20 September 2023

MYCELX TECHNOLOGIES CORPORATION (AIM: MYX)

Half Year Results Statement

MYCELX Technologies Corporation ("MYCELX" or the "Company"), the clean water and clean air technology company transforming the environmental impact of industry, is pleased to announce its unaudited interim results for the six months ended 30 June 2023.

Highlights

Financial

- Revenue up 51% to $5.6 million (2022 H1: $3.7 million)
- Gross profit margin of 45.2% (2022 H1: 37.5%)
- EBITDA loss $900,000 (2022 H1: loss $2.1 million)
- Net loss of $1.5 million (2022 H1: $2.9 million)
- Cash and cash equivalents $1.4 million at end of period

Operational

- United States PFAS: signed three pilot testing agreements for PFAS remediation in drinking water and landfill leachate sites
- REGEN: secured second REGEN sale to National Oil Company for water treatment during Enhanced Oil Recovery (‘EOR‘) in the Middle East
- Middle East Downstream: converted an existing emergency response project into a longer-term contract
- Middle East Downstream: signed fourth project with existing customer to provide clean water at a fertilizer production facility

Post Period Update

- PFAS: Company’s Performer media received NSF 61 certification for drinking water
- PFAS: trials continue, gathering critical longer run-time data
- REGEN: trial of REGEN media in EOR production with strategic partner expected to start up in Q4 2023
- Middle East Downstream: secured project to treat complex wastewater with minimum revenue of $1.0 million in 2023 meeting strict discharge standards

- Middle East Downstream: several contract renewals including an operating contract to treat MTBE (methyl tert-butyl ether) plant wastewater now entering its twelfth year

Outlook

MYCELX operates in three core markets, PFAS remediation, REGEN and Middle East Downstream, that are poised for continued robust growth into 2024 and beyond. The burgeoning PFAS remediation market is in its infancy in the U.S. and around the world but there is mounting evidence of large-scale toxic contamination of groundwater and drinking water with more compromised industrial sites identified every day. In the U.S., several global PFAS-producing companies have settled lawsuits in the billions of dollars, such as 3M's $10.3 billion claim resolution, that will fund remediation projects for years while the U.S. Department of Defense has set aside $2 billion dollars to remediate groundwater around their bases that have been contaminated for a significant period. The PFAS remediation market is large, high margin and is expected to be long-lasting with potential to provide sustainable and stable revenues for the Company far into the future. The Company is engaged in several ongoing pilot trials in different PFAS sectors which satisfy the end users and engineering consultants' expectations of significant data gathering. With multiple project proposals submitted to end users and strategic partners, we expect project bidding activity to be robust in our focus areas and expect to move to commercial discussions later this year and in early 2024.

The oil and gas markets have been robust through H1 and are forecasted to continue to be so into 2024 and beyond. In the current oil price range, producers are expending resources to upgrade or expand production and are investing in cleaner production solutions. The Company anticipates the start-up of a pilot system in Q4 for water treatment during EOR production working in cooperation with a global strategic partner. The EOR market is the most lucrative market for our REGEN media and this pilot comes on the heels of the upgrade contract we were awarded in competition earlier this year for use of REGEN in existing equipment with a Middle East EOR producer.

Adding to our success in the downstream market this year, the Company recently secured a project for complex wastewater treatment leveraging our REGEN product in the process system that has a minimum value of $1.0 million in 2023. This market continues to grow as we have broadened and enhanced our offerings. Our position as the best available technology for these complex wastewater streams has been confirmed by our successful treatment where all other competitors have failed. In one of our latest projects, our technology has been so effective that the wastewater treated can then be discharged to irrigation systems. This positions us well as regulations become stricter and markets look for more sustainable reuse options for industrial water. We are now poised to garner higher quality projects where our technology and experience are significant differentiators.

The Company is very upbeat about its prospects for the remainder of 2023 and going into 2024. We have a solid foundation of operating contracts, the adoption of our REGEN media for EOR production by a major Middle Eastern producer, which is a major step forward, and significant data-gathering pilots in the PFAS market with potential strategic partners as well as direct customer engagement. The pipeline in each of the core markets is strong and growing and the Company is optimistic that it can continue to convert bids to projects during the remainder of this year and into 2024 and 2025 in support of market expectations.

Commenting on these results, Connie Mixon, CEO, said:

"Today's Half Year results show solid improvement of MYCELX's performance in comparison to the same period last year. A number of significant contract awards with both existing and new customers were secured during the first six months of the year and after period end demonstrating our focus markets are robust and our proprietary products meet the performance and environmental challenges our customers face.

With our proven and patented technologies, we are uniquely well placed to play a leading role in PFAS remediation, as well as to continue servicing industrial clients, in particular in the oil and gas sector where our REGEN media is in increasing demand for enhanced oil recovery. We continue to offer innovative solutions in the downstream wastewater market that allow our customers to reach their stated goals of maximising operational performance while minimising their environmental footprint.

We have much cause for optimism and look forward to updating shareholders on these exciting developments over the remainder of the year and beyond."

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Chairman's and Chief Executive Officer's Statement

We are pleased to publish MYCELX's H1 2023 results today, alongside a wider business update on the corporate activity we have been working on since the start of the year.

Operational Review

We delivered a number of important operational objectives during H1, including securing multiple PFAS trials that were installed post period and are ongoing, converting an emergency response contract to longer term deployment, along with renewing several contracts in the wastewater market in the Middle East. A competitive contract award for sale of REGEN and retrofit package to an EOR producer in the Middle East was secured confirming our REGEN media is the most efficient and effective at treating water for the expansive and lucrative EOR market.

A key focus for the Company in the first half of 2023 was enhancing the applicability and credibility of our PFAS technology offering. We achieved this goal by securing National Sanitation Foundation NSF 61 certification which is required for use of our proprietary PFAS media in drinking water applications. Our media also tested favorably for the Toxicity Characteristic Leaching Procedure (TCLP) that confirms our spent media does not leach hazardous materials into the environment, a key factor in the cost-effective removal of PFAS. Achieving both of these goals helps open the door for our media to be deployed in specific, large PFAS applications. Another key focus was growing our relationships with strategic partners with active operating projects as well as building strong client relationships. Two of the trials currently operating are with potential partners who want effective, cost competitive, reliable technology that is energy efficient, which our solution achieves.

During the period the Company secured a sale to a Middle Eastern National Oil Company (NOC) using an EOR production process that will deploy our proprietary Retrofit package and REGEN media to replace underperforming Nutshell media. We expect the sale to lead to more projects with this producer who is upgrading and expanding field operations over the next several years. The Company is also working with a strategic partner in the EOR market with a pilot expected to start up in Q4 that will showcase REGEN media to global EOR producers. We expect to be able to leverage their sales platform to accelerate uptake given our award of the NOC contract in the Middle East.

We continue to have success in the downstream market in the Middle East and in Saudi Arabia in particular. The Company has focused on carving out business that competitors do not have the capability or experience to address. As a technology company, MYCELX has built on its proprietary technology to leverage other protocols to successful projects that have direct impact on the environmental goals of Saudi Arabia. An emergency response system was converted to a longer-term deployment that allowed the customer to continue operations prior to a scheduled maintenance program. The Company renewed contracts with two other operating installations with ongoing demand for our systems.

Financial Review

Due to increased demand in the Middle East and growth in long-term legacy media sales, revenue increased by 51% to $5.6 million compared to $3.7 million in the first half of 2022. Revenue from equipment sales and leases increased by 100% to $2.0 million in the first half of 2022 (2022 H1: $1.0 million). Revenue from consumable filtration media and service increased by 33% to $3.6 million (2022 H1: $2.7 million). Whilst the equipment sales are one off by nature, there is longevity to the media sales and on-going lease and service revenues.

Gross profit increased by 79% to $2.5 million in the first half of 2023, compared to $1.4 million in the first half of 2022, and gross profit margin increased to 45% in the first half of 2023 (2022 H1: 38%) due to the Company’s focus on higher-quality, higher-margin projects.

Total operating expenses for the first half of 2023, including depreciation and amortisation, decreased by 7% to $3.8 million (2022 H1: $4.1 million). The largest component of operating expenses was selling, general and administrative expenses, which decreased by approximately 8% to $3.6 million in the first half of 2023 (2022 H1: $3.9 million) due to moving expenses for relocating the Company’s office in Georgia in H1 2022. Depreciation and amortisation within operating expenses increased by 26% to $116,000 (2022 H1: $92,000).

EBITDA was negative $900,000 for the first half of 2023, compared to negative $2.1 million for the first half of 2022. EBITDA is a non-U.S. GAAP measure that the Company uses to measure and monitor performance and liquidity and is calculated as net profit before interest expense, provision for income taxes, and depreciation and amortisation of fixed and intangible assets, including depreciation of leased equipment which is included in cost of goods sold. This non-U.S. GAAP measure may not be directly comparable to other similarly titled measures used by other companies and may have limited use as an analytical tool.

The Company recorded a loss before tax of $1.3 million for the first half of 2023, compared to loss before tax of $2.7 million for the first half of 2022. Basic loss per share was 7 cents for the first half of 2023, compared to basic loss per share of 13 cents for the first half of 2022.

As of 30 June 2023, total assets were $12.2 million with the largest assets being inventory of $3.8 million, property and equipment of $3.0 million, $1.7 million of accounts receivable and $1.4 million of cash and cash equivalents including restricted cash.

Total liabilities as of 30 June 2023 were $2.8 million and stockholders' equity was $9.4 million, resulting in a debt-to-equity ratio of 30%.

The Company ended the period with $1.4 million of cash and cash equivalents, including restricted cash, compared to $1.7 million in total at 31 December 2022. The Company used approximately $100,000 cash in operations in the first half of 2023, compared to $2.0 million used in operations in the first half of 2022. The Company used $172,000 in investment activities in the first half of 2023 (H122: $373,000 used in investing) and there were no financing activities in the first half of 2023 (H122: $2.0 million from the sale of Common Shares of stock).

Outlook

The momentum shown in the first half from each of our three core markets has been maintained into the current period and we are confident that this will continue for the forseeable future. The PFAS remediation market is large and will continue for years to come. Regulations continue to get more stringent, and more sites will be identified over time. In the short and medium term our goal is to both win new contracts and to acquire solid data through trials with significant longevity, building relationships with strategic partners and direct customers that will accelerate uptake of our PFAS solution. The EOR oil producers we have targeted are upgrading and expanding their fields and, with the widening scope of Environmental, Social and Governance ('ESG') requirements, are looking for water treatment solutions that provide cleaner production and use less water, which is solved with our technology. We have made significant inroads with the adoption of our REGEN product and look to leverage strategic partners to scale faster. In the downstream market we continue to successfully focus on lower risk, better margin projects as we grow our application and installation base. With the oil price in the range that is widely forecasted we expect the oil and gas market to continue to be robust and seek the best technology that provides elevated performance and addresses the environmental goals of the customer. We will continue to grow our current customer and application base where bidding contracts will be active. Collaborating with strategic partners remains an important part of our path to market and we will continue to vigorously pursue the best partnerships. Overall, the Company is rigorously focused on growing our revenue base, on maintaining a strict control over expenditure and maximising shareholder returns. We believe we have a company that is at the forefront of an ever-growing ESG compliant market with technology that is market leading as proven by our list of blue-chip customers.

Tom Lamb
Chairman
20 September 2023

Connie Mixon
Chief Executive Officer

MYCELX TECHNOLOGIES CORPORATION
Statements of Operations
(USD, in thousands, except share data)

	Six Months Ended 30 June 2023 (unaudited)	*Six Months Ended 30 June 2022 (unaudited)*	*Year Ended 31 December 2022*
Revenue	**5,568**	**3,699**	**10,026**
Cost of goods sold	3,051	2,311	5,584
Gross profit	**2,517**	**1,388**	**4,442**
Operating expenses:			
Research and development	107	101	218
Selling, general and administrative	3,608	3,898	7,589
Depreciation and amortisation	116	92	210
Gain on sale of property and equipment	-	(2)	(2)
Total operating expenses	**3,831**	**4,089**	**8,015**
Operating loss	**(1,314)**	**(2,701)**	**(3,573)**
Other income (expense)			
Interest expense	(4)	-	-
Loss before income taxes	**(1,318)**	**(2,701)**	**(3,573)**
Provision for income taxes	(187)	(180)	(418)
Net loss	**(1,505)**	**(2,881)**	**(3,991)**
Loss per share-basic	**(0.07)**	**(0.13)**	**(0.18)**
Loss per share-diluted	(0.07)	(0.13)	(0.18)
Shares used to compute basic loss per share	**22,983,023**	**21,429,675**	**22,214,884**
Shares used to compute diluted loss per share	**22,983,023**	**21,429,675**	**22,214,884**

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

MYCELX TECHNOLOGIES CORPORATION
Balance Sheets
(USD, in thousands, except share data)

	As of 30 June 2023 (unaudited)	*As of 30 June 2022 (unaudited)*	*As of 31 December 2022*
ASSETS			
Current Assets			
Cash and cash equivalents	1,394	2,765	1,645
Restricted cash	50	84	84
Accounts receivable - net	1,675	1,226	2,778
Unbilled accounts receivable	-	200	-
Inventory	3,826	4,182	3,737
Prepaid expenses	272	464	99
Other assets	138	233	138
Total Current Assets	**7,355**	**9,154**	**8,481**
Property and equipment – net	3,007	3,101	3,229
Intangible assets – net	784	744	733
Operating lease asset – net	1,011	1,334	1,176
Total Assets	**12,157**	**14,333**	**13,619**
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Accounts payable	703	402	795
Payroll and accrued expenses	865	624	758
Customer deposits	176	72	18
Operating lease obligations – current	331	311	326
Total Current Liabilities	**2,075**	**1,409**	**1,897**
Operating lease obligations – long-term	725	1,055	890
Total Liabilities	**2,800**	**2,464**	**2,787**
Stockholders' Equity			
Common stock, $0.025 par value, 100,000,000 shares authorised, 22,983,023 shares issued and outstanding at 30 June 2023 and 2022 and 31 December 2022	574	574	574
Additional paid-in capital	44,798	44,695	44,768
Accumulated deficit	(36,015)	(33,400)	(34,510)
Total Stockholders' Equity	**9,357**	**11,869**	**10,832**
Total Liabilities and Stockholders' Equity	**12,157**	**14,333**	**13,619**

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

MYCELX TECHNOLOGIES CORPORATION
Statements of Stockholders' Equity
(USD, in thousands)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	$	$	$	$
Balances at 31 December 2021	**19,443,750**	**486**	**42,655**	**(30,519)**	**12,622**
Issuance of common stock, net of offering costs	3,539,273	88	1,957	-	2,045
Stock-based compensation expense	-	-	83	-	83
Net profit for the period	-	-	-	(2,881)	(2,881)
Balances at 30 June 2022 (unaudited)	**22,983,023**	**574**	**44,695**	**(33,400)**	**11,869**
Stock-based compensation expense	-	-	73	-	73
Net loss for the period	-	-	-	(1,110)	(1,110)
Balances at 31 December 2022	**22,983,023**	**574**	**44,768**	**(34,510)**	**10,832**
Stock-based compensation expense	-	-	30	-	30
Net loss for the period	-	-	-	(1,505)	(1,505)
Balances at 30 June 2023 (unaudited)	**22,983,023**	**574**	**44,798**	**(36,015)**	**9,357**

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

MYCELX TECHNOLOGIES CORPORATION
Statements of Cash Flows
(USD, in thousands)

	Six Months Ended 30 June 2023 (unaudited)	*Six Months Ended 30 June 2022 (unaudited)*	*Year Ended 31 December 2022*
Cash flow from operating activities			
Net loss	(1,505)	(2,881)	(3,991)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortisation	441	552	1,091
Gain on sale of property and equipment	-	(2)	(2)
Inventory reserve adjustment	-	-	(5)
Stock compensation	30	83	156
Change in operating assets and liabilities:			
Accounts receivable - net	1,103	641	(911)
Unbilled accounts receivable	-	(25)	175
Inventory	(187)	138	402
Prepaid expenses	(173)	(261)	104
Prepaid operating leases	5	25	32
Other assets	-	166	261
Accounts payable	(92)	(281)	112
Payroll and accrued expenses	107	(134)	-
Contract liability	-	(54)	(54)
Customer deposits	158	(2)	(56)
Net cash used in operating activities	(113)	(2,035)	(2,686)
Cash flow from investing activities			
Payments for purchases of property and equipment	(89)	(364)	(814)
Payments for internally developed patents	(83)	(9)	(28)
Net cash used in investing activities	(172)	(373)	(842)
Cash flow from financing activities			
Net proceeds from stock issuance	-	2,045	2,045
Net cash provided by financing activities	-	2,045	2,045
Net decrease in cash, cash equivalents and restricted cash	(285)	(363)	(1,483)
Cash, cash equivalents and restricted cash, beginning of period	1,729	3,212	3,212
Cash, cash equivalents and restricted cash, end of period	1,444	2,849	1,729
Supplemental disclosures of cash flow information:			
Cash payments for interest	4	-	-
Cash payments for income taxes	244	188	390
Non-cash movements of inventory and fixed assets	98	-	186
Non-cash operating ROU assets	906	1,120	1,014
Non-cash operating lease obligations	946	1,147	1,049

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

The interim financial statements for the six months ended 30 June 2022 and 2021 have not been audited.

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, Saudi Arabia 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 meets its day-to-day working capital and other cash flow requirements through cash flow from operations. In March 2022, the Company completed the closing of a placing raising gross proceeds of approximately $2.3 million before expenses. The proceeds from the transaction are being used to accelerate the commercialisation of the Company's PFAS remediation system in the U.S., and in order to support working capital across the Company's core markets. 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.

Whilst macro events continue to create uncertainty within world markets and volatility in oil prices, today's high oil price bodes well for the completion of new commercial agreements with both existing and new international customers. On the basis of current financial projections, including a downside scenario sensitivity analysis considering only revenues that are contracted or that the Company considers probably 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 interim financial statements and, accordingly, consider it appropriate to adopt the going concern basis in preparing these interim 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 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 shipment of the equipment to the customer because the contractual terms state that control transfers at 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.

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 judgment. Judgment 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 clients 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 30 June 2023 and 2022, 31 December 2022 and 1 January 2022 was $nil, $200,000, $nil and

$175,000, respectively. Contract liability at 30 June 2023 and 2022, 31 December 2022 and 1 January 2022 was $nil, $nil, $nil and $54,000, respectively.

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

	Equipment Leases, Turnkey Arrangements, and Services Recognised Over Time			**Consumable Filtration Media, Equipment Sales and Service Recognised at a Point in Time**		
(USD, in thousands)	30 June 2023	30 June 2022	31 December 2022	30 June 2023	30 June 2022	31 December 2022
Middle East	3,885	2,479	6,453	6	136	573
United States	-	-	-	1,338	741	2,094
Australia	-	-	-	184	260	558
Other	-	-	-	148	83	349
Total revenue recognised under ASC 606	3,885	2,479	6,543	1,676	1,220	3,573
Total revenue recognised under ASC 842	7	-	-	-	-	-
Total revenue	3,892	2,479	6,543	1,676	1,220	3,573

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 six months ended 30 June 2023 and 2022, and the year ended 31 December 2022, 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 (90) days of purchase. At 30 June 2023, 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 30 June 2023 and 2022, and 31 December 2022, cash in non-U.S. institutions was $106,000, $124,000 and $159,000, 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 30 June 2022, restricted cash included $50,000 in a money market account to secure the Company's corporate credit card. At 30 June 2022 and 31 December 2022, restricted cash included $84,000 in a money market account to secure the Company's corporate credit card and a stand-by letter of credit.

Reconciliation of cash, cash equivalents and restricted cash at 30 June 2023 and 2022, and 31 December 2022:

	30 June 2023 *US$000*	30 June 2022 *US$000*	31 December 2022 *US$000*
Cash and cash equivalents	1,394	2,765	1,645
Restricted cash	50	84	84
Total cash, cash equivalents and restricted cash	1,444	2,849	1,729

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 allowance for doubtful accounts at 30 June 2023 and 2022, and 31 December 2022 was $168,000, $90,000 and $168,000, 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. At 30 June 2023 and 2022, and 31 December 2022, the Company had REGEN-related inventory of 41 percent, 39 percent and 41 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 six months ended 30 June 2023 and 2022, and the year ended 31 December 2022.

Research and development costs – Research and development costs are expensed as incurred. Research and development expense for the six months ended 30 June 2023 and 2022, and the year ended 31 December 2022 was approximately $107,000, $101,000 and $218,000, respectively.

Advertising costs – The Company expenses advertising costs as incurred. Advertising expense for the six months ended 30 June 2023 and 2022, and the year ended 31 December 2022 was $7,000, $nil and $nil, respectively, and is recorded in selling, general and administrative expenses.

Income taxes – The provision for income taxes for interim and 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 six months ending 30 June 2023 and 2022, and the year ended 31 December 2022 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 2,021,707 for the six months ended 30 June 2023 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:

	30 June 2023 *US$000*	30 June 2022 *US$000*	31 December 2022 *US$000*
Basic weighted average outstanding shares of common stock	22,983,023	21,429,675	22,214,884
Effect of potentially dilutive stock options	-	-	-
Diluted weighted average outstanding shares of common stock	22,983,023	21,429,675	22,214,884
Anti-dilutive shares of common stock excluded from diluted weighted average shares of common stock	2,021,707	2,297,505	2,019,118

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 or out of each level of the fair value hierarchy for assets measured at the fair value for the six months ended 30 June 2023 and 2022, and the year ended 31 December 2022.

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 30 June 2023 and 2022, and 31 December 2022 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 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 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.

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

3. Accounts receivable

Accounts receivable and their respective allowance amounts at 30 June 2023 and 2022, and 31 December 2022:

	30 June 2023 *US$000*	30 June 2022 *US$000*	31 December 2022 *US$000*
Accounts receivable	1,843	1,317	2,946
Less: allowance for doubtful accounts	(168)	(90)	(168)
Total receivable - net	1,675	1,226	2,778

4. Inventories

Inventories consist of the following at 30 June 2023 and 2022, and 31 December 2022:

	30 June 2023 *US$000*	30 June 2022 *US$000*	31 December 2022 *US$000*
Raw materials	2,066	1,928	1,957

Work-in-progress	-	12	-
Finished goods	1,760	2,242	1,780
Total inventory	3,826	4,182	3,737

5. Property and equipment

Property and equipment consist of the following at 30 June 2023 and 2022, and 31 December 2022:

	30 June 2023 *US$000*	30 June 2022 *US$000*	31 December 2022 *US$000*
Leasehold improvements	617	292	617
Office equipment	636	636	636
Manufacturing equipment	976	937	943
Research and development equipment	545	545	545
Purchased software	222	222	222
Equipment leased to customers	10,307	10,643	10,221
Equipment available for lease to customers	-	-	-
	13,303	13,275	13,184
Less: accumulated depreciation	(10,296)	(10,174)	(9,955)
Property and equipment – net	3,007	3,101	3,229

During the six months ended 30 June 2023 and 2022, and the year ended 31 December 2022, the Company removed property, plant and equipment and the associated accumulated depreciation of approximately $68,000, $14,000 and $742,000, respectively, to reflect the disposal of property, plant and equipment.

Depreciation expense for the six months ended 30 June 2023 and 2022, and the year ended 31 December 2022 was approximately $409,000, $513,000 and $1,022,000, respectively, and includes depreciation on equipment leased to customers. Depreciation expense on equipment leased to customers included in cost of goods sold for the six months ended 30 June 2023 and 2022, and the year ended 31 December 2022 was $325,000, $460,000 and $881,000, 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 $80,000, $74,000 and $77,000 as of 30 June 2023 and 2022, and 31 December 2022, respectively.

In January 2023, the Company entered into a patent rights purchase agreement. The patents are amortised utilizing 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 $2,000 at 30 June 2023.

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 the six months ended 30 June 2023, there was $33,000 of new internally developed patents and fees on patents in progress.

Intangible assets as of 30 June 2023 and 2022, and 31 December 2022 consist of the following:

	Weighted Average Useful lives	30 June 2023 *US$000*	30 June 2022 *US$000*	31 December 2022 *US$000*
Internally developed patents	15 years	1,508	1,456	1,475
Purchased patents	13-17 years	150	100	100
		1,658	1,556	1,575
Less accumulated amortisation – internally developed patents		(792)	(739)	(765)
Less accumulated amortisation – purchased patents		(82)	(74)	(77)
Intangible assets – net		784	744	733

At 30 June 2023, internally developed patents include approximately $228,000 for costs accumulated for patents that have not yet been issued and are not depreciating.

Approximate aggregate future amortisation expense is as follows:

Year ending 31 December (USD, in thousands)	
2023	37
2024	67
2025	66
2026	60
2027	58
Thereafter	268

Amortisation expense for the six months ended 30 June 2023 and 2022, and the year ended 31 December 2022 was approximately $32,000, $39,000 and $69,000, respectively.

7. Income taxes

The components of income taxes shown in the statements of operations are as follows:

	30 June 2023 *US$000*	30 June 2022 *US$000*	31 December 2022 *US$000*
Current:			
Federal	-	-	-
Foreign	186	177	415
State	1	3	3
Total current provision	187	180	418
Deferred:			
Federal	-	-	-
Foreign	-	-	-
State	-	-	-

Total deferred provision	-	-	-
Total provision for income taxes	187	180	418

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:

	30 June 2023	30 June 2022	31 December 2022
Federal statutory income tax rate	21.0%	21.0%	21.0%
State tax rate, net of federal benefit	2.4%	0.6%	0.8%
Valuation allowance	(26.5%)	(23.0%)	(18.8%)
Other	0.0%	(0.1%)	(5.6%)
Foreign withholding tax	(11.1%)	(5.2%)	(9.1%)
Effective income tax rate	(14.2%)	(6.7%)	(11.7%)

The significant components of deferred income taxes included in the balance sheets are as follows:

	30 June 2023 *US$000*	30 June 2022 *US$000*	31 December 2022 *US$000*
Deferred tax assets			
Net operating loss	6,940	6,406	6,598
Equity compensation	233	290	227
Research and development credits	159	159	159
Right of use liability	228	304	263
Inventory valuation reserve	349	349	350
Other	145	102	145
Total gross deferred tax asset	8,054	7,610	7,742
Deferred tax liabilities			
Property and equipment	(710)	(578)	(708)
Right of use asset	(218)	(303)	(254)
Total gross deferred tax liability	(928)	(881)	(962)
Net deferred tax asset before valuation allowance	7,126	6,729	6,780
Valuation allowance	(7,126)	(6,729)	(6,780)
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 30 June 2023 and 2022 and 31 December 2022, the Company has recorded a valuation allowance of $7.1 million, $6.7 million and $6.8 million, respectively, a change of $346,000, $600,000 and $670,000 for each period, 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 30 June 2023, the Company has approximately $31.6 million of gross U.S. federal net operating loss carry forwards and $3.7 million of gross state net operating loss carry forwards that will begin to expire in the 2024 tax year and will continue through 2042 when the current year net operating losses will expire. As of 30 June 2022, the Company had approximately $29.3 million of gross U.S. federal net operating loss carry forwards and $3.9 million of gross state net operating loss carry forwards and at 31 December 2022, the Company had approximately $30.2 million of gross U.S. federal net operating loss carry forwards and $3.7 million of gross state net operating loss carry forwards.

On 27 March 2020, the U.S. Government enacted the Coronavirus Aid, Relief, and Economic Security Act (the 'CARES Act'). The CARES Act includes, but is not limited to, tax law changes related to (1) accelerated depreciation deductions for qualified improvement property placed in service after 27 September 2017, (2) reduced limitation of interest deductions, and (3) temporary changes to the use and limitation of NOLs. There was no material impact of the CARES Act to the Company's income tax provision for the six months ended 30 June 2022 and 2022 or for the year ended 31 December 2022.

The Company's tax years 2019 through 2022 remain subject to examination by federal, state and foreign income tax jurisdictions.

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 the 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 3,447,453 with 2,020,040 shares allocated as of 30 June 2023. 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 in 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 2023 and 2022 were as follows:

	Number of Options Granted	Grant Date	Risk-Free Interest Rate	Expected Term	Volatility	Exercise Price	Fair Value Per Option
2022	250,000	27/06/2022	3.25%	6.0 years	279%	$0.55	$0.54
	25,000	28/09/2022	4.18%	6.0 years	279%	$0.33	$0.33

The Company assumes a dividend yield of 0.0%.

The following table summarises the Company's stock option activity for the six months ended 30 June 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	$1.22	5.8	$0.68
Forfeited	(85,040)	$3.41		
Outstanding at 30 June 2023	2,020,040	$1.12	5.8	$0.67
Exercisable at 30 June 2023	1,277,040	$1.45	5.4	

The total intrinsic value of the stock options exercised during the six months ended 30 June 2023 and 2022, and 31 December 2022 was $nil.

A summary of the status of unvested options as of 30 June 2023 and changes during the six months ended 30 June 2023 is presented below:

Unvested Options	Shares	Weighted-Average Fair Value at Grant Date
Unvested at 31 December 2022	743,000	$0.43
Vested	(293,000)	$0.42
Unvested at 30 June 2023	450,000	$0.43

As of 30 June 2023, total unrecognised compensation cost of $114,000 was related to unvested share-based compensation arrangements awarded under the Plan.

Total stock compensation expense for the six months ended 30 June 2023 and 2022, and 31 December 2022 was approximately $30,000, $83,000 and $156,000, respectively.

9. Commitments and contingencies

Operating leases – As of 30 June 2023, the Operating Lease ROU Asset has a balance of $1,011,000, net of accumulated amortisation of $492,000 and an Operating Lease Liability of $1,056,000, 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 March 2027 and have a weighted average remaining life of 3.4 years.

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

(USD, in thousands)	Future Lease Payments
2023	192
2024	321
2025	280
2026	290
2027	74
Total future maturities	1,157
Portion representing interest	(101)
	1,056

Total lease expense for the six months ended 30 June 2023 and 2022, and the year ended 31 December 2022 was approximately $193,000, $148,000 and $341,000, respectively.

Total cash paid for leases for the six months ended 30 June 2023 and 2022, and the year ended 31 December 2022 was $189,000, $122,000 and $307,000, 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 $120,000, $196,000 and $322,000 for the six months ended 30 June 2023 and 2022, and 31 December 2022, 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 30 June 2023. For the six months ended 30 June 2023, 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:

(USD, in thousands)	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022
Middle East	3,891	2,615	7,025
United States	1,345	741	2,094
Australia	184	260	558
Other	148	83	349
Total	5,568	3,699	10,026

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

(USD, in thousands)	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022
Middle East	1,743	2,361	2,016
United States	1,264	2,074	2,389
Total	3,007	4,435	4,405

12. Concentrations

At 30 June 2023, two customers, one with three contracts with three separate plants, represented 84 percent of accounts receivable. During the six months ended 30 June 2023, the Company received 85 percent of its gross revenue from four customers, one with three contracts with three separate plants.

At 30 June 2022, two customers, one with three contracts with three separate plants, represented 84 percent of accounts receivable. During the six months ended 30 June 2022, the Company received 84 percent of its gross revenue from two customers, one with four contracts with four separate plants.

At 31 December 2021, two customers, one with four contracts with four separate plants, represented 88 percent of accounts receivable. During the year ended 31 December 2022, the Company received 85 percent of its gross revenue from five customers, one with four contracts with four separate plants.

13. 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 20 September 2023, the date the interim results were available to be issued, and no events have occurred which require further disclosure.