MYCELX
WATER TECHNOLOGIES

Delivering the Future of Clean Water.

Annual Report & Accounts 2024

At a Glance

Proven water technology meeting urgent environmental needs. Clean Water.

MYCELX is a clean water technology company that tackles the world's most difficult water streams primarily in the PFAS remediation and Produced Water markets.

Since inception, the Company has focused on developing innovative solutions that can address a range of applications that greatly improve water and air quality. MYCELX's technologies are all unique, patented, functionally effective and have been developed within the business by our Chief Science Officer and team of in-house experts.

The Company is focused on two large, lucrative core markets: PFAS Remediation and Produced Water from Enhanced Oil Recovery ('EOR') and shale oil production.

In recent years the Company has increased its footprint in these target markets and continues to secure high-margin, revenue-generating projects that enable MYCELX to further invest in its operations, expand its offering and form strategic partnerships.

Globally, there is significant attention on the environment and mitigating the impact of industry. MYCELX aims to set the standard for tackling these issues using innovative technology.

The Company works with its customers to ensure that their water treatment operations are efficient, high-performing and able to meet the highest levels of environmental standards.

MYCELX remains focused on leveraging its vast experience to deliver transformational solutions and increasing the adoption of its technologies, which in turn will generate value for our wider stakeholders and investors.

Content

Find the latest investor relations at:
https://mycelx.com/investors/

Highlights

Revenue
$4.9m
2023: $10.9m

Cash & cash equivalents
$1.3m
2023: $0.4m

Loss before tax
$2.6m
2023: loss before tax $3.3m

EBITDA
-$2.2m
2023: -$2.5m

Gross profit
$1.3m
2023: $3.9m

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 trial 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 Retro-fit 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, which 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.

Chairman's Statement

2024 delivered pivotal strategy to support our core markets

"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."

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.

Tom Lamb
Chairman
9 May 2025

Our Aims & Values

Safe solutions for everybody at all times

Safety is paramount for MYCELX. Our staff are our most valuable assets, and our solutions always protect their well-being.

Protect the environment

MYCELX enables its customers to meet the strictest regulatory standards, thereby reducing their impact on the environment. This also allows them to guarantee their customers that they are complying or exceeding industry requirements.

Deliver cost-effective, performance-optimising solutions

MYCELX systems are proven, reliable and robust, providing our customers with superior performance, significant cost savings and the comfort to focus solely on their production.

Generate value for shareholders

MYCELX seeks to gain widespread adoption for its applications to realise the full value of its technology.

Our Investment Case

Four key points to know about MYCELX

1 Proven Technology

Owner of patented polymer technology we leverage as the differentiator in critical water treatment solutions

PFAS Remediation Solution

- Treats PFAS-laden water to non-detectable levels
- Stages of removal unique to MYCELX
- Patented MYCELX filters and innovative media

Produced Water in Oil Production

- Enhanced Oil Recovery – Patented REGEN Media and Retro-fit package
- Offshore overboard discharge – Patented Polishing filters
- Onshore beneficial reuse – Patented Coalescer

Technology Adoption

PFAS Remediation:

- PFAS technology has treated AFFF-laden water in the U.S. and Australia, and we are working in trials for landfill leachate cleanup with large customers
- PFAS-Flex Mobile system roll-out expected in 2025 to respond quickly to onsite contamination

Produced Water Treatment:

- REGEN – After extensive testing of competing technologies, REGEN was chosen by a global supplier to the EOR market as the most effective technology for water treatment during EOR production
- Polishing Filters – Achieved highest technology rating at global integrated oil producer for offshore production
- MYCELX Coalescer – Proven as the workhorse for primary stage oil and solids removal in U.S. onshore production

2 Large Markets

Our two core markets are large, high margin and require advanced technology

PFAS

- Landfill leachate
- Municipal wastewater
- Municipal drinking water
- AFFF contaminated water

Target Market:

- $200m/y
- U.S. Department of Defense cleanup budget is $9.2 billion and growing as they identify more releases

Produced Water

- REGEN media and Retro-fit package for EOR production
- MYCELX Coalescer for recycle and beneficial reuse of water in shale oil production
- Polishing filters in offshore production for reliable overboard discharge

Target Market:

- $300m/y
- U.S. Permian Basin alone produces one billion gallons of treatable water at a cost of $0.30 per gallon
- Recurring revenue, high gross margins

3 Recurring Revenue

Our systems run on our proprietary media that is changed out once it is exhausted

PFAS Remediation

- Equipment sales or lease
- Mobile systems
- Recurring media sales
- Strategic partners and direct sales

REGEN Produced Water Treatment

- Equipment sale, lease or retro-fit of existing equipment
- Recurring media sales
- Strategic Partners and Direct sales

4 High Gross Margins

The 10-year average gross margin for sales of MYCELX equipment and media is 43.1%

PFAS Remediation

- Emerging market globally
- Trials with Blue Chip environmental engineering water treatment companies and landfill owners
- Expect 50% gross margin

REGEN Produced Water Treatment

- Established installations offshore and onshore for production in U.S. and Nigeria
- New installations for EOR production in MENA with NOCs
- Expect 50% gross margin

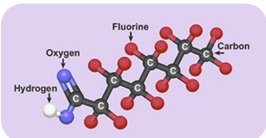
Our Core Markets

PFAS – A Global Environmental Crisis

Growing realisation of the scale of the problem

Toxic chemicals polluting drinking water around the world
Tackling the threat to human health and the environment

PFAS chemicals have been used in consumer products internationally such as Teflon and Scotchgard-coated goods, takeaway containers and clothing since the 1930s, as well as AFFF (firefighting foam)



Persistent

- 'Forever Chemical' that does not naturally degrade over time
- Destruction requires incineration at over 1,100°C

Bioaccumulative

- Accumulates in the body
- 98% of Americans have detectable levels of PFAS in their bodies

Mobile

- Ubiquitous – quickly reaches groundwater and seawater
- Detected in all 50 U.S. States

Hazardous

- Toxic at <70ppt (less than 4 drops in 20 Olympic-sized swimming pools)
- Linked to certain types of cancers
- Endocrine disruptor

Targeting Lucrative Markets: PFAS

Landfill Leachate

- 3,000 active U.S. landfills
- >95% have PFAS contamination and >50% in breach of EPA PFAS levels
- Targeting <10% of landfills via channel partners
- Eligible for U.S. Gov $10bn funding support

Industrial Wastewater

- Highly complex water given mix of industrial and PFAS
- Can leverage off our downstream capabilities
- Opportunity to treat point source within industrial sites

Municipal Water

- ~155,000 Public Water Systems and 14,000 wastewater facilities in U.S.
- MYCELX has significant advantage over current technologies deployed (GAC & IX)

Current Estimated Target Market:

$200m/year

PFAS Market in U.S.

$200bn

Reducing Health and Environmental Impact

- PFAS remediation on a global scale is critical
- Greater awareness of dangers to health from PFAS 'Toxic timebomb' with increased press coverage in U.S. and U.K.
- EPA regulatory updates indicate regulations are becoming more stringent and recently announced it supports plans to fund cleanup and hold polluters accountable
- Studies in North America and Europe reveal how prevalent PFAS contamination has become due to 20 years of significant use and delayed response

MYCELX can play a critical role in solving the PFAS threat

Comprehensive & future proof:

- MYCELX removes ALL PFAS chemicals – so is able to provide a complete solution
- MYCELX offers a cost-efficient solution that requires less energy and generates less waste
- Other technologies leave some PFAS compounds behind which means continued contamination
- Up to 50% cheaper than alternative and incomplete solutions

Greater efficiency:

- Smaller footprint for MYCELX system compared to tank farms required by conventional approach
- Significantly less solid waste generated for incineration

AFFF Contaminated Water

- Airports, military training bases and refineries contaminated with PFAS from firefighting foam
- PFAS-Flex systems to address quick response onsite

DoD Groundwater

- Significant funding for remediation efforts for water and soil
- Access is via established DoD vendors
- Trial work undertaken successfully

PFAS Treatment – AFFF Case study

Application
Treating PFAS Contamination at AFFF Fire Fighting Ground

Flow Rate: Design: 16GPM

Location: Australia

Objective:
Treat stormwater and wastewater to remove PFAS in the presence of petroleum hydrocarbons and suspended solids. Seven PFAS chemicals identified. Inlet and outlet concentrations shown in chart below.

	Inlet	Outlet
PFOS	3,800 ng/L	3 ng/L
PFHxA	430 ng/L	5.1 ng/L
8:2 FTS	120 ng/L	<0.4 ng/L
Sum PFAS	5,500 ng/L	14 ng/L
PFOA	100 ng/L	0.7 ng/L
PFPeA	61 ng/L	<2 ng/L
PFBA	46 ng/L	<2 ng/L

The Challenge

Fire training simulation sites at a military base had previously used AFFF (PFAS-laden aqueous firefighting foam) on concrete covered grounds. Over time the PFAS constituents had saturated into the concrete training pads, resulting in PFAS contamination during any ongoing fire training simulations or during rainwater events. The owner required a low-waste solution to solve these legacy issues and to address future liability.

The wastewater generated at the site required treatment for compliant discharge. This wastewater treatment was complicated by the presence of petroleum hydrocarbons, fuels, organo-metals and suspended solids. Maintenance costs, waste volumes, and availability of space were also considered in the selection of the treatment system.

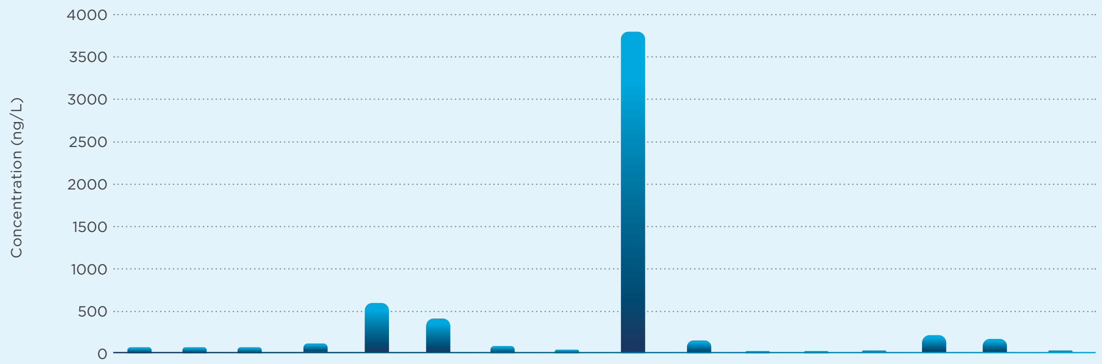
The Solution

A containerized system was designed for quick mobilization and commissioning on site. The system included pre-filtration cartridges for the removal of suspended solids; specialty MYCELX® cartridges for the removal of petroleum hydrocarbons, fuels, and targeted PFAS species; and bulk Performer™ media to achieve ultratrace polishing of all PFAS species.

Stormwater and wastewater from the training grounds were collected into a triple interceptor. A floating suction was used to draw water into the containerized MYCELX Multi-Stage PFAS Remediation System. Sequenced filter housings with varying filters removed the suspended solids, oils, fuels, and PFAS.

These steps are key to waste reduction and extending the lifetime of the final polishing media. Ultimately, Performer™ media was used to produce a compliant discharge and to prevent future liability.

MYCELX Performance Summary



	PFBS	PFBA	PFPeS	PFPeA	PFHxS	PFHxA	PFHpS	PFHpA	PFOS	PFOA	PFNA	PFDS	PFDA	FTS 6:2	FTS 8:2	PFOSA
Inlet (ng/L)	44	46	46	61	540	430	59	34	3800	100	13	10	20	160	120	20
Outlet (ng/L)	0.4	0.0	0.0	0.0	3.3	5.1	0.0	0.4	3.0	0.7	0.0	0.0	0.0	1.0	0.0	0.0
PFAS Removal Efficiency (%)	**99%**	**100%**	**100%**	**100%**	**99%**	**99%**	**100%**	**99%**	**100%**	**99%**	**100%**	**100%**	**100%**	**99%**	**100%**	**100%**

*** Outlet of 0.0 Indicates Non-Detect**

The Results

After 16 months of operation the system had treated twice the initially proposed volume of combined stormwater and wastewater while staying under the maintenance budget. In this time of operation, only one-half pallet of dry filters had been generated as waste. This waste can be disposed of by landfill or incineration as per local guidance and regulation, at the time and volume of the operator's choosing. No liquid waste, sludge, or bulk media waste had been generated for disposal.

All precursors and analytes had been removed to well below regulatory levels, exceeding low level compliance for Safe Environmental Discharge. Total Petroleum Hydrocarbons were also reduced to 1 mg/L or less with no sheen. The small footprint and low power consumption (a single 1.5kW pump) contributed to very low operating costs and manpower requirements.

Our Core Markets continued

Produced Water Treatment

Proven, patented equipment and media transforming produced water treatment for recycle and beneficial reuse purposes

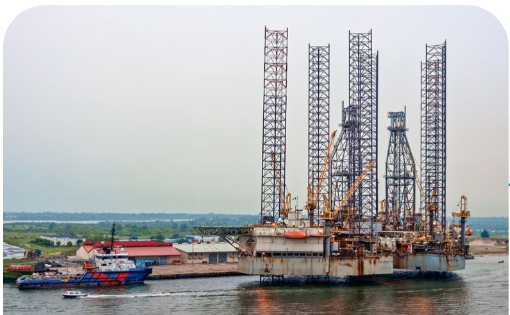
Application →	Impact →

EOR Market

- Oil & Gas producers are increasingly using EOR production methods as reservoirs age
- Some EOR techniques consume 30–50% more water that is scarce
- However, EOR produced water is harder to treat which means current treatment systems are often inefficient or ineffective
- Existing production infrastructure can be upgraded with MYCELX's proprietary Retro-fit package
- Retro-fit can increase production by 20–30%
- Polymer used in EOR production remains in the produced water which can be reinjected saving polymer costs

Onshore Recycle and Reuse

- Oil & Gas producers are focused on increasing beneficial reuse of water from production activity for crop irrigation and recycle onsite saving fresh water
- MYCELX completed a successful trial in the U.S. with a global producer that proved the ability to remove oil from the produced water to sales oil quality and treat the water to recycle into their processes
- Recovering the oil from the water results in a continuous revenue stream for the producer



Offshore Regulatory Discharge

- REGEN enables producers to discharge into shallow waters in compliance with regulations
- Where water cuts are high, inability to handle produced water is impacting production
- MYCELX has installations in the Gulf of America and Nigeria that deploy REGEN or Polisher to enable the producer to safely discharge water overboard to regulatory specifications
- MYCELX Polishing Filters clean water on two GoA platforms ensuring compliance with strict overboard discharge regulations

Combined Produced Water market opportunities of

$300m/year

REGEN Advantage → Targeting Lucrative Markets: REGEN

- Proven to treat EOR produced water to enable it to be reused which saves water
- Can increase throughput by 30%
- Patented Retro-fit package enables use of existing equipment negating the need for the producer to invest in new equipment and infrastructure
- Sales to major Middle East producer and Nigerian NOC

EOR Market

- Secured long-term REGEN EOR projects with leading NOCs
- As fields mature, move to EOR techniques will increase and existing infrastructure will not be fit for purpose
- Current focus is on EOR producers in Middle East and North America
- Targeting $100m p.a. of potential sales

Current Estimated Target Market: $100m/year

- Two successful trials with major U.S. producers
- Superior removal capability of REGEN (>95% O&G @ 5micron)
- Key Players: Chevron, ExxonMobil, OXY, Mid-tier producers and service providers for Beneficial Reuse

Onshore Recycle and Reuse

- Total Produced Water from U.S. operations: 21bn barrels p.a.
- California's salinity is the most amenable for beneficial reuse and accounts for 3.1bn bbls a year
- Around 72% of Californian Produced Water is suitable for reuse for EOR or Irrigation
- Permian Basin producers are under pressure to find a better system to get to Beneficial Reuse which MYCELX can provide
- Targeting $150m p.a. via channel partners

Current Estimated Target Market: $150m/year

- Fourth sale to NOC producer to meet overboard discharge regulation
- No additional chemicals required; less cost
- Low power requirements and small footprint

Regulatory discharge overboard

- NUPRU approval for shallow water discharge in Nigeria creates significant water treatment opportunities
- Building on three existing installations to expand footprint
- Currently targeting market of $50m p.a.

Current Estimated Target Market: $50m/year

Produced Water – Maximising Oil Recovery Case Study

A MYCELX system isn't just a technical solution but a strategic lever for profit

Customer Challenge

A major Permian Basin operator struggled with:

Mature Reservoirs: 90% water cuts with emulsified oils

Influent Volatility: Average OIW concentrations of 5,885 ppm ranging as high as 80,000 ppm and as low as 48 ppm

Unrecovered Oil: Gun Barrel effluent leaving up to 2000 ppm or 140 bbl/day oil unrecovered and an average of 427 ppm or 31 bbl/day unrecovered

The operator needed a solution that could handle extreme influent variability and reclaim marketable oil — without adding significant footprint or operational complexity.

OIW Hexane Extraction Sample Left to Right: Inlet (37,868 ppm), MAC Outlet (184 ppm), REGEN Outlet (2 ppm)

The MYCELX Solution

The MYCELX Advanced Coalescer ('MAC') is a fully flooded, pressurized oil-water separation system that employs patented flow paths and coalescing internals to quickly merge small droplets into larger, buoyant clusters. Tested and confirmed performance abilities include:

98% Oil Recovery reducing OIW concentrations from an average inlet of 5,885 ppm to 114 ppm. Polished to 99.8% oil recovery or 11.6 ppm when paired with the Regenerative Media Filter (REGEN)

Pipeline-Quality Recovered Oil skims off oil with <2% BS&W, enabling immediate transfer to sales lines

23 bbl/day Oil Recovery Advantage over Gun Barrel Tanks or 8300 bbl/year

MYCELX MAC and REGEN system onsite in Permian Basin

MAC vs Gun Barrel Comparative Analysis

60kBBPD Process Flow	Gun Barrel	MAC	MYCELX Advantage
Residence Time (min)	192	7	**27 X Faster**
Footprint (ft^3)	315000	8910	**35 X smaller footprint**
Recovered Oil (bbl/day)	397	420	**23 bbl/day advantage**
Air Emissions	Yes	No	**0 Emissions**
OPEX	High	Low	**No pump, chemistry, fully automated**

Comparative Conclusion: More efficient, superior performance, better value

Economics: From Parts Per Million to Millions $ Saved

At $60/bbl and 60kbbpd process flow the MAC's 98% oil recovery and 114 ppm OIW outlet concentrations equal $9.2 million/annually in recovered oil. With the MYCELX system operators can flip a disposal liability into a multi-million-dollar revenue stream.

The Results: Outperforming the Competition

The customers' data proves the MYCELX Advanced Coalescer ('MAC') can dramatically outperform legacy equipment and achieve cashflow through consistent and reliable oil recovery despite influent variation. MYCELX system isn't just a technical solution but a strategic lever for operators to transform produced water filtration into a profit generator.

Chief Executive Officer's Statement

2024 was an important year in the evolution of our Company

"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 investing in 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 ensure 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. Garnering 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.

Connie Mixon
Chief Executive
9 May 2025

Our Technology and Approach

MYCELX solutions are tackling some of the most demanding water treatment problems in the industry

The MYCELX polymer that we developed and subsequently patented has unique properties not found in other polymers. These properties enable our water treatment solutions to perform more effectively in removing contaminants from difficult water streams with less waste generation and in a smaller footprint.

1

Revolutionary Patented Polymer Technology

The MYCELX polymer is the backbone technology that supports numerous critical water treatment applications worldwide and is protected by 70 global patents. It is infused into purpose-built back-washable media, specialised media, and standard filters.

2

Patented MAC and Retro-fit Package

Our primary treatment stage, MYCELX Advanced Coalescer ('MAC'), is capable of handling in excess of 35,000 ppm oil-in-water levels and discharging at <184 ppm. When paired with our second stage REGEN unit, the oil-in-water discharge is as low as 5 ppm. Our proprietary tertiary polishing media is housed in standardised equipment to remove the most difficult contaminants in industrial water streams such as offshore oil production.

The Company benefits from possessing a complete portfolio of patented solutions, Primary separation – MAC, Second stage – REGEN, and Tertiary stage – Polishing filtration options, that cater to onshore and offshore production requirements.

An important step forward for MYCELX was the development of the MYCELX Advanced Coalescer ('MAC'), which replaced older separation equipment. The MAC IP, acquired in 2022, enables operators to efficiently recover oil from water, so the producer is able to sell the recovered oil, making a MAC a revenue generating asset. Our REGEN Retro-fit patent allows us to modify existing equipment to accept REGEN media, negating the need to purchase new vessels or modify infrastructure to deploy REGEN media.

This core technology has been coupled with other MYCELX proprietary technology to expand the scope of applications available to us. Our polymer technology is based on molecular cohesion to remove hydrocarbons and PFAS chemicals from water to customer and regulatory specifications.

The processed, clean water can be recycled or reused at site, treated for beneficial reuse such as crop irrigation, or discharged back to the original water source with no environmental impact.

By removing contamination at the molecular level, MYCELX solutions have advantages over conventional physical separation methods in terms of performance, cost and footprint required.

MYCELX technology can achieve hydrocarbon removal to less than 1 ppm if required or be tailored for specific discharge levels and contaminant removal as well as operational run time.

Its PFAS solution deploys the MYCELX polymer in concert with a specialised media to achieve full removal of all PFAS contaminants to non-detectable levels.

3

Engineered Solutions based on Extensive Water Expertise

Our engineers design tailor-made systems which meet our customers' requirements in terms of overall economics, frequency of media changeouts and whether they wish us to handle maintenance of the installation. We provide containerized or mobile PFAS remediation systems and deploy the appropriate MYCELX media depending on the application and contaminates to be removed.

4

Enhanced Customer Performance

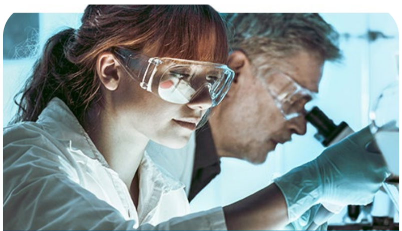
The end result is hydrocarbon or PFAS-free water without the use of chemicals or emissions. MYCELX systems allow our clients to consistently meet or exceed their discharge requirements and regulations, realise cost savings, improve production uptime and support sustainable operations.

Our Business Model

We deploy our key assets to generate revenue on a recurring basis providing unique advantages not found in competing equipment or technology

Our key assets → **How we make money** → **...Our competitive advantages** →

Technology and IP



In-house Expertise

Fixed Assets

Reputation & Relationships

Recurring Media

Our projects deploy equipment that houses our patented media which must be changed out once it is exhausted.

Engineering Design

We engineer and sell our systems to leverage our patented media, MAC and Retro-fit package technologies to meet or exceed the client's specific contamination removal needs.

Capital Sales

Ongoing equipment and Retro-fit sales that deploy our proprietary media.

Rental

Leases with support services on an intermittent basis.

Patented Technology

Best-in-class Performance and Competitive Pricing

Smaller Footprint

Experts in Technology Implementation for Advanced Water Treatment Solutions

Strong Reputation and After-Sales Support

Problem-Solving Attitude and Continuous Improvement Approach

Strong R&D Capability

We are driven to improve the environment through science and technology, and create long-term value for our stakeholders

Driven by our clear purpose & values → **...Value we create for all stakeholders**

Our Purpose

To reduce the environmental impact of industry and improve sustainability through science and our unique technology.

Our Vision

MYCELX aims to be the new standard in clean water treatment.

Our Aims and Values

- Safety
- Protect the Environment
- Cost-Effective Solutions
- Performance Optimisation
- Value Creation for Shareholders

Clients

Provide environmentally beneficial water treatment that ensures the client meets their sustainability goals. Consistent superior performance lifts the performance and lowers maintenance and repair costs. A better understanding of the water characteristics allows them to manage their water challenges more cost-effectively.

Shareholders

Our robust business model has enabled MYCELX to grow into a company with a strong reputation and industry traction. As broad adoption is achieved, it will be possible to unlock further potential value for all stakeholders.

Local Communities

Benefit from the improved environmental standards, and MYCELX's full support for local content initiatives in terms of employment and supply chain creation/ local manufacture.

Employees

We are committed to develop and train our people and to keep them safe and healthy. As and when further business growth is achieved, additional opportunities will become available for our employees.

Environment

Our smart solutions mean that clients can meet stricter environmental regulations cost-effectively – improving overall adherence and protection.

Our Strategy

A Strategy Focused on Growth

Strategic partnerships are key to accelerating and growing our footprint in PFAS remediation and Produced Water treatment.

MYCELX has developed a range of key applications across its two core markets and has pursued a focused strategy to gain widespread adoption by first proving technical superiority, usually through in-field trials, then gaining industry acceptance with installations or awards and finally leveraging those installations into partnerships to scale faster.

Our strategic relationships are built on our ability to fill technology and performance gaps of existing or new build projects, lowering their costs and the environmental impact of operations.

Pathway to Value:

1. PFAS Opportunities

Building momentum by addressing Landfill Leachate, Industrial Wastewater, AFFF, and Municipal Drinking Water Markets

PFAS Application Identified

- MYCELX team approached about treatment of PFAS by Australian partner that had opportunities at HMS Stirling and Supermajor in Australia

Strategic Partner

- Secured a lease-to-own project with leading Waste Management company
- Successful AFFF project at a refinery
- Working with strategic partner to open industrial applications using PFAS-FLEX mobile systems
- Chosen to participate in large municipal wastewater treatment trial in 2025

Forthcoming Goals

- Secure Channel Partners and recognised as the best complete solution for PFAS removal

2022

- Q3 hired experienced PFAS Business Development Director
- Focused on data collection and strategic partners
- Successful trial with National Residential Water Treatment Company

2023

- Landfill leachate trial (ongoing)
- NSF certification
- TCLP verification
- Multiple discussions with Strategic Partners in all vertical markets

2024

- Hired a seasoned PFAS expert to work with PFAS Business Director
- Continuation of landfill leachate trial
- Successful AFFF trial for global engineering company

2025

- Expand footprint and entry into all target markets
- Engage national distribution network
- Complete landfill leachate trial with data to use for client pursuit
- Complete wastewater trial collecting valuable data

The Company is currently working with global strategic partners in the Produced Water market and is engaged with several global engineering and water treatment companies in the PFAS market.

Our key markets are well suited for strategic partnerships and to sell direct.

Both markets are large with volumes of water to treat that require advanced, effective technology. In the case of the PFAS remediation market, water treatment in many applications will go on for years, making it a major focus of the Company. In EOR oil production using REGEN, better water management creates water savings in some of the most water-starved regions of the world. In the U.S., the global integrated oil companies are working on beneficial reuse of produced water which can also provide water in areas where water is scarce. Leveraging our technology with our relationships gives the Company opportunities to build strategic partners and be a part of their global sales and marketing platforms.

2. Produced Water Opportunities

REGEN Applications identified

- Recycle and reuse of produced water in the U.S. Oil recover from produced water for sales oil revenue
- Potential to replace Nutshell Filters in various applications:
  - EOR primarily in the Middle East
  - 5 ppm discharge
  - Beneficial Reuse in U.S. Permian Basin

Secure Channel / Strategic Partner

- Channel partners for cEOR secured
- For Beneficial Reuse – Chevron and other global integrated oil companies
- Two projects delivered in Nigeria with several proposals outstanding

Recognised as Best Available Technology

- Project award by NOC $5.4m
- Two successful trials in U.S. for beneficial reuse

Momentum in U.S. and Middle East

- Installed first REGEN retrofit package
- Awarded second REGEN installation at a Middle East Producer
- Completed REGEN pilot trial with Canadian EOR Producer
- Successful trial with a global producer proving the MAC and REGEN combination can result in 2 ppm discharge and recovery of high-quality oil that can be sold as a continuous revenue stream

2014

Success in the field

- Successful trial installations at leading NOC companies in Middle East, Canada and U.S.

2017-19

System Optimised

- Engineering design improvements to make the REGEN system more efficient in terms of flow rate and lower backwash generation
- Retro-fit package for existing vessels designed and engineered
- Patented MYCELX Coalescer engineered into systems

2023

- Patent pending Retro-fit package designed in 2021, sold to NOC for delivery 2024 and expect more Retro-fits in the future

2024-25

- Capturing the EOR market in the Middle East and Produced Water market onshore and offshore in the U.S. and Nigeria

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.

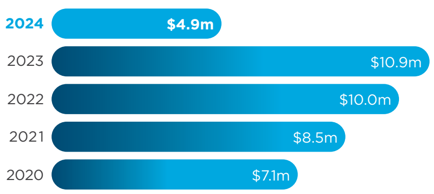
The Company ended the period with $1.3 million of cash and cash equivalents, including restricted cash, compared to $433,000 in total at 31 December 2023. The Company used approximately $2.2 million of cash in operations in 2024 (FY23: $1.1 million used in operations). Due to proceeds from the sale of 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.

Kimberly Slayton
Chief Financial Officer
9 May 2025

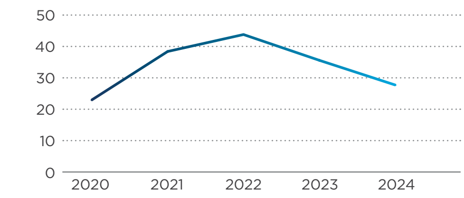
Goals & Key Performance Indicators

Revenue ($m)



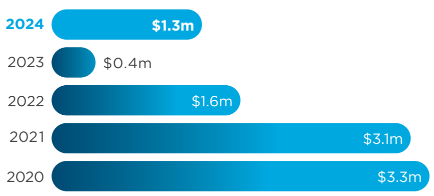
Revenue was impacted by the sale of the Saudi Arabia business.

Gross Margin (%)



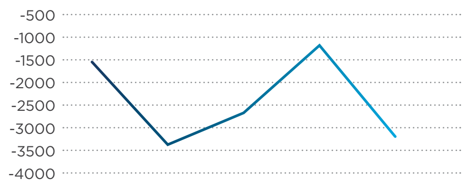
Gross margin decreased due to ancillary services provided in Saudi Arabia prior to the sale of the Saudi Arabia business.

Cash and Cash Equivalents ($m)



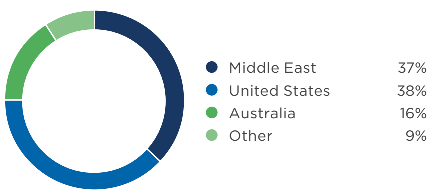
The Company continues to preserve the cash position whilst supporting revenue-generating growth activities.

Cash Flow from Operations (US $000)



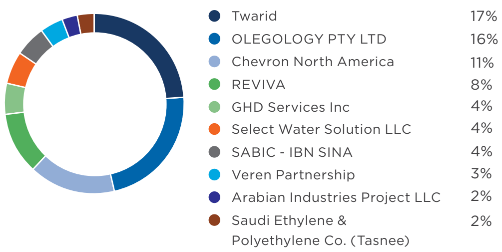
The Company continued to manage costs while also investing in strategic market initiatives.

Geographical Diversity



The geographical split of revenue reflects the sale of the Saudi Arabia business and market conditions as well as successful Company business development efforts to grow footprints in other geographies.

Client Diversity



Currently top 10 customers make up 71% of Company revenue. These large customers are industry leaders.

Principal Risks and Uncertainties

Risk	Additional Funds	Retaining Key Personnel	Existing Products and Service Optimisation	Reliance on Certain Key Manufacturers
Description	Should the Company require additional funds in order to carry out its strategy, there can be no assurance that the Company will be able to raise such additional capital on favourable terms or at all.	The contribution of the existing Executive Directors, senior management team members and certain key employees to the immediate and near-term operations of the Company is likely to be of central importance to the Company's future success and growth.	The future success of the Company will depend on its ability to enhance its existing products and services, address the increasingly sophisticated and diverse needs of its customers and respond to technological advances and emerging industry and regulatory standards and practices on a cost-effective and timely basis, specifically including further development of the REGEN market for which the Company holds significant inventory as disclosed in the financial statements.	The Company relies on certain key manufacturers for the fabrication of the Company's equipment in accordance with the specifications of the Company's customers.
Mitigation	Following the sale of the Company's Saudi Arabia business operations and the capital raise in 2024, the Company has adequate cash to meet current working capital needs.	The Company continuously monitors and reviews compensation and benefits offered to its employees. The Company desires to have competitive remuneration and benefit plans in place to reward and retain key individuals.	The Company seeks and acts upon feedback from its customers and potential customers through various means including professional societies, industry conferences, trade shows and direct queries. The Company is continuously developing intellectual property to commercialise new products.	To attempt to manage this risk, the Company has expanded the number of manufacturers it uses that are capable of conducting manufacture on similar terms. However, any disruption in the Company's relationship with a manufacturer could affect pending orders placed with that manufacturer and result in transition costs and delays.

Competitive Market	Customer Diversification	Oil & Gas Industry Cycles	Geopolitical Risk
The Company operates in a competitive market and it can be expected that the competition will continue and/or increase in the future both from established competitors and from new entrants to the market. The Company's competitors include companies with greater financial, technical and other resources than the Company.	The Company receives a significant portion of its revenue from several large customers.	Historically, the oil and gas industry has been subject to 'boom-and-bust' cycles. Recession-induced downturns can affect the development of various oil and gas projects, particularly high-cost projects such as those relating to oil sands, deepwater offshore and liquefied natural gas. High-cost oil projects like deepwater offshore and oil sands typically depend on high oil prices. The market price of oil is affected by numerous factors which are beyond the Company's control. Should oil prices fall and remain low for a prolonged period for any reason, high-cost oil projects may be scaled down, deferred or cancelled.	Historically, oil supply is subject to periodic disruption due to political unrest or insurrection, sabotage or terrorism, nationalist policies, accident or embargo. These events generally prove to be transient; however, they can cause material reductions in production and are often difficult or impossible to predict. A disruption in oil supply can cause significant fluctuations in oil prices which, in turn, could have a material adverse effect on the Company's business.
The Company is pursuing a growth strategy to continuously increase its financial and technical resources. The growth strategy includes partnering with companies with complementary technologies to expand scope and leverage relationships to garner more business.	The Company is pursuing a growth strategy that will diversify its customer base.	The Company's primary customers are located in the lowest quadrants of their respective industry curves, which provides them with some insulation against oil and related feedstock price declines. Furthermore, the Company is continuously developing intellectual property to commercialise new products for other industry sectors to broaden its client and market base.	Although the Company has significant revenue from the oil and gas industry, it is focused on growing other market segments and is continuously developing intellectual property to commercialise new products.

Board of Directors

Tom Lamb

Non-Executive Chairman

Committee Membership

Appointed

2019

Background & Experience

Mr. Lamb joined the MYCELX Board in July 2019 as a Non-Executive Director, and is currently Company Chairman, Chairman of the Nomination Committee and a member of the Audit and Compensation Committees. He was appointed Non-Executive Chairman by the Board in July 2021. Mr. Lamb has a wealth of strategic and operating expertise in the industrial and technology sectors, having spent over 30 years driving organic growth and leading businesses in multiple international settings. He has served in several executive leadership roles in public and private companies and his previous experience includes Chairman and CEO of Agilex Flavors and Fragrances, President and CEO of C.P. Kelco/ J.M. Huber Corporation and Executive VP of Lexmark International. Mr. Lamb has also served on the boards of several for-profit companies in chemical, technology and healthcare spaces. Mr. Lamb received an MBA from the Stanford Graduate School of Business and a BA in Economics from Union College in Schenectady, New York.

Current Appointments

Mr. Lamb serves on a number of corporate and not-for-profit boards.

Connie Mixon

Chief Executive Officer and Director

Committee Membership

Appointed

2004

Background & Experience

Ms. Mixon joined MYCELX in 2004 and was responsible for rapidly developing the commercial and financial infrastructure to provide MYCELX products to a global customer base. In 2011, Ms. Mixon led the Company's Initial Public Offering on the AIM market of the London Stock Exchange and the subsequent expansion of MYCELX into the Middle East Downstream O&G market, its core business for over a decade. Prior to joining MYCELX in 2004, she was a Director for Global Markets for Deutsche Bank. Her career with investment banks included pioneering Deutsche Bank's institutional presence in the southern region of the United States. Before her tenure at Deutsche Bank, Ms. Mixon was Vice President at Donaldson, Lufkin & Jenrette. Ms. Mixon holds an MBA from the Goizueta Business School Emory University and a BA in politics from Wake Forest University.

Current Appointments

None.

Committee Membership key

Audit Committee · Nomination and Governance Committee · Compensation Committee · Executive Committee

Haluk (Hal) Alper

President, Chief Science Officer and Director

Committee Membership

Appointed

1994

Background & Experience

Mr. Alper co-founded the Company with John Mansfield Sr. in 1994. An inventor of chemistries and chemical processes, he has authored and been granted numerous patents in the areas of electrochemistry, polymer chemistry, and environmental technologies, including approximately 70 for MYCELX oil removal chemistry and related applications.

A published author with over 50 scientific and technical papers to his credit, Mr. Alper is a member of numerous professional societies, including NYAS (New York Academy of Sciences), AAAS (American Association for the Advancement of Science), ASNE (American Society of Naval Engineers), SNAME (Society of Naval Architects and Marine Engineers), NDIA (National Defense Industrial Association), AFS (American Filtration and Separations Society), ACS (American Chemical Society) and AICHE (American Institute of Chemical Engineers).

Current Appointments

Mr. Alper is a recipient of the 2005 Ronald Reagan Gold Medal from the National Republican Congressional Committee ('NRCC') for Technological Innovation, is on the Editorial Board of Filtration News Magazine and also serves on the Technical Advisory Board of Environmental Protection Magazine.

André Schnabl

Non-Executive Director

Committee Membership

Appointed

2019

Background & Experience

Mr. Schnabl joined the MYCELX Board as a Non-Executive Director and Senior Independent Director, and as Chairman of the Audit Committee and a member of the Compensation and Nomination Committees in January 2019. Mr. Schnabl was appointed Chair of the Compensation Committee in place of Mr. Lamb in December 2022. Mr. Schnabl is the managing principal of Tenor ESOP Partners LLC, a boutique corporate finance firm focused on advising companies and shareholders in analysing, structuring and financing employee ownership through stock ownership plans. Prior to Tenor, Mr. Schnabl was the managing partner of the Atlanta office of Grant Thornton LLP, from which he retired in 2012. He joined Grant Thornton in Zimbabwe and also spent time in the firm's Montreal office before moving to the Atlanta office. Mr. Schnabl holds a Bachelor degree in Chemistry and Geology from the University of London and is a CPA.

Current Appointments

Mr. Schnabl serves on a number of corporate and not-for-profit boards.

Corporate Governance Statement

The Directors recognise the value and importance of high standards of corporate governance. The Company is incorporated in the State of Georgia, United States, and is governed by and complies with the Georgia Business Corporation Code ('GBCC'). There are a number of differences between the corporate structure of the Company and that of a public limited company incorporated in England under the Companies Act 2006. Whilst the Directors consider that it is appropriate to retain the majority of the usual features of a U.S. corporation, they intend to take certain actions to meet U.K. standard practice adopted by companies incorporated under English law and admitted to AIM.

The Company is committed to high standards of corporate governance and draws upon best practice available. Further to AIM Rule 26, the Board has determined to follow the QCA Code, published by the Quoted Companies Alliance and revised in 2023, which sets out a minimum best practice standard for small and mid-size quoted companies, particularly AIM companies. The following information is provided to describe how the Company applies the principles of that code and explain any departures from the specific provisions of that code. This review was originally carried out as at 21 September 2018, and updated on 9 May 2025.

The QCA's Ten Principles of Corporate Governance

The ten principles of corporate governance set out in the QCA Code and applied by the Company are as follows:

Deliver Growth

1. Establish a purpose, strategy and business model which promotes long-term value for shareholders

MYCELX's business model and strategy can be found on pages 18 to 21 of this Annual Report.

2. Promote a corporate culture that is based on ethical values and behaviours

3. Seek to understand and meet shareholder needs and expectations

At the Company's Annual Meeting, usually held in London, the Chairman and Chief Executive Officer are available before and after the meeting for further discussions with shareholders. A meeting with U.S. shareholders is also held annually. The Chief Executive Officer meets with institutional investors on various occasions during the year, primarily following the Company's Annual Results and Interim Results announcements. A number of such meetings took place in 2024 by way of video conference.

Further information on the 2025 Annual Meeting, which is scheduled to be held on 23 September 2025, will be set out in the Notice of 2025 Annual Meeting, which will be sent to shareholders prior to the meeting and will be available on the Company's website.

Copies of the Annual Report and Financial Statements are issued to all shareholders and copies are available on the Company's website. The Company also uses its website to provide information to shareholders and other interested parties, subject to applicable restrictions of United States securities laws. The Chief Financial Officer and Secretary also deal with shareholder correspondence as and when it arises, and may be contacted through the address on the Company's website.

4. Take into account wider stakeholder interests, including social and environmental responsibilities, and their implications for long-term success

Our business model which identifies the key resources and relationships on which the business relies can be found on pages 18 and 19 of this Annual Report.

5. Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation

The Company continues to face and address a number of risks and uncertainties, some of which are set out on pages 24 and 25 of this Annual Report.

The Board is ultimately responsible for the Company's system of internal control and reviewing its effectiveness on an ongoing basis. The system is designed to manage rather than eliminate the risk of failure to achieve the Company's strategic objectives and cannot provide absolute assurance against material misstatement or loss. The key risk management processes and internal control procedures include the following:

- The involvement of the Executive Directors in day-to-day operations.
- Clearly defined responsibilities and limits of authority.
- A system of financial reporting, forecasting and budgeting. Budgets are prepared annually for the business based upon a multi-year strategic plan narrowed to a current year tactical plan to take advantage of current opportunities and address near-term risks. Reviews occur through the management structure culminating in a Company budget which is considered and approved by the Board. Company management accounts are prepared monthly and submitted to the Board for review. Variances from budget and prior year are monitored and the reasons for significant variances are reviewed.
- An ongoing process for identifying, evaluating and seeking to manage significant risks across the Company.

Maintain a Dynamic Management Framework

6. Establish and maintain the Board as a well-functioning, balanced team led by the Chair

The Board of the Company consists of two Non-Executive Directors with relevant experience to complement the two Executive Directors and to provide an independent view to the Executive Directors. The Non-Executive Directors are Tom Lamb (Chairman) and André Schnabl. The two Executive Directors are Connie Mixon (Chief Executive Officer) and Haluk Alper (President and Chief Science Officer).

Kimberly Slayton was appointed Chief Financial Officer on 16 March 2016, but is not a member of the Board of Directors.

Of the two Non-Executive Directors, Tom Lamb, who was appointed as a Director on 29 July 2019, was regarded as independent on appointment. Following his appointment as Chairman on 7 July 2021, the test of independence is not appropriate. André Schnabl, who was appointed as a Director on 1 January 2019, is regarded as independent and was appointed as Senior Independent Director on 1 January 2019.

The Company continues to have two independent Non-Executive Directors as required under the QCA Code. A high-level profile of a prospective additional Non-Executive Director has been completed, and the Board will consider adding a third Non-Executive Director in due course.

7. Maintain appropriate governance structures and ensure that, individually and collectively, Directors have the necessary up-to-date experience, skills and capabilities

The Board believes that, as a whole, it contains the necessary mix of experience, skills, personal qualities (including gender balance) and capabilities to deliver the strategy of the Company for the benefit of the shareholders over the medium to long term. Full details of the Directors are set out on pages 26 and 27.

Internal Advisory Responsibilities

The Company is incorporated in the State of Georgia, United States, and the role of Company Secretary is carried out by the U.S.-based Chief Financial Officer. An experienced qualified U.K.-based individual performs the role of Assistant Secretary, and provides a sounding board for the Board on U.K. regulatory issues. In addition, the Company relies on its external U.S. and U.K. advisers to provide additional advice when required, and to ensure the Directors are fully aware of their responsibilities as Directors of an AIM company.

There is a process for ensuring that any new Director receives advice, including from the Company's nominated adviser and external lawyers where appropriate, on his/her responsibilities as a Director of an AIM company, and the Board would ensure that any new appointee would benefit from a full induction programme.

Corporate Governance Statement continued

8. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Company has conducted an internal evaluation of the Board and its Committees, and their performance, annually since Admission to AIM in August 2011. Further information on the process used can be found below under QCA Principle 9 – Nomination and Governance Committee.

Succession planning at Board and Committee level, and of senior management, is formally reviewed on an annual basis. In addition, all Directors who wish to stand are subject to re-election at the Annual Meeting, and due consideration is given by the Nomination Committee as to whether individual Directors are recommended for re-election.

The Company regularly reviews the ongoing training requirements of Directors as part of the annual Board evaluation process, and Directors are encouraged to attend relevant training courses.

The Board ensures that the Company has the means to determine that ethical values and behaviours are recognised and respected through the adoption of appropriate policies, including a Code of Ethics and Business Conduct, a Whistle-blower Policy, and a Policy on Equal Employment Opportunities.

In addition, in response to the Market Abuse Regulations ('MAR') which came into force on 3 July 2016, and which apply to AIM companies, the Company has adopted a Share Dealing Policy and Dealing Code which apply to all Directors and employees of the Company.

The Board met formally six times in 2024. All of the Board meetings were attended by all of the Board members.

The Board has adopted policies in relation to a Schedule of Matters Reserved for Board Decision and the Separation of the Roles of Chairman and Chief Executive Officer, copies of which are available on the Company's website.

9. Establish a remuneration policy which is supportive of long-term value creation and the Company's purpose, strategy and culture

The Company's Remuneration Report for the year ended 31 December 2024 is set out on pages 37 to 39. It includes details of Remuneration Policy, Directors' remuneration, interests in the Common Shares of the Company and share options.

Board Committees

The Company has established an Audit Committee, a Compensation Committee, a Nomination and Governance Committee and an Executive Committee. The minutes of the committees are circulated to the Board, and the committee chairs also report to the Board on the outcome of committee meetings at the subsequent Board meeting. All of the committees annually review and re-adopt their terms of reference. The committees have the following roles:

Audit Committee

The members of the Audit Committee are André Schnabl (Chairman) and Tom Lamb. Meetings are held not less than three times a year, and take into account the work programme set out in the Audit Committee Guide published by the QCA. André Schnabl served as Chairman of the Audit Committee during the year ended 31 December 2024.

The role of the Committee is set out in its Terms of Reference which are available on the Company's website.

The Audit Committee met formally three times in 2024. The Committee meetings were attended by both Committee members. Further information on the work of the Audit Committee can be found on pages 34 to 35.

Compensation Committee

The members of the Compensation Committee are André Schnabl (Chairman) and Tom Lamb. Mr. Schnabl was appointed Chair of the Compensation Committee in place of Mr. Lamb in December 2022. The primary duty of the Committee is to determine and agree with the Board the framework or broad policy for the remuneration of the Company's Executive Directors, the officers and such other members of the executive management as it is designated to consider. The remuneration of the Non-Executive Directors is a matter for the Chairman and the Company's Executive Directors. No Director or officer may be involved in any decisions as to their own remuneration.

The Compensation Committee met formally once in 2024. The Committee meetings were attended by both Committee members.

The Terms of Reference of the Compensation Committee are available on the Company's website. Further information on the work of the Compensation Committee can be found on pages 37 to 39.

Nomination and Governance Committee

The members of the Nomination and Governance Committee are Tom Lamb (Chairman) and André Schnabl. The Nomination and Governance Committee is responsible for identifying and nominating members of the Board, recommending Directors to be appointed to each Committee of the Board and the Chair of such Committees and overseeing the evaluation of the Board.

An internal evaluation of the Board and its Committees, and their performance, has been conducted annually since Admission to AIM in August 2011. The individual evaluation takes the form of interviews conducted by the Chairman with each Director. A performance evaluation of the Chairman is carried out by the Non-Executive Directors in conjunction with the Chief Executive Officer. Questionnaires covering the Board and each Committee are also completed by each relevant Director, and provide an opportunity to comment on Board and Committee procedures. The results of the 2024 evaluation were presented to the Board in January 2025, and any findings are followed up at subsequent Board meetings.

The Terms of Reference of the Nomination and Governance Committee are available on the Company's website. The Nomination and Governance Committee met formally twice in 2024. The Committee meetings were attended by both Committee members. Further information on the work of the Nomination Committee can be found on page 36.

Executive Committee

The members of the Executive Committee are Connie Mixon (Chair) and Tom Lamb. The Executive Committee has the power to perform all functions of the Board between meetings of the full Board, except as otherwise provided by the GBCC.

Build Trust

10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board ensures that the market is kept fully appraised of all material business developments through formal announcements. The Company announces the outcomes of all votes held at Annual Meetings.

Further information is shown under QCA Principle 2 above.

Kimberly Slayton
Chief Financial Officer and Secretary
9 May 2025

Directors' Report
for the year ended 31 December 2024

Principal Activities

MYCELX Technologies Corporation ('MYCELX' or the 'Company') is a clean water technology company, incorporated in the State of Georgia, United States, which provides novel water treatment solutions primarily to the PFAS remediation and produced water markets. MYCELX operates globally to deliver environmentally sustainable, low-cost solutions through sales of equipment and proprietary filtration media that can effectively treat PFAS-laden, produced, and downstream process water to the highest industry standards.

Future Developments

The Board aims to pursue its corporate strategies as detailed in the Strategic Report on pages 1 to 25.

Admission to AIM

MYCELX was admitted to trading on the AIM market of the London Stock Exchange on 4 August 2011, at which time 5,787,455 new Common Shares were placed to raise gross proceeds of approximately US$20 million.

On 9 December 2014, the Company received commitments under a U.S. private placement (the 'U.S. Placing') in accordance with Regulation D of the U.S. Securities Act of 1933, as amended, to subscribe for 468,773 Common Shares raising gross proceeds of approximately $1.1 million at a price of US$2.35 (150 pence) per new share.

On 10 December 2014, the Company completed a U.K. Placing of 4,826,296 new Common Shares of US$0.025 per value each with U.K. institutional investors at a price of US$2.35 (150 pence) per new share raising gross proceeds of approximately $10.7 million. On 5 January 2015, the Company completed the final closing of the U.S. Placing and issued 78,977 Common Shares at a price of US$2.35 (150 pence) per new share raising gross proceeds of approximately US$186,000. The Company incurred costs in the issuance of these shares of approximately $657,000.

On 27 February 2019, the Company completed the closing of a Placing of 577,246 Common Shares and a Subscription for 26,387 Common Shares, both at a price of 230 pence per new share, raising US$1.8 million before expenses. The Company incurred costs in the issuance of these shares of approximately $229,000.

On 21 March 2022, the Company completed the closing of a Placing of 3,539,273 Common Shares at a price of US$0.66 (50 pence) per new share raising gross proceeds of approximately $2.3 million before expenses. The Company incurred costs in the issuance of these shares of approximately $267,000.

On 4 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 Company incurred costs in the issuance of these shares of approximately $133,000.

Dividends

The Company has never declared or paid cash dividends on its capital stock and does not intend to in the foreseeable future.

Directors

The following Directors held office throughout the year ended 31 December 2024 and up to the date of signing the financial statements.

Tom Lamb (Chairman)
Haluk (Hal) Alper (President and Chief Science Officer)
Connie Mixon (Chief Executive Officer)
André Schnabl (Non-Executive Director and Senior Independent Director)

Kimberly Slayton was appointed as Chief Financial Officer and Secretary on 16 March 2016. Ms. Slayton reports to, but is not a member of, the Board of Directors.

Biographical details of the Directors are shown on pages 26 and 27.

Election of Directors

Directors are elected annually at the Company's Annual Meeting of Shareholders.

2025 Annual Meeting

Further information will be set out in the Notice of 2025 Annual Meeting which will be sent to Shareholders prior to the meeting. Any change concerning those arrangements will be announced through the London Stock Exchange, and published on the Company's website.

Directors' Remuneration and Interests

The Remuneration Report is set out on pages 37 to 39. It includes details of Directors' remuneration, interests in the Common Shares of the Company and share options.

Corporate Governance

The Board's Corporate Governance Statement is set out on pages 28 to 31.

Going Concern

Having considered the Company's funding position and financial projections, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and has prepared the financial statements on that basis. In assessing whether the going concern basis is appropriate, the Directors have considered the information contained in the financial statements, the latest business plan, revenue forecasts and the latest working capital forecasts. These forecasts have been subject to sensitivity tests and the Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. See Note 1 of the financial statements for further discussion.

Share Capital and Substantial Shareholdings

At 9 May 2025, a total of 24,363,814 Common Shares were outstanding. At 9 May 2025, the Company had received notification, or was otherwise aware, that the following are interested in more than three percent of the issued ordinary share capital:

Octopus Investments	27.39%
Connie Mixon	12.03%
Canaccord Genuity Wealth Management	10.33%
Hal Alper	5.01%
Hargreaves Lansdown Nominees	3.58%

Directors' Statement as to Disclosure of Information to Auditors

The Directors who served as members of the Board at 31 December 2024 have approved this report. Each of these Directors confirms that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is not aware; and
- Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent Auditors

During the year the Board engaged Deloitte & Touche LLP, who have indicated their willingness to continue in office. A resolution concerning their reappointment will be voted on at the Annual Meeting.

Directors Indemnity Insurance

All Directors benefit from qualifying third-party indemnity provisions in place during the financial year and at the date of this report.

By Order of the Board

Tom Lamb
Chairman
9 May 2025

Audit Committee Report
for the year ended 31 December 2024

Committee Members
The members of the Audit Committee are currently André Schnabl (Chair) and Tom Lamb. Meetings are normally held not less than three times a year and are based on the work programme set out in the Audit Committee Guide published by the QCA.

Roles and Responsibilities
Under its Terms of Reference, which can be found on the Company's website, the Audit Committee inter alia:

- monitors the integrity of the Company's financial statements, including its Annual and Interim Reports, preliminary announcements and any other formal statements relating to its financial performance, and reviews and reports to the Board on significant financial reporting issues and judgements which those statements contain;
- reviews the Company's internal financial controls that identify, assess, manage and monitor financial risks, and other internal control and risk management systems;
- reviews and making recommendations in relation to the adequacy and security of the Company's arrangements for its employees to raise concerns over compliance, whistleblowing and fraud; and
- makes recommendations to the Board in relation to the appointment, reappointment and removal of the Company's external auditor.

Committee Meetings
Meetings are attended by Committee members, and the Chairman, Chief Executive Officer, Chief Financial Officer and external auditors are invited as appropriate. The Committee normally meets at least once a year with the external auditors without the Executive Directors being present.

Both Committee members attended each of the three meetings held during the year ended 31 December 2024.

Financial Information
The Company prepares detailed budget and working capital projections, which are approved annually by the Board and are maintained and updated regularly throughout the year. Detailed management accounts and working capital cash flows are prepared on a monthly basis and compared to budgets and projections to identify any significant variances.

Financial Statements
The Audit Committee has considered the integrity of the Company's 2024 financial statements and reviewed the appropriateness of its critical accounting policies and the judgements made in applying them. The year-end financial statements were reviewed and discussed with Deloitte & Touche LLP, and the Committee concluded that in its view the statements were fair, balanced and understandable, and recommended their adoption to the Board.

Significant Areas
The significant reporting matters and judgements considered by the Committee during the year included:

- Going concern – see page 33, for consideration by the Board regarding going concern
- Valuation of assets (inventory)

Audit Review
The Audit Committee monitors the Group's relationship with the external auditor, Deloitte & Touche LLP, to ensure that external independence and objectivity has been maintained. The Committee has reviewed Deloitte & Touche LLP's audit process, the findings from the audit of the 2024 financial year, and the effectiveness of the external audit process. The Committee reviewed the quality and cost-effectiveness of the external audit, and the independence and objectivity of the auditors.

External Audit
Deloitte & Touche LLP have provided audit services to the Company since 2019.

The Audit Committee reviews annually the quality and cost-effectiveness of the external audit and the independence and objectivity of the external auditors. Audit performance is reviewed annually and audit partner rotation requirements are observed.

The Committee obtained confirmation from Deloitte & Touche LLP that their independence and ethics policies complied with the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and the rules and standards of the U.S. Securities and Exchange Commission and the Public Company Accounting Oversight Board, and that they are independent and maintain internal safeguards to ensure their objectivity. No contractual obligations exist that restrict the Company's choice of external auditor and the Committee is satisfied that the external auditor remains independent.

Non-Audit Services

The Committee has established policies determining the non-audit services that the external auditors can provide and the procedures required for approval of any such engagement, and on the engagement of any former employees of the auditors.

Deloitte & Touche LLP was engaged to perform the 2024 audit for fees of $195,000 (2023: $190,000) and was also engaged to perform tax work in Saudi Arabia in 2024.

Internal Audit

There is currently no formal internal audit function in place which the Audit Committee has concluded is appropriate given the size and complexity of the business and the mitigating controls in place. The Committee will continue to keep under review the need for the Group to introduce such a function.

Approved on behalf of the Audit Committee by:

André Schnabl
Chairman, Audit Committee
9 May 2025

Nomination Committee Report

for the year ended 31 December 2024

Committee Members

The members of the Nomination Committee are currently Tom Lamb (Chair) and André Schnabl (Senior Independent Director).

Committee Meetings

Meetings are normally held not less than twice a year and are attended by Committee members. The Chief Executive Officer may also be invited as appropriate.

Both Committee members attended the two meetings held during the year ended 31 December 2024.

Roles and Responsibilities

Under its Terms of Reference, which can be found on the Company's website, the Nomination Committee inter alia:

- reviews the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and makes recommendations to the Board with regard to any changes;
- gives full consideration to succession planning for Directors, officers and other senior executives, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future;
- keeps under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace;
- reviews the results of the Board performance evaluation process that relate to the composition of the Board;
- considers the reappointment of Non-Executive Directors at the conclusion of their specified term of office;
- approves the re-election by shareholders of Directors under the annual re-election provisions of the Company's byelaws;
- reviews annually the time required from Non-Executive Directors and officers; and
- considers Director independence under the Corporate Governance Code.

Diversity

As one of the duties of the Committee set out in its Terms of Reference (above), the Nomination Committee takes due recognition of the Company's commitment set out in its Equal Opportunities Policy which has been in place since Admission to AIM in August 2011:

"The Company provides equal employment opportunities to all employees and applicants without regard to race, colour, religious creed, gender, sexual orientation, gender identity, national origin, ancestry, citizenship status, pregnancy, childbirth, physical disability, mental disability, age, military status or status as a Vietnam-era or special disabled veteran, or marital status.

In addition, the Company complies with applicable U.S. state and local laws, as well as international regulations, governing non-discrimination in employment in every location in which the Company has facilities. This policy applies to all terms and conditions of employment, including, but not limited to, hiring, placement, promotion, termination, layoff, recall, transfer, leaves of absence, compensation and training."

Significant Areas

The significant matters considered by the Committee during the year included:

- Ongoing reviews of the current structure, size and composition of the Board, including gender balance
- Ongoing reviews of succession plans for Executive Directors and Senior Management positions
- The potential appointment of a third Independent Non-Executive Director

The Company continues to have two independent Non-Executive Directors as required under the QCA Code.

A high-level profile of a prospective additional Non-Executive Director has been completed, and the Board intends to engage in a search in due course.

Approved on behalf of the Nomination Committee by:

Tom Lamb
Chairman, Nomination Committee
9 May 2025

Directors' Remuneration Report
for the year ended 31 December 2024

As a U.S. incorporated AIM-listed Company, MYCELX is not required to comply with the following regulations: disclosure requirements of the Directors' Remuneration Report Regulations 2013; the UKLA Listing Rules; the disclosure provisions under schedule 8 to SI 2008/410 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. Consequently, certain disclosures contained in these regulations are not included below.

The following disclosures are therefore made on a voluntary basis. The information is unaudited.

Committee Meetings

Meetings are normally held not less than twice a year and are attended by Committee members. The Chief Executive Officer may also be invited as appropriate.

Both Committee members attended the one meeting held during the year ended 31 December 2024.

Remuneration Policy

The Company's remuneration policy is based on the following broad principles:

- to provide competitive remuneration packages to attract and retain quality individuals;
- to align the interests of management with the interests of shareholders; and
- to set the pay of the Executive Directors with due account taken of (i) pay and conditions throughout the Company and (ii) corporate governance best practice.

Remuneration Consists of the Following Elements:

Base Pay

Executive Directors' base pay is designed to reflect the role and responsibility of the individual within the Company. Salary levels are reviewed annually.

Annual Bonus

All Executive Directors and members of senior management participate in the Company's annual bonus scheme, which is based on the achievement of individual and Company performance targets. Annual bonuses are designed to incentivise performance and reward achievement in line with the agreed corporate strategy. Due to the continuing need for the Company to conserve its funds, no bonuses were paid in respect of 2024 to Executive Directors.

Long-term Incentives

The Compensation Committee considers that equity-based long-term incentive schemes are the most effective way to align the interests of participants and shareholders.

Service Contracts

Connie Mixon

Ms. Mixon entered into an employment agreement with the Company on 29 July 2011 to serve as its Chief Executive Officer and to serve on the Board of Directors and to serve as Chair of the Executive Committee. The employment agreement provides for, among other things: (i) salary of $325,000 and participation in the Executive Bonus Plan to be directed by the Compensation Committee; (ii) grant of 163,017 options to purchase Common Shares of the Company vesting ratably over a three-year period; and (iii) a two-year term (automatically renewing for successive one-year periods). The agreement may only be terminated by Ms. Mixon upon six months' notice or by the Company upon providing for one year's base salary as severance if she is terminated without cause or resigns for good reason. The agreement provides for customary non-solicitation, non-compete and non-disclosure restrictions.

An increase in Ms. Mixon's base salary to $400,000 was approved by the Compensation Committee with effect 1 January 2019. As part of a programme to reduce costs, Ms. Mixon agreed to a reduction of base salary during the period 1 April 2019 to 16 September 2024, when Ms. Mixon's base salary was restored to $400,000.

Hal Alper

Mr. Alper entered into an employment agreement with the Company on 29 July 2011 to serve as its President and Chief Science Officer and to serve on the Board of Directors. The employment agreement provides for, among other things: (i) salary of $225,000 and a technology incentive bonus between $75,000 and $150,000 per year; (ii) grant of 163,017 options to purchase Common Shares vesting ratably over a three-year period; (iii) a three-year term (automatically renewing for successive one-year periods) and no termination without cause by either party; and (iv) Company ownership of intellectual property developed by Mr. Alper: (a) until 4 August 2013; or (b) that relates to the Company's principal business or the mercury filtration technology, and a Company option to purchase any intellectual property developed by Mr. Alper that is developed after 4 August 2013 and does not relate to the principal business or the mercury filtration technology.

Directors' Remuneration Report continued

for the year ended 31 December 2024

The terms of purchase are that Mr. Alper will be entitled to receive three percent on gross sales of products relating to that intellectual property, six percent on license fees received by the Company for the license of such intellectual property and a non-refundable royalty equal to the amount of $100,000 for each new and distinct area of business covered by such intellectual property. The agreement provides for customary non-solicitation, non-compete and non-disclosure restrictions.

As part of a programme to reduce costs, the agreement with Mr. Alper was amended in September 2015 (i) to reduce Mr. Alper's base salary by 15 percent to $219,013 which was fixed for the period ending 15 September 2018; (ii) to replace the technology incentive bonus with an entitlement to a bonus in respect of each calendar year of employment as determined and administered by the Company's Compensation Committee; and (iii) to extend the term of the agreement for the three-year period ending 15 September 2018.

In September 2018, Mr. Alper's agreement was extended for another year and an increase in his base salary to $250,000 was approved by the Compensation Committee with effect 16 September 2018. As part of a programme to reduce costs, Mr. Alper agreed to a reduction of base salary during the period 1 April 2019 to 1 January 2021, when Mr. Alper's base salary was partially restored to $200,000.

Annual Re-election of Directors

All Directors are elected each year by the shareholders at the Annual Meeting, to serve until the next succeeding Annual Meeting and until their successors are elected and qualified, or until their earlier death, resignation or removal.

Directors' Remuneration

The Directors' Remuneration for 2024 was as follows:

	Salary and Directors' Fees $US	Benefits in Kind $US	Performance Related Bonus $US	**2024 Total $US**	2023 Total $US
Non-Executive Chairman					
Tom Lamb	$54,863	—	—	**$54,863**	$52,725
Executive					
Connie Mixon	$364,583	$15,570	—	**$380,153**	$369,825
Hal Alper	$200,000	$16,191	—	**$216,191**	$233,493
Non-Executive					
André Schnabl	$44,275	—	—	**$44,275**	$42,550

Benefits in kind include medical and life insurance.

The interests of the Directors at 9 May 2025 in the shares of the Company, not including interests of investment funds in respect of which the Director may have a managerial interest, and with respect to which such Director disclaims beneficial ownership, were:

	Number of Common Shares	Percentage of Issued Share Capital
Tom Lamb	374,011	1.54
Hal Alper	1,219,546	5.01
Connie Mixon(1)	2,931,576	12.03
André Schnabl	166,847	0.68

(1) The aggregate number of shares shown for Ms. Mixon includes: (a) 150,000 shares held by limited liability companies controlled by Ms Mixon; (b) 229,008 shares held by Ms. Mixon's spouse Joseph Willett; (c) 202,646 shares held by or on behalf of Ms. Mixon's children; and (d) 10,000 shares which are held by the estate of her late husband Mark Mixon (0.05 percent of the issued share capital) as a custodian.

Share Options

Options over Common Shares awarded to Directors under the Omnibus Performance Incentive Plan in place on 31 December 2024 were:

Option Holder	Type of Award	Date of Vesting	Exercise Price ($US)	Number of Shares
Connie Mixon	Employee Stock Option	31 December 2017	$0.75	20,000
		31 December 2018	$0.75	20,000
		9 April 2021	$0.69	210,000
Hal Alper	Employee Stock Option	9 April 2021	$0.69	70,000

No Director exercised any options over Common Shares during the year.

On 10 April 2025, a further Option over 25,000 Common Shares was awarded to Connie Mixon at an exercise price of $0.31 under the Omnibus Performance Incentive Plan. This Option will vest as to 50% on 31 December 2025 and 50% on 31 December 2026.

André Schnabl
Chairman, Compensation Committee
9 May 2025

Directors' Responsibilities Statement

Under the GBCC, all corporate powers are exercised by or under the authority of, and the business and affairs of the corporation managed under the direction of, its Board of Directors, subject to any limitation set forth in the articles of incorporation. Under the GBCC, the corporation is required to prepare and disseminate to its shareholders, upon request, financial statements for each fiscal year. Consequently, the Company has prepared financial statements in accordance with Generally Accepted Accounting Principles in the United States ('U.S. GAAP').

Under the GBCC:

1. A Director shall discharge the duties of a Director, including duties as member of a committee, in a manner he or she believes in good faith to be in the best interests of the corporation, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.
2. In discharging the duties of a Director, a Director is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by:
    a. One or more officers or employees of the corporation whom the Director reasonably believes to be reliable and competent in the matters presented; or
    b. Legal counsel, public accountants, or other persons as to matters the Director reasonably believes are within the person's professional or expert competence; or
    c. A committee of the Board of Directors of which the Director is not a member if the Director reasonably believes the committee merits confidence.
3. A Director is not entitled to rely if the Director has knowledge concerning the matter in question that makes reliance otherwise permitted by subsection (2) above unwarranted.
4. A Director is not liable to the corporation or its shareholders for any action taken as a Director, or any failure to take any action, if the Director performed the duties of the Director's office in compliance with the foregoing.

André Schnabl
Chairman, Audit Committee
9 May 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of
MYCELX Technologies Corporation:

Opinion

We have audited the financial statements of MYCELX Technologies Corporation (the "Company"), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations, stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements (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 of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Deloitte & Touche LLP

May 9, 2025

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 Shares	Common Stock $	Additional Paid-in Capital $	Accumulated Deficit $	**Total $**
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 increase (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.

Notes to the Financial Statements continued

2. Summary of Significant Accounting Policies continued

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 2024 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.

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

Notes to the Financial Statements continued

2. Summary of Significant Accounting Policies continued

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 this 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 Information.

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 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.

Notes to the Financial Statements continued

6. Intangible Assets continued

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.

Notes to the Financial Statements continued

7. Income Taxes continued

On 27 March 2020, the U.S. Government enacted the Coronavirus Aid, Relied, 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.

Notes to the Financial Statements continued

9. Commitments and Contingencies continued

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)**
Total	**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 Twarid.

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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