a "go to" solution for AFFF remediation worldwide.
- Successfully completed a treatability study, paving the way for its inclusion in a multiple technology, four-month pilot trial treating PFAS contamination at a municipal wastewater treatment facility in Georgia. The trial will commence in Q2 2025, with the important benefits of collecting data on an application that will be very lucrative. The outcome is expected to determine the award of a contract by the municipality in 2026.
- Hired an experienced PFAS technical expert with nine years of industry experience from a global water equipment and solutions provider.
- Post period end:
 - Awarded a short-term rental contract for a mobile PFAS treatment system to treat groundwater contamination at a site in North Dakota for the U.S. Department of Defense (DoD).
 - Multiple technology pilot trials treating PFAS contamination at a municipal wastewater treatment facility.
 - Continuation of landfill leachate trial with pre-treatment system design for PFAS.

Enhanced Oil Recovery and Shale Oil Production

- Delivered and successfully installed first REGEN retrofit package for Middle East Producer.
- Awarded second REGEN installation at the same Producer worth 1.5 million with delivery expected in Q2 2025.
- Second sale of an oil-polishing unit to an electric utility in Canada. Delivery expected in Q2 2025.
- Significant onshore trial in the U.S. Permian Basin including both REGEN and MYCELX's primary treatment stage delivered outstanding water quality and oil recovery results.

Corporate

- The Company sold its Saudi Arabia operations to a Saudi Arabian-led consortium transitioning the established MYCELX business into an exclusive MYCELX distributorship lead by the legacy MYCELX team.
 - Post period end: earn-out for first 12-month period from the sale was 1.25 million with MYCELX expecting to recognise a further gain in 2025.
- Successfully completed an equity fundraise of 0.9 million in August 2024 to accelerate the Company's progress in the PFAS and produced water markets.

Outlook

MYCELX's core markets, PFAS remediation and Produced Water treatment, are poised for growth in 2025 and beyond. On 28 April, the U.S. Environmental Protection Agency announced its proposed actions to tackle the PFAS threat confirming the new Administration's support. Previous discussions with PFAS-impacted entities and treatment companies indicated that they have been awaiting this clarity. Similarly, oil producers in the U.S. have confidence to move forward with their upgrade and expansion plans because of the recently stated initiatives geared to energy independence. While we expect the macro environment to be volatile, the Company is working closely with our oil production customers who are progressing projects that provide long-term operational and environmental benefits, despite the fluctuating oil price.

Connie Mixon, CEO, commented:

"During 2024, MYCELX made strong financial and operational progress in the PFAS and Produced Water markets. This has been validated by the promising contractual awards made post-period end.

Today, MYCELX stands at an important inflection point in its journey - poised to deliver growth in its core markets, profitability, and delivering the future of clean water globally. Given our continued innovation, refinement, and global deployment of our proprietary technologies, we are now seeing the commercial momentum that has been built from years of foundational work.

As such, we are very excited about the tailwinds we are currently seeing in our core markets and look forward to updating all our stakeholders on the Company's progress over the remainder of 2025."

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¹ EBITDA is a non-U.S. GAAP measure that the Company uses to measure and monitor performance and liquidity and is calculated as net profit before interest expense, provision for income taxes, and depreciation and amortisation of fixed and intangible assets, including depreciation of leased equipment which is included in cost of goods sold. This non-U.S. GAAP measure may not be directly comparable to other similarly titled measures used by other companies and may have limited use as an analytical tool.

Chairman's Statement

2024 was a transformational year for MYCELX, as we achieved an important strategic goal as well as made significant progress in our core focus areas: Produced Water treatment for the Oil and Gas market (REGEN) and PFAS (Perfluoroalkyl and Polyfluoroalkyl Substances) remediation. Our patented technologies continue to resonate with customers by delivering cost efficiency, enhanced environmental performance, and better and cleaner water outcomes.

A major milestone during the year was the sale of our business operations in Saudi Arabia. This strategic move significantly reduced our fixed cost base and provided immediate and medium-term liquidity that strengthened the Company's balance sheet. It also freed sales and engineering capital to accelerate growth in our Produced Water and PFAS markets.

The post-sale partnership agreement established with the Saudi purchaser has resulted in an earn-out payment to the Company of 1.25 million for the first twelve months and another earn-out in 2026 if revenue hurdles are achieved. We are optimistic about the long-term potential of this sales and marketing collaboration with our partner in Saudi Arabia, which we expect will continue to generate returns for our stakeholders in the future.

Having now exited direct operations in Saudi Arabia, we have been able to direct our full attention to the rapidly expanding, high-margin REGEN and PFAS sectors. While these markets are distinct and take time to penetrate, they share key characteristics: both are large-scale, global markets, in need of cost-effective technology solutions where incumbent offerings are underperforming or failing. These markets offer substantial growth opportunities for MYCELX.

In our core market of produced water treatment, our REGEN technology gained notable commercial traction in 2024, with significant customer contracts secured in the Middle East and Nigeria, and important trials in West Texas and Canada. Our REGEN media has proven to be extremely effective in cleaning up chemical-laden water during Enhanced Oil Recovery production in the Middle East as well as providing high-quality water and oil recovery in traditional shale oil production in the U.S.

Looking ahead, broader oil market dynamics are expected to influence spending patterns across the industry. Recent forecasts from several financial institutions project Brent crude oil prices to generally trend lower in 2025 versus 2024, reflecting concerns over sluggish demand growth, increased supply from OPEC+, and rising trade-related uncertainties. While price pressure could prompt oil producers to reassess their capital allocation, ESG-related initiatives - including water reuse, environmental remediation, and sustainability innovations - are increasingly seen as core to long-term resilience and success in the industry. MYCELX is well aligned with this strategic shift. Our solutions enable oil companies to meet regulatory requirements and reduce environmental impact, while also creating cost efficiencies. With our MYCELX solutions, we position ourselves not as an optional add-on, but as a mission-critical partner in achieving ESG alternatives amid potentially tighter spending environments.

Meanwhile, the PFAS remediation market continues to progress with anticipated trials and brisk bidding activity across several key applications. There is growing awareness of the PFAS threat to human health, particularly in the United States where recent studies have found that at least 45% of tap water nationally is affected by PFAS contamination. The threat presented by PFAS is becoming a mainstream issue in the U.S. and globally. As government regulations and public financing initiatives gather momentum, we anticipate this PFAS remediation market will evolve into a high-volume, steady revenue generator. As an example of the magnitude of the forecasted spend on PFAS clean up, according to the U.S. Government Accountability Office, the Department of Defense alone is budgeting 9.3 billion for remediation in fiscal year 2025 and beyond and will increase as they continue to identify further PFAS contamination. In addition, landfill leachate remediation is another large market in which the Company believes it has a competitive advantage. We are actively working with significant industry players to demonstrate the efficacy of our solutions in the landfill leachate segment, and early results are promising. MYCELX is well-positioned to lead, with a differentiated offering and an experienced team committed to providing effective solutions to this important market.

At the core of our business is MYCELX's market leading, patented technologies. We have taken steps to strengthen our position and better align our business with our two key priorities - REGEN and PFAS. The Board and senior management believe the Company is well-positioned to capitalise on these large, growing and attractive markets, and to deliver long-term value to our shareholders. We are truly excited about our future prospects.

In closing, I extend heartfelt thanks to our employees, who have driven the business forward with dedication and professionalism, and to our shareholders for their continued support. With a leaner, more focused organisation, and a compelling product suite aligned to urgent global market needs, MYCELX is well-equipped to continue its growth trajectory in 2025 and beyond.

Chief Executive Officer's Statement

In 2024, MYCELX continued to make financial and operational progress towards becoming the leading clean water technology company focused on the PFAS and Produced Water markets.

As we move through 2025, MYCELX stands at an inflection point in its journey - poised to deliver growth in its core markets, profitability, and meaningful market leadership in global water treatment. Given our continued innovation, refinement, and global deployment of our proprietary technologies, we are now seeing the commercial momentum that reflects the years of foundational work our team has delivered.

On the PFAS front, we continue to see increased reporting around the world on the threat of PFAS to human health, which has intensified the levels of regulatory and legal scrutiny. The fact that this is happening now shows there is a considerable commercial opportunity at play. While, in our view, there are many claims of effective competing solutions to the problem, our solutions offer reliable, cost-effective treatment at scale. We are well-placed to benefit from the growth of this massive global market, which will require decades to clean up.

Simultaneously, the growing global shift toward chemical EOR production process is creating unprecedented opportunities for MYCELX. Traditional nutshell filters used in EOR water treatment are being rapidly outpaced by the performance, efficiency, and reliability of our REGEN media. With breakthrough improvements in backwash efficiency, a patented equipment retro-fit package and the ability to operate in chemically complex environments, our REGEN systems offer a compelling return on investment for producers seeking to maintain or expand production in mature fields. A 5.4 million contract with a national oil company and a follow-on order from a leading Middle East producer during the period highlight the growing confidence in our technology.

In the onshore produced water market in the U.S., our proprietary technology and solutions have proven to provide high-performing results on oil recovery and levels of clean water for reuse and recycle that is unmatched by competing systems.

Operational Highlights

PFAS Remediation

MYCELX has chosen to target four markets in the PFAS sector: landfill leachate, municipal drinking water, DoD/AFFF and wastewater. We are working with a global engineering company on a pre-treatment system identification process for a landfill leachate project to prevent fouling of the MYCELX PFAS system and media. We believe the pre-treatment system will offer significant potential for follow-on opportunities to work in the landfill leachate market with the global engineering company and with large waste management companies who own landfill sites. We expect to build on our progress in this market with further leachate trials expected to commence in 2025.

In the municipal water and industrial wastewater markets MYCELX successfully completed a treatability study, paving the way for its inclusion in a multiple technology, four-month pilot trial treating PFAS contamination at a municipal wastewater treatment facility in the U.S. The trial will commence in Q2 2025, with the important benefits of collecting data on an application that will be very lucrative. The outcome is expected to determine the award of a contract by the municipality in 2026.

Another significant achievement was the successful completion of a short-term, emergency PFAS remediation project to treat Aqueous Film Forming Foam (AFFF) contaminated water in 2024. The project indicates the growing market which AFFF represents, and we intend to leverage this success to win more AFFF-related projects with the aim of becoming the market-leading AFFF remediation solution. During the year we made an important addition to our in-house PFAS team, hiring an experienced PFAS technical expert with nine years of industry experience from a global water and solutions provider, all part of our efforts to further strengthen our PFAS offering as we make inroads into this important market. Going into 2025, we expect to build on this progress and aim to convert our successful trials into contracts and projects, growing MYCELX's revenues and delivering value to shareholders in this large, long-term market.

Produced Water Treatment

The Produced Water treatment market, which includes Enhanced Oil Recovery, Offshore Regulatory Discharge and Onshore Beneficial Reuse, remained strong in 2024, underpinned by robust and fairly stable commodity prices. In the Middle East, an important market for us, the Company was awarded a second REGEN installation for a Middle East producer to treat produced water during EOR production, which was valued at 1.5 million to MYCELX. We expect this momentum to continue in 2025 and 2026. The change in Administration in the United States has impacted the oil production markets in North America, which we believe will be favourable for us, given the primary focal point for the Administration is increased production and energy security. We are already trialling with producers who are investigating advanced water management technologies at their sites, with a long-term view of treating more produced water for Beneficial Reuse to grow non-edible crops, such as cotton and biofuels, recharge aquifers, and power generation. In the U.S. offshore market, a global producer we have supplied media to for ten years has completed two tie-ins to their current infrastructure in the Gulf of America, which will result in increased need for our Polishing filter media to insure overboard discharge is always in compliance.

The Company was notified by a global product supplier to the EOR producers that REGEN technology was the most effective at treating water during EOR production and they intend to include REGEN in their project bids going forward. Gaining verification of our REGEN's performance from well-respected ancillary technology providers is extremely helpful in convincing new customers to switch from nutshell filters to REGEN.

Looking at the Produced Water trials we ran in 2024 that included REGEN, three key projects were delivered; a pilot trial with a global energy technology company in the Middle East, a further trial with a Canadian EOR producer, which could result in a c. 2 million project award, and one onshore in the U.S., which continued into Q1 2025. The onshore project included not only REGEN, but also MYCELX's primary treatment stage, our MAC Coalescer, which delivered outstanding results in terms of outlet water quality and the amount and quality of oil recovered from the produced water that can be sold. We did however experience external delays with our REGEN project installation in Nigeria. While the impact of this was felt in FY 2024 revenue, the Company had received milestone payments upfront and the revenue of 5.4 million on this contract will now be recognised in 2025. As with our PFAS division, we expanded our REGEN team to further strengthen our expertise and engineering capability to execute on the increased bidding and proposal activity as well as onsite start-ups and commissioning.

Outlook

During the period we maintained our strict financial discipline, finishing the period with 1.3 million of cash and cash

equivalents on the balance sheet. We chose to conduct an equity fundraise of 0.9 million in September 2024, with the capital subsequently employed to accelerate the Company's progress in the PFAS and Produced Water treatment markets, through the upgrade and refurbishment of additional trial equipment so that more trials can be executed.

We anticipate 2025 being another pivotal year for MYCELX, with an increase in commercial activity anticipated as the PFAS remediation market continues to ramp up and the newly established U.S. Administration ensuring that maximising energy production on the continent remains a priority.

I would like to thank our team members for their unwavering dedication and hard work, our customers and partners for their valuable collaboration, and our investors for their continued support and belief in our vision. Together we are pioneering a cleaner, safer, and more sustainable future.

Financial Review

In February 2024, the Company sold its Saudi Arabia branch assets for an acquisition price of up to 7.125 million which included 3.125 million paid at closing and up to 4 million deferred on a 24 month earn-out structure. The assets sold had a net book value of 2.2 million. The proceeds of the sale enable the Company to focus on accelerating its marketing and sales plan for its unique technologies in the PFAS remediation and Produced Water markets while also supporting other working capital needs.

Due to the sale of the Saudi Arabia branch assets, total revenue decreased 55% to 4.9 million for 2024, compared to 10.9 million for 2023. Revenue from equipment sales and leases decreased 83% to 500,000 for 2024 (FY23: 3.0 million) and revenue from consumable filtration media and service decreased 44% to 4.4 million (FY23: 7.9 million). Whilst the equipment sales are one-off by nature, there is longevity to the media sales and ongoing lease and service revenues.

Gross profit decreased by 65% to 1.3 million during the year, compared to 3.9 million in 2023, and gross profit margin decreased to 27% (FY23: 36%) due to a material amount of ancillary services provided in Saudi Arabia prior to the sale of the Saudi Arabia business.

Total operating expenses for 2024, including depreciation and amortisation, decreased by 18% to 5.9 million (FY23: 7.2 million). The largest component of operating expenses was selling, general and administrative expenses, which decreased by approximately 18% to 5.5 million (FY23: 6.7 million) due to the elimination of overhead expenses associated with the branch office in Saudi Arabia. Depreciation and amortisation within operating expenses decreased by 8% to 212,000 (FY23: 231,000).

EBITDA was negative 2.2 million, compared to negative 2.5 million in 2023. EBITDA is a non-U.S. GAAP measure that the Company uses to measure and monitor performance and liquidity and is calculated as net profit before interest expense, provision for income taxes, and depreciation and amortisation of fixed and intangible assets, including depreciation of leased equipment which is included in cost of goods sold, and includes gains on sale of fixed assets (which includes gains from the sale of Saudi Arabia branch assets - see Note 13). This non-U.S. GAAP measure may not be directly comparable to other similarly titled measures used by other companies and may have limited use as an analytical tool.

The Company recorded a loss before tax of 2.6 million in 2024, compared to a loss before tax of 3.3 million in 2023. Basic loss per share was 12 cents in 2024, compared to basic loss per share of 16 cents in the previous year.

As of 31 December 2024, total assets were 10.0 million with the largest assets being inventory of 4.0 million, 1.8 million of billed and unbilled accounts receivable, 1.0 million of property and equipment, and 1.3 million of cash and cash equivalents including restricted cash.

Total liabilities as of 31 December 2024 were 4.8 million and stockholders' equity was 5.2 million. Total liabilities include 2.9 million of deferred revenue related to milestone payments on a large project expected to be delivered in 2025.

The Company ended the period with 1.3 million of cash and cash equivalents, including restricted cash, compared to 433,000 in total at 31 December 2023. The Company used approximately 2.2 million of cash in operations in 2024 (FY23: 1.1 million used in operations). Due to proceeds from the sale of the Saudi branch assets, the Company generated 2.2 million in investment activities in 2024 (FY23: 180,000 used in investing activities). Proceeds from a Placing of Common Shares contributed 800,000 provided by financing activities in 2024.

In September 2024, the Company completed the closing of a Placing of 1,380,791 Common Shares at a price of US 0.68 (51.5 pence) per new share raising gross proceeds of approximately 900,000 before expenses. The proceeds from the transaction will be used to purchase additional trial equipment so that more trials can be entered into, which increases the chances of securing project bids going forward.

Financial Statements

Statements of Operations

(USD, in thousands, except share data)

For the Year Ended 31 December:	2024	2023
Revenue	4,903	10,907
Cost of goods sold	3,559	7,017
Gross profit	1,344	3,890
Operating expenses:		
Research and development	219	248
Selling, general and administrative	5,466	6,743
Depreciation and amortisation	212	231
Total operating expenses	5,897	7,222
Operating loss	(4,553)	(3,332)
Other income (expense)		
Interest expense	(13)	(9)
Gain on sale of property and equipment	1,928	-
Loss before income taxes	(2,638)	(3,341)
Provision for income taxes	(85)	(365)
Net loss	(2,723)	(3,706)
Loss per share - basic	(0.12)	(0.16)
Loss per share - diluted	(0.12)	(0.16)
Shares used to compute basic loss per share	23,429,416	22,983,023
Shares used to compute diluted loss per share	23,429,416	22,983,023

The accompanying notes are an integral part of the financial statements.

Balance Sheets

(USD, in thousands, except share data)

As at 31 December:	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	1,260	383
Restricted cash	50	50
Accounts receivable - net	558	1,812
Unbilled accounts receivable	1,206	255
Inventory	4,002	3,417
Prepaid expenses	35	123
Other assets	71	153
Total Current Assets	7,182	6,193
Property and equipment - net	955	2,594
Intangible assets - net	704	759
Operating lease asset - net	1,208	844
Total Assets	10,049	10,390
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	274	1,541
Payroll and accrued expenses	178	793
Contract Liability	2,913	-
Customer deposits	164	10
Operating lease obligations - current	380	282
Total Current Liabilities	3,909	2,626
Operating lease obligations - long-term	877	607
Total Liabilities	4,786	3,233
Stockholders' Equity		
Common stock, 0.025 par value, 100,000,000 shares authorised, 24,363,814 shares issued and outstanding at 31 December 2024 and 22,983,023 shares issued and outstanding at 31 December 2023	609	574
Additional paid-in capital	45,593	44,799
Accumulated deficit	(40,939)	(38,216)
Total Stockholders' Equity	5,263	7,157
Total Liabilities and Stockholders' Equity	10,049	10,390

The accompanying notes are an integral part of the financial statements.

Statements of Stockholders' Equity

(USD, in thousands, except share data)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares				
Balances at 31 December 2022	22,983,023	574	44,768	(34,510)	10,832
Stock-based compensation expense	-	-	31	-	31
Net loss for the period	-	-	-	(3,706)	(3,706)
Balances at 31 December 2023	22,983,023	574	44,799	(38,216)	7,157
Issuance of common stock, net of offering costs	1,380,791	35	757	-	792
Stock-based compensation expense	-	-	37	-	37
Net loss for the period	-	-	-	(2,723)	(2,723)
Balances at 31 December 2024	24,363,814	609	45,593	(40,939)	5,263

The accompanying notes are an integral part of the financial statements.

Statements of Cash Flows

(USD, in thousands)

For the Year Ended 31 December:	2024	2023
Cash flows from operating activities		
Net loss	(2,723)	(3,706)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortisation	398	868
Gain on sale of property and equipment	(1,928)	-
Inventory reserve adjustment	(525)	(415)
Stock compensation	37	31
Change in operating assets and liabilities:		
Accounts receivable - net	1,254	966
Unbilled accounts receivable	139	(255)
Inventory	(163)	657
Prepaid expenses	88	(24)
Prepaid operating leases	5	5
Other assets	82	(15)
Accounts payable	(1,267)	746
Payroll and accrued expenses	(615)	35
Contract Liability	2,913	-
Customer deposits	154	(8)
Net cash used in operating activities	(2,151)	(1,115)
Cash flows from investing activities		
Payments for purchases of property and equipment	(32)	(90)
Proceeds from sale of property and equipment	2,281	-
Payments for internally developed patents	(13)	(91)
Net cash provided by (used in) investing activities	2,236	(181)
Cash flows from financing activities		
Net proceeds from stock issuance	792	-
Net cash provided by financing activities	792	-
Net decrease in cash, cash equivalents and restricted cash	877	(1,296)
Cash, cash equivalents and restricted cash, beginning of year	433	1,729
Cash, cash equivalents and restricted cash, end of year	1,310	433
Supplemental disclosures of cash flow information:		
Cash payments for interest	13	9
Cash payments for income taxes	156	394
Non-cash movements of inventory and fixed assets	103	78
Non-cash operating ROU assets	1,257	889
Non-cash operating lease obligations	1,257	889

The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements

1. Nature of Business and Basis of Presentation

Basis of presentation - These financial statements have been prepared using recognition and measurement principles of Generally Accepted Accounting Principles in the United States of America ('U.S. GAAP').

Nature of business - MYCELX Technologies Corporation ('MYCELX' or the 'Company') was incorporated in the State of Georgia on 24 March 1994. The Company is headquartered in Norcross, Georgia with operations in Houston, Texas and the United Kingdom. The Company provides clean water technology equipment and related services to the oil and gas, power, marine and heavy manufacturing sectors and the majority of its revenue is derived from the Middle East and the United States.

Liquidity - The Company believes that it has sufficient liquidity from available cash balances, cash generated from ongoing operations, and general ability to access the capital and debt markets to satisfy the operating requirements of the business through the next twelve months. In February 2024, the Company sold its Saudi Arabia branch assets for 7.125 million which included payment of 3.125 million at closing and up to 4 million deferred on a 24 month earn-out structure. Within the Statement of Cash Flows, of the 3.125 million of proceeds from the sale, 2,281 million is reflected as proceeds from sale of property and equipment, within cash flows from investing activities, and 844,000 is included in net loss within cash flows from operating activities. Additionally, the Company raised gross proceeds of 0.9 million before expenses in a Placing of Common Shares in September 2024. The proceeds of these transactions will enable the Company to focus on accelerating its marketing and sales plan for its unique technologies in the PFAS remediation and EOR markets while also supporting other working capital needs. The Company actively manages its financial risk by operating Board-approved financial policies that are designed to ensure that the Company maintains an adequate level of liquidity and effectively mitigates financial risks.

On the basis of current financial projections, including a downside scenario sensitivity analysis considering only revenues that are contracted or that the Company considers probable and adjusting for direct cost of goods sold within the analysis, the Company believes that it has adequate resources to continue in operational existence for the foreseeable future of at least 12 months from the date of the issuance of these financial statements and, accordingly, considers it appropriate to adopt the going concern basis in preparing these Financial Statements. Should the projected cash flow not materialise under certain scenarios, alternative actions to increase liquidity may need to be considered.

2. Summary of Significant Accounting Policies

Use of estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the amounts reported in the financial statements and accompanying notes. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised. The primary estimates and assumptions made by management relate to the inventory valuation, accounts receivable valuation, useful lives of property and equipment, volatility used in the valuation of the Company's share-based compensation and the valuation allowance on deferred tax assets. Although these estimates are based on management's best knowledge of current events and actions the Company may undertake in the future, actual results ultimately may differ from the estimates and the differences may be material to the financial statements.

Revenue recognition - The Company's revenue consists of filtration media product, equipment leases, professional services to operate the leased assets, turnkey operations and equipment sales. These sales are based on mutually agreed upon pricing with the customer prior to the delivery of the media product and equipment. The Company recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer.

Revenue from filtration media sales and spare parts (part of equipment sales) is billed and recognised when products are shipped to the customer. Revenue from equipment leases is recognised over time as the equipment is available for customer use and is typically billed monthly. Revenue from professional services provided to monitor and operate the equipment is recognised over time when the service is provided and is typically billed monthly. Revenue from turnkey projects whereby the Company is asked to manage the water filtration process end to end is recognised on a straight-line basis over time as the performance obligation, in the context of the contract, is a stand-ready obligation to filter all water provided. Revenue from contracts related to construction of equipment is recognised upon either factory acceptance testing or shipment of the equipment to the customer because the control transfers at acceptance or the point of shipment and there is no enforceable right to payments made as customer deposits prior to that date. Customer deposits for equipment sales represent payments made prior to transferring control at the point of shipment that can be refunded at any time when requested by the customer. Contract liabilities represent milestone payments on large equipment sales.

Sales tax charged to customers is presented on a net basis within the Statements of Operations and therefore recorded as a reduction of net revenues. Shipping and handling costs associated with outbound freight after control over a product has transferred to a customer are accounted for as a fulfilment cost and are included in cost of goods sold.

The Company's contracts with the customers state the final terms of the sales, including the description, quantity, and price of media product, equipment (sale or lease) and the associated services to be provided. The Company's contracts are generally short-term in nature and, in most situations, the Company provides products and services ahead of payment and has fulfilled the performance obligation prior to billing.

The Company believes the output method is a reasonable measure of progress for the satisfaction of its performance obligations that are satisfied over time, as it provides a faithful depiction of (1) performance toward complete satisfaction of the performance obligation under the contract and (2) the value transferred to the customer of the services performed under the contract. All other performance obligations are satisfied at a point in time upon transfer of control to the customer.

The Company's contracts with customers often include promises to transfer multiple products and services. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgement. Judgement is required to determine stand-alone selling price ('SSP') for each distinct performance obligation. The Company develops observable SSP by reference to stand-alone sales for identical or similar items to similarly situated customers at prices within a sufficiently narrow range.

All equipment sold by the Company is covered by the original manufacturer's warranty. The Company does not offer an additional warranty and has no related obligations.

Unbilled accounts receivable represents revenue recognised in excess of amounts billed. Contract liability represents billings in excess of revenue recognised. Unbilled accounts receivable at 31 December 2024 and 2023, and 1 January 2023 was 1.2 million, 255,000 and nil, respectively. The increase in unbilled accounts receivable during the period was due to the gain on the Saudi Arabia earn-out that was unbilled at year end. Contract liability at 31 December 2024 and 2023, and 1 January 2023 was 2.9 million, nil and nil, respectively. The increase in contract liability during the period was from milestone payments collected on a large project that will deliver in 2025.

Timing of revenue recognition for each of the periods and geographic regions presented is shown below:

Year Ending 31 December (USD, in thousands)	Equipment Leases, Turnkey Arrangements, and Services Recognised Over Time		Consumable Filtration Media, Equipment Sales and Services Recognised at a Point in Time	
	2024	2023	2024	2023
Middle East	871	6,967	954	615
United States	141	-	1,664	2,683
Australia	-	-	772	369
Other	-	-	430	248
Total revenue recognised under ASC 606	1,012	6,967	3,820	3,915
Total revenue recognised under ASC 842	71	25	-	-
Total revenue	1,083	6,992	3,820	3,915

Contract costs - The Company capitalises certain contract costs such as costs to obtain contracts (direct sales commissions) and costs to fulfil contracts (upfront costs where the Company does not identify the set-up fees as a performance obligation). These contract assets are amortised over the period of benefit, which the Company has determined is customer life and averages one year.

During the years ended 31 December 2024 and 2023, the Company did not have any costs to obtain a contract and any costs to fulfil a contract were inconsequential.

Cash, cash equivalents and restricted cash - Cash and cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety days of purchase. At 31 December 2024, all of the Company's cash, cash equivalent and restricted cash balances were held in checking and money market accounts. The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. At 31 December 2024 and 2023, cash in non-U.S. institutions was 1,000 and 92,000, respectively. The Company has not experienced any losses in such accounts. The Company classifies as restricted cash all cash whose use is limited by contractual provisions. At 31 December 2024 and 2023, restricted cash included 50,000 in a money market account to secure the Company's corporate credit card.

Reconciliation of cash, cash equivalents and restricted cash at 31 December 2024 and 2023:

	31 December 2024 US 000	31 December 2023 US 000
Cash and cash equivalents	1,260	383
Restricted cash	50	50
Total cash, cash equivalents and restricted cash	1,310	433

Accounts receivable - Trade accounts receivable are stated at the amount management expects to collect from outstanding balances. The Company provides credit in the normal course of business to its customers and performs ongoing credit evaluations of those customers and maintains allowances for doubtful accounts, as necessary. Accounts are considered past due based on the contractual terms of the transaction. Credit losses, when realised, have been within the range of the Company's expectations and, historically, have not been significant. The Company measures its credit losses using a current expected credit loss model. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amounts. The allowance for credit losses represents the Company's best estimate of probable future losses in the accounts receivable balance, primarily based on known troubled accounts, historical experience and other currently available evidence. Accounts receivable are written off against the allowance when the Company believes that the receivable will not be recovered. The allowance for doubtful accounts at 31 December 2024 and 2023 was 83,000 and 208,000, respectively.

Inventories - Inventories consist primarily of raw materials and filter media finished goods as well as equipment to house the filter media and are stated at the lower of cost or net realisable value. Equipment that is in the process of being constructed for sale or lease to customers is also included in inventory (work-in-progress). The Company applies the Average Cost method to account for its inventory. Manufacturing work-in-progress and finished products inventory include all direct costs, such as labour and materials, and those indirect costs which are related to production, such as indirect labour, rents, supplies, repairs and depreciation costs. A valuation reserve is recorded for slow-moving or obsolete inventory items to reduce the cost of inventory to its net realisable value. The Company determines the valuation by evaluating expected future usage as compared to its past history of utilisation and future expectations of usage. The inventory reserve at 31 December 2024 and 2023 was 675,000 and 1.2 million, respectively. Changes to the inventory reserve are included in cost of goods sold. At 31 December 2024 and 2023, the Company had REGEN-related inventory of 32 percent and 44 percent of the total inventory balance, respectively, which is in excess of the Company's current requirements based on the recent level of sales. The inventory is associated with efforts to expand into the Enhanced Oil Recovery and Beneficial Reuse markets that the Company has identified as large global markets. These efforts should reduce this inventory to desired levels over the near term and management believes no loss will be incurred on its disposition. However, there is a risk that management will sustain a loss on the value of the inventory before it is sold. No estimate can be made of a range of amounts of loss

that are reasonably possible should the efforts not be successful.

Prepaid expenses and other current assets - Prepaid expenses and other current assets include non-trade receivables that are collectible in less than 12 months, security deposits on leased space and various prepaid amounts that will be charged to expenses within 12 months. Non-trade receivables that are collectible in 12 months or more are included in long-term assets.

Property and equipment - All property and equipment are valued at cost. Depreciation is computed using the straight-line method for reporting over the following useful lives:

Leasehold improvements	Lease period or 1-5 years (whichever is shorter)
Office equipment	3-10 years
Manufacturing equipment	5-15 years
Research and development equipment	5-10 years
Purchased software	Licensing period or 5 years (whichever is shorter)
Equipment leased to customers	5-10 years

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalised. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation expense includes depreciation on equipment leased to customers and is included in cost of goods sold.

Intangible assets - Intangible assets consist of the costs incurred to purchase patent rights and legal and registration costs incurred to internally develop patents. Intangible assets are reported net of accumulated amortisation. Patents are amortised using the straight-line method over a period based on their contractual lives which approximates their estimated useful lives.

Impairment of long-lived assets - Long-lived assets to be held and used, including property and equipment and intangible assets with definite useful lives, are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the total of the expected undiscounted future cash flows is less than the carrying amount of the asset, a loss, if any, is recognised for the difference between the fair value and carrying value of the assets. Impairment analyses, when performed, are based on the Company's business and technology strategy, management's views of growth rates for the Company's business, anticipated future economic and regulatory conditions, and expected technological availability. For purposes of recognition and measurement, the Company groups its long-lived assets at the lowest level for which there are identifiable cash flows, which are largely independent of the cash flows of other assets and liabilities. No impairment charges were recorded in the years ended 31 December 2024 and 2023.

Research and development costs - Research and development costs are expensed as incurred. Research and development expense for the years ended 31 December 2024 and 2023 was approximately 220,000 and 248,000, respectively.

Advertising costs - The Company expenses advertising costs as incurred. Advertising expense for the years ended 31 December 2024 and 2023 was 31,000 and 9,000, respectively, and is recorded in selling, general and administrative expenses.

Income taxes - The provision for income taxes for annual periods is determined using the asset and liability method, under which deferred tax assets and liabilities are calculated based on the temporary differences between the financial statement carrying amounts and income tax bases of assets and liabilities using currently enacted tax rates. The deferred tax assets are recorded net of a valuation allowance when, based on the weight of available evidence, it is more likely than not that some portion or all of the recorded deferred tax assets will not be realised in future periods. Decreases to the valuation allowance are recorded as reductions to the provision for income taxes and increases to the valuation allowance result in additional provision for income taxes. The realisation of the deferred tax assets, net of a valuation allowance, is primarily dependent on the ability to generate taxable income. A change in the Company's estimate of future taxable income may require an addition or reduction to the valuation allowance.

The benefit from an uncertain income tax position is not recognised if it has less than a 50 percent likelihood of being sustained upon audit by the relevant authority. For positions that are more than 50 percent likely to be sustained, the benefit is recognised at the largest amount that is more-likely-than-not to be sustained. Where a net operating loss carried forward, a similar tax loss or a tax credit carry forward exists, an unrecognised tax benefit is presented as a reduction to a deferred tax asset. Otherwise, the Company classifies its obligations for uncertain tax positions as other non-current liabilities unless expected to be paid within one year. Liabilities expected to be paid within one year are included in the accrued expenses account.

The Company recognises interest accrued related to tax in interest expense and penalties in selling, general and administrative expenses. During the years ended 31 December 2024 and 2023 the Company recognised no interest or penalties.

Basic earnings per share - Basic earnings per share is computed using the weighted average number of common shares

Earnings per share - Basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of common and potentially dilutive shares outstanding during the period. Potentially dilutive shares consist of the incremental common shares issuable upon conversion of the exercise of common stock options. Potentially dilutive shares are excluded from the computation if their effect is anti-dilutive. Total common stock equivalents consisting of unexercised stock options that were excluded from computing diluted net loss per share were approximately 1,478,718 for the year ended 31 December 2024 and there were no adjustments to net income available to stockholders as recorded on the Statement of Operations.

The following table sets forth the components used in the computation of basic and diluted net (loss) profit per share for the periods indicated:

	Years Ended 31 December	
	2024	2023
Basic weighted average outstanding shares of common stock	23,429,416	22,983,023
Effect of potentially dilutive stock options	-	-
Diluted weighted average outstanding shares of common stock	23,429,416	22,983,023
Anti-dilutive shares of common stock excluded from diluted weighted average shares of common stock	1,478,718	1,906,694

Fair value of financial instruments - The Company uses the framework in ASC 820, Fair Value Measurements, to determine the fair value of its financial assets. ASC 820 establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value and expands financial statement disclosures about fair value measurements.

The hierarchy established by ASC 820 gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under ASC 820 are described below:

- **Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3:** Unobservable inputs for the asset or liability.

There were no transfers into and out of each level of the fair value hierarchy for assets measured at fair value for the years ended 31 December 2024 or 2023.

All transfers are recognised by the Company at the end of each reporting period.

Transfers between Levels 1 and 2 generally relate to whether a market becomes active or inactive. Transfers between Levels 2 and 3 generally relate to whether significant relevant observable inputs are available for the fair value measurement in their entirety.

The Company's financial instruments as of 31 December 2024 and 2023 include cash and cash equivalents, restricted cash, accounts receivable and accounts payable. The carrying values of cash and cash equivalents, restricted cash, accounts receivable and accounts payable approximate fair value due to the short-term nature of those assets and liabilities.

Foreign currency transactions - From time to time the Company transacts business in foreign currencies (currencies other than the United States Dollar). These transactions are recorded at the rates of exchange prevailing on the dates of the transactions. Foreign currency transaction gains or losses are included in selling, general and administrative expenses.

Stock compensation - The Company issues equity-settled share-based awards to certain employees, which are measured at fair value at the date of grant. The fair value determined at the grant date is expensed, based on the Company's estimate of shares that will eventually vest, on a straight-line basis over the vesting period. Fair value for the share awards representing equity interests identical to those associated with shares traded in the open market is determined using the market price at the date of grant. Fair value is measured by use of the Black Scholes valuation model (see Note 8).

Recently issued accounting standards - In June 2016, the Financial Accounting Standards Board ('FASB') issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326)*, which requires measurement and recognition of expected credit losses for financial assets held. The standard is to be applied using a modified retrospective approach through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. The Company adopted this guidance effective 1 January 2023. The adoption of this

new guidance did not have a material impact on the financial statements.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280) Improvements to Reportable Segment Disclosures*, to enhance disclosures about significant segment expenses. The guidance is effective for fiscal years beginning after 15 December 2023. The Company adopted the new accounting standard for the fiscal year 2024. The adoption of the ASU did not have a material effect on the Company's financial statements, other than the newly required disclosure for significant expense. Refer to Note 11, Segment and Geographic Reporting.

In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, to improve the disclosures by requiring more detailed information about the types of expenses (including purchases of inventory, employee compensation, depreciation and amortisation) in commonly presented expense captions (such as cost of sales, SG&A, and research and development). In January 2025, the FASB issued 2025-01, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40)*, to modify the effective date previously stated in ASU 2024-03 to clarify that all public business entities are required to adopt the guidance in annual reporting periods beginning after 15 December 2026. Early adoption is permitted. We are currently evaluating the impact that adopting ASU 2024-03 would have on our financial statements and will adhere to the clarified effective date in ASU 2025-01 if implementation is necessary.

Recent accounting pronouncements pending adoption not discussed above are either not applicable or are not expected to have a material impact on the Company.

3. Accounts Receivable

Accounts receivable and their respective allowance amounts at 31 December 2024 and 2023:

	31 December 2024 US 000	31 December 2023 US 000
Accounts receivable	641	2,020
Less: allowance for doubtful accounts	(83)	(208)
Total receivable - net	558	1,812

4. Inventories

Inventories consist of the following at 31 December 2024 and 2023:

	31 December 2024 US 000	31 December 2023 US 000
Raw materials	1,048	1,637
Work-in-progress	1,691	-
Finished goods	1,263	1,780
Total inventory	4,002	3,417

5. Property and Equipment

Property and equipment consist of the following at 31 December 2024 and 2023:

	31 December 2024 US 000	31 December 2023 US 000
Leasehold improvements	530	617
Office equipment	616	636
Manufacturing equipment	709	975
Research and development equipment	427	545
Purchased software	207	222
Equipment leased to customers	1,809	10,114
	4,298	13,109
Less: accumulated depreciation	(3,343)	(10,515)
Property and equipment - net	955	2,594

During the years ended 31 December 2024 and 2023, the Company removed property and equipment and the associated gross and accumulated depreciation of approximately 7.5 million and 243,000, respectively, to reflect the disposal of property and equipment.

Depreciation expense for the years ended 31 December 2024 and 2023 was approximately 330,000 and 803,000, respectively, and includes depreciation on equipment leased to customers. Depreciation expense on equipment leased to customers included in cost of goods sold for the years ended 31 December 2024 and 2023 was 186,000 and 637,000, respectively.

6. Intangible Assets

During 2009, the Company entered into a patent rights purchase agreement. The patent is amortised utilising the straight-line method over a useful life of 17 years which represents the legal life of the patent from inception. Accumulated amortisation on the patent was approximately 89,000 and 83,000 as of 31 December 2024 and 2023, respectively.

In January 2023, the Company entered into a patent rights purchase agreement. The patents are amortised utilising the straight-line method over useful lives of 13 and 14.75 years which represent the remaining legal life of the patents on the date of purchase. Accumulated amortisation on the patents was approximately 7,000 and 4,000 at 31 December 2024 and 2023, respectively.

In addition to the purchased patents, the Company has internally developed patents. Internally developed patents include legal and registration costs incurred to obtain the respective patents. The Company currently holds various patents and numerous pending patent applications in the United States, as well as numerous foreign jurisdictions outside of the United States. In 2024, there was 13,000 of new internally developed patents and fees on patents in progress.

Intangible assets as of 31 December 2024 and 2023 consist of the following:

	Weighted Average Useful Lives	31 December 2024 US 000	31 December 2023 US 000
Internally developed patents	15 years	1,529	1,516
Purchased patents	17 years	150	150
		1,679	1,666
Less accumulated amortisation - Internally developed Patents		(879)	(824)
Less accumulated amortisation - purchased patents		(96)	(83)
Intangible assets - net		704	759

At 31 December 2024, internally developed patents include approximately 250,000 for costs accumulated for patents that have not yet been issued and are not amortised.

Approximate aggregate future amortisation expense is as follows:

Year Ending 31 December (USD, in thousands)	
2025	66
2026	63
2027	58
2028	52
2029	46
Thereafter	172

Amortisation expense for the years ended 31 December 2024 and 2023 was approximately 68,000 and 65,000, respectively.

7. Income Taxes

The components of income taxes shown in the Statements of Operations are as follows:

	31 December 2024 US 000	31 December 2023 US 000
Current:		
Federal	-	-
Foreign	81	363
State	4	2
Total current provision	85	365
Deferred:		
Federal	-	-
Foreign	-	-
State	-	-
Total deferred provision	-	-
Total provision for income taxes	85	365

The provision for income tax varies from the amount computed by applying the statutory corporate federal tax rate of 21 percent, primarily due to the effect of certain non-deductible expenses, foreign withholding tax, and changes in valuation allowances.

A reconciliation of the differences between the effective tax rate and the federal statutory tax rate is as follows:

	31 December 2024	31 December 2023
Federal statutory income tax rate	21.0%	21.0%
State tax rate, net of federal benefit	(1.0%)	(0.7%)
Valuation allowance	(14.0%)	(23.0%)
Other	(6.8%)	0.3%
Foreign withholding tax	(2.4%)	(8.5%)
Effective income tax rate	(3.2%)	(10.9%)

The significant components of deferred income taxes included in the Balance Sheets are as follows:

	31 December 2024 US 000	31 December 2023 US 000
Deferred tax assets		
Net operating loss	7,822	7,478
Equity compensation	119	208
Research and development credits	91	159
Right of use liability	274	196

Inventory valuation reserve	147	265
Other	53	68
Total gross deferred tax asset	8,506	8,374
Deferred tax liabilities		
Property and equipment	(323)	(638)
Right of use asset	(263)	(186)
Total gross deferred tax liability	(586)	(824)
Net deferred tax asset before valuation allowance	7,920	7,550
Valuation allowance	(7,920)	(7,550)
Net deferred tax asset (liability)	-	-

Deferred tax assets and liabilities are recorded based on the difference between an asset or liability's financial statement value and its tax reporting value using enacted rates in effect for the year in which the differences are expected to reverse, and for other temporary differences as defined by ASC-740, Income Taxes. At 31 December 2024 and 2023, the Company has recorded a valuation allowance of 7.9 million and 7.6 million, respectively, a change of 370,000 and 770,000 for each year, for which it is more likely than not that the Company will not receive future tax benefits due to the uncertainty regarding the realisation of such deferred tax assets.

As of 31 December 2024, the Company has approximately 36.2 million of gross U.S. federal net operating loss carry forwards and 3.3 million of gross state net operating loss carry forwards that will begin to expire in the 2025 tax year and will continue through 2044 when the current year net operating losses will expire. As of 31 December 2023, the Company had approximately 34.4 million of gross U.S. federal net operating loss carry forwards and 3.6 million of gross state net operating loss carry forwards.

On 27 March 2020, the U.S. Government enacted the Coronavirus Aid, Relief, and Economic Security Act (the 'CARES Act'). The CARES Act includes, but is not limited to, tax law changes related to (1) accelerated depreciation deductions for qualified improvement property placed in service after 27 September 2017, (2) reduced limitation of interest deductions, and (3) temporary changes to the use and limitation of NOLs. There was no material impact of the CARES Act to the Company's income tax provision for 2024 or 2023.

On 16 August 2022, the Inflation Reduction Act of 2022 ('IRA') was signed into law. The IRA levies a 1% excise tax on net stock repurchases after 31 December 2022 and imposes a 15% corporate alternative minimum tax ('CAMT') for tax years beginning after 31 December 2022. There was no material impact of the IRA on the Company's income tax provision for 2024 or 2023.

The Company's tax years 2020 through 2024 remain subject to examination by federal, state and foreign income tax jurisdictions. However, net operating losses that were generated in previous years may still be adjusted by the Internal Revenue Service if they are used in a future period.

8. Stock Compensation

In July 2011, the Company's shareholders approved the Conversion Shares and the Directors' Shares, as well as the Plan Shares and Omnibus Performance Incentive Plan ('Plan'). This included the termination of all outstanding stock incentive plans, cancellation of all outstanding stock incentive agreements, and the awarding of stock incentives to Directors and certain employees and consultants. The Company established the Plan to attract and retain Directors, officers, employees and consultants. The Company reserved an amount equal to 10 percent of the Common Shares issued and outstanding immediately following its Public Offering.

Upon the issuance of these shares, an award of share options was made to the Directors and certain employees and consultants, and a single award of restricted shares was made to a former Chief Financial Officer. In addition, additional stock options were awarded in each year subsequent. The awards of stock options and restricted shares made upon issuance were in respect of 85 percent of the Common Shares available under the Plan, equivalent to 8.5 percent of the Public Offering.

In July 2019, the Company's shareholders approved the extension of the Plan to 2029 and the increase in the possible number of shares to be awarded pursuant to the Plan to 15 percent of the Company's issued capital at the date of any award. The total number of shares reserved for stock options under this Plan is 3,654,572 with 1,311,668 shares allocated as of 31 December 2024. The shares are all allocated to employees, executives and consultants.

Any options granted to Non-Executive Directors, unless otherwise agreed, vest contingent on continuing service with the Company at the vesting date and compliance with the covenants applicable to such service.

Employee options vest over three years with a third vesting ratably each year, partially on issuance and partially over the following 24-month period, or if there is a change of control, and expire on the tenth anniversary date the option vests. Vesting accelerates in the event of a change of control. Options granted to Non-Executive Directors, Consultants and one Executive vest partially on issuance and will vest partially one to two years later. The remaining Non-Executive Director options expired at the end of 2016 on the five-year anniversary date of the grant.

As discussed in Note 2, the Company uses the Black Scholes valuation model to measure the fair value of options

granted. The Company's expected volatility is calculated as the historical volatility of the Company's stock over a period equal to the expected term of the awards. The expected terms of options are calculated using the weighted average vesting period and the contractual term of the options. The risk-free interest rate is based on a blended average yield of two- and five-year United States Treasury Bills at the time of grant. The assumptions used in the Black Scholes option pricing model for options granted in 2024 and 2023 were as follows:

	Number of Options Granted	Grant Date	Risk-free Interest Rate	Expected Term	Volatility	Exercise Price	Fair Value Per Option
2024	25,000	13/03/2024	3.97%	6.0 years	65.00%	0.64	0.40
	225,000	15/03/2024	3.97%	6.0 years	65.00%	0.59	0.37
	50,000	15/03/2024	3.97%	5.75 years	65.00%	0.59	0.36

The Company assumes a dividend yield of 0.0 percent.

The following table summarises the Company's stock option activity for the years ended 31 December 2024 and 2023:

Stock Options	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Average Grant Date Fair Value
Outstanding at 31 December 2022	2,105,080	1.12	5.8	0.66
Forfeited	(351,705)	1.70		
Outstanding at 31 December 2023	1,753,375	1.12	5.8	0.66
Granted	300,000	0.59	6.0	0.37
Forfeited	(741,707)	1.53		
Outstanding at 31 December 2024	1,311,668	0.80	5.8	0.50
Exercisable at 31 December 2024	1,103,334	0.84	5.5	

The total intrinsic value of the stock options exercised during the years ended 31 December 2024 and 2023 was approximately nil.

A summary of the status of unvested options as of 31 December 2024 and changes during the years ended 31 December 2024 and 2023 is presented below:

Unvested Options	Shares	Weighted-Average Fair Value at Grant Date
Unvested at 31 December 2022	743,000	0.43
Vested	(301,333)	0.42
Forfeited	(100,000)	
Unvested at 31 December 2023	341,667	0.40
Granted	300,000	0.37
Vested	(108,333)	0.57
Forfeited	(325,000)	
Unvested at 31 December 2024	208,334	0.37

As of 31 December 2024, total unrecognised compensation cost of approximately 79,000 was related to unvested share-based compensation arrangements awarded under the Plan.

Total stock compensation expense for the years ended 31 December 2024 and 2023 was approximately 37,000 and 31,000, respectively.

9. Commitments and Contingencies

Operating leases - As of 31 December 2024, the Operating Lease ROU Asset has a balance of 1,208,000, net of accumulated amortisation of 1,253,000, and an Operating Lease Liability of 1,257,000, which are included in the accompanying balance sheet. The weighted-average discount rate used for leases is 5.25 percent, which is based on the Company's secured incremental borrowing rate.

The Company's leases do not include any options to renew that are reasonably certain to be exercised. The Company's leases mature at various dates through May 2029 and have a weighted-average remaining life of 3.8 years.

Future maturities under the Operating Lease Liability are as follows for the years ended 31 December:

Year Ending 31 December	Future Lease Payments US 000
2025	436
2026	452
2027	241
2028	173
2029	73
Total future maturities	1,375
Portion representing interest	(118)
	1,257

Total lease expense for the years ended 31 December 2024 and 2023 was approximately 412,000 and 386,000, respectively.

Total cash paid for leases for the years ended 31 December 2024 and 2023 was 410,000 and 381,000, respectively, and is part of prepaid operating leases on the Statements of Cash Flows.

The Company has elected to apply the short-term lease exception to all leases of one year or less and is not separating lease and non-lease components when evaluating leases. Total costs associated with short-term leases was 62,000 and 237,000 for the years ended 31 December 2024 and 2023, respectively.

Legal - From time to time, the Company is a party to certain legal proceedings arising in the ordinary course of business. In the opinion of management, there are no current legal proceedings or other claims outstanding which could have a material adverse effect on the results of operations or financial position of the Company.

10. Related Party Transactions

The Company has held a patent rights purchase agreement since 2009 with a Director, who is also a shareholder, as described in Note 6.

11. Segment and Geographic Information

ASC 280-10, Disclosures About Segments of an Enterprise and Related Information, establishes standards for reporting information about operating segments. ASC 280-10 requires that the Company report financial and descriptive information about its reportable operating segments. Operating segments are components of an enterprise for which separate financial information is available that is evaluated regularly by the chief operating decision maker ('CODM') in deciding how to allocate resources and in assessing performance. The Company's CODM is the Chief Executive Officer ('CEO'). While the CEO is apprised of a variety of financial metrics and information, the business is principally managed on an aggregate basis as of 31 December 2024. The CODM, or CEO, uses net income to evaluate income generated from the Company's assets (return on assets) in deciding whether to reinvest profits into further business development activities or to pay dividends. Net income is also used by the CEO to monitor overall budget versus actual results. The CEO is regularly provided with only the consolidated expenses as noted on the face of the income statement. For the year ended 31 December 2024, the Company's revenues were generated primarily in the Middle East and the United States ('U.S.'). Additionally, the majority of the Company's expenditures and personnel either directly supported its efforts in the Middle East and the U.S., or cannot be specifically attributed to a geography. Therefore, the Company has only one reportable operating segment.

Revenue from customers by geography is as follows:

Year Ending 31 December (USD, in thousands)	2024	2023
Middle East	1,825	7,582
United States	1,856	2,708
Australia	772	369
Other	450	248
Total	4,903	10,907

Long-lived assets, net of depreciation, by geography is as follows:

Year Ending 31 December (USD, in thousands)	2024	2023
Middle East	-	1,518
United States	955	1,075
Total	955	2,593

12. Concentrations

At 31 December 2024, five customers represented 93 percent of accounts receivable. During the year ended 31 December 2024, the Company received 64 percent of its gross revenue from seven customers.

At 31 December 2023, five customers, one with three contracts with three separate plants, represented 90 percent of accounts receivable. During the year ended 31 December 2023, the Company received 87 percent of its gross revenue from seven customers, one with three contracts with three separate plants.

13. Gain on sale of Saudi Arabia branch assets

On 29 February 2024, the Company sold its Saudi Arabia branch assets, including equipment and inventory, for an acquisition price of up to 7.125 million (the 'Total Consideration') to Twarid Water Treatment LLC ('Twarid'). The Total Consideration was split 3.125 million paid at closing with up to 4 million deferred on a 24 month earn-out structure based on Twarid achieving defined revenue targets. The assets sold had a net book value of 2.2 million. The Company initially recognised a gain of 838,000 from the sale of fixed assets and operating profit of 100,000 from the sale of inventory. The Company recognised an additional gain of 1.1 million related to the earn-out for the period ended 31 December 2024. The proceeds of the sale enable the Company to focus on accelerating its marketing and sales plan

for its unique technologies in the PFAS remediation and EOR markets while continuing to grow its proprietary media and product sales in Saudi Arabia through an exclusive distribution agreement with Tward.

14. Subsequent Events

The Company discloses material events that occur after the balance sheet date but before the financials are issued. In general, these events are recognised in the financial statements if the conditions existed at the date of the balance sheet but are not recognised if the conditions did not exist at the balance sheet date. Management has evaluated subsequent events through 9 May 2025, the date the financial statements were available to be issued, and no events have occurred which require further disclosure.

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