Anaergia Inc.

Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2022 and 2021
(Unaudited)
(in thousands of Canadian dollars)

ANAERGIA INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

At June 30, 2022, December 31, 2021, and January 1, 2021

All amounts in thousands of Canadian dollars, Unaudited

	Notes	June 30, 2022	December 31, 2021 (restated, note 3)	January 1, 2021 (restated, note 3)
		$	$	$
ASSETS				
Current assets				
Cash and cash equivalents		63,772	79,317	41,164
Restricted cash		24,494	22,318	6,676
Trade and other receivables		36,036	34,788	22,231
Contract assets		71,438	44,200	10,602
Government grants receivable		808	2,635	4,897
Prepaid expenses		4,856	5,319	710
Inventories		6,161	5,509	9,601
Embedded derivative		4,526	24,410	18,673
Other current assets		10,247	7,866	8,759
Total current assets		**222,338**	**226,362**	**123,313**
Non-current assets				
Restricted cash		14,271	14,426	14,913
Property, plant and equipment, net	4	387,596	327,510	243,574
Right of use assets, net		15,121	14,194	5,628
Intangible assets, net		2,601	2,713	3,869
Goodwill		2,171	2,444	2,086
Deferred tax assets		4,784	6,674	3,189
Equity-accounted investees	5	27,064	29,148	27,436
Other long-term assets	6	85,911	69,915	21,130
Total non-current assets		**539,519**	**467,024**	**321,825**
Total assets		**761,857**	**693,386**	**445,138**

See notes to the condensed consolidated interim financial statements.

ANAERGIA INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

At June 30, 2022, December 31, 2021, and January 1, 2021

All amounts in thousands of Canadian dollars, Unaudited

	Notes	June 30, 2022	December 31, 2021 (restated, note 3)	January 1, 2021 (restated, note 3)
		$	$	$
Current liabilities				
Line of credit		5,150	5,113	—
Accounts payable		38,131	30,355	31,433
Accrued liabilities and provisions		64,114	51,277	53,468
Taxes payables		9,511	8,023	1,458
Current portion of deferred government grants		1,161	1,223	1,417
Current portion of contract liabilities		10,065	6,900	16,946
Warrant liability		—	—	13,936
Current portion of lease liabilities		1,050	1,032	913
Current portion of long-term debt	7	6,966	5,263	9,800
Total current liabilities		**136,148**	**109,186**	**129,371**
Non-current liabilities				
Long-term debt	7	225,179	196,115	152,909
Lease liabilities		15,257	13,975	5,012
Deferred tax liabilities		—	—	2,045
Long-term portion of deferred government grants		45,980	41,561	33,883
Long-term portion of contract liabilities		3,256	2,668	731
Due to related parties		—	4,075	3,626
Asset retirement obligation		2,429	2,410	220
Total non-current liabilities		**292,101**	**260,804**	**198,426**
Total liabilities		**428,249**	**369,990**	**327,797**
SHAREHOLDERS' EQUITY				
Non-controlling interests		101,036	119,870	82,504
Issued capital	9	397,244	340,567	130,178
Preferred Capital in a subsidiary		24,567	23,679	9,861
Contributed surplus		5,946	5,365	5,736
Deficit		(196,762)	(175,885)	(124,464)
Accumulated other comprehensive income		1,577	9,800	13,526
Total equity		**333,608**	**323,396**	**117,341**
Total liabilities and equity		**761,857**	**693,386**	**445,138**

Related parties Note 5,6,9, and 16
Commitments and contingencies Note 11
Subsequent events Note 17

See notes to the condensed consolidated interim financial statements.

ANAERGIA INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

For the three and six months ended June 30, 2022 and 2021

All amounts in thousands of Canadian dollars, Unaudited

	Notes	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021 (restated, note 3)	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021 (restated, note 3)
		$	$	$	$
Revenue		42,181	26,822	77,797	55,421
Cost of sales		34,198	20,842	62,471	41,735
Gross profit		**7,983**	**5,980**	**15,326**	**13,686**
Selling and general administrative expenses		12,226	7,596	23,238	17,755
Research and development expenses		639	438	1,080	637
Grant income		(97)	(37)	(165)	(74)
Operating expenses		12,768	7,997	24,153	18,318
Loss from operations		**(4,785)**	**(2,017)**	**(8,827)**	**(4,632)**
Gain / (loss) on Rialto embedded derivative		(12,742)	4,511	(19,807)	3,207
Stock warrant valuation gain (loss)		—	243	—	(914)
Gain on warrant forfeitures		—	615	—	615
Share of loss in equity-accounted investees		(1,584)	(1,030)	(3,465)	(1,849)
Other gains / (losses)		32	(831)	8	(585)
Finance costs (income)		(142)	463	(7)	361
Foreign exchange gain / (loss)		(107)	63	(395)	(103)
		(14,543)	4,034	(23,666)	732
Earnings (loss) before income taxes		**(19,328)**	**2,017**	**(32,493)**	**(3,900)**
Income tax expense		(325)	(810)	(3,550)	(268)
Net earnings (loss)		**(19,653)**	**1,207**	**(36,043)**	**(4,168)**
Item that may be reclassified back to profit or loss in future periods					
Exchange difference on translation of foreign operations		895	(1,712)	(7,766)	(4,890)
Total comprehensive loss		**(18,758)**	**(505)**	**(43,809)**	**(9,058)**
Net earnings (loss) attributable to:					
Shareholders		(13,546)	(1,276)	(25,828)	(5,911)
Non-controlling interests		(6,107)	2,483	(10,215)	1,743
		(19,653)	**1,207**	**(36,043)**	**(4,168)**
Total comprehensive income (loss) attributable to:					
Shareholders		(13,882)	(2,988)	(33,818)	(10,801)
Non-controlling interests		(4,876)	2,483	(9,991)	1,743
		(18,758)	**(505)**	**(43,809)**	**(9,058)**
Basic and diluted earnings (loss) per share	**13**				
Basic loss per share		**(0.11)**	**(0.19)**	**(0.26)**	**(0.45)**
Diluted loss per share		**(0.11)**	**(0.19)**	**(0.26)**	**(0.45)**

See notes to the condensed consolidated interim financial statements.

ANAERGIA INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (RESTATED - Note 3)

For the six months ended June 30, 2021

All amounts in thousands of Canadian dollars, Unaudited

	Issued Share Capital	Preferred Capital	Deficit (restated)	Accumulated Other Comprehensive Income (Loss) - Currency Translation Reserve (restated)	Contributed Surplus	Total (restated)	Non-controlling Interests (restated)	Total Equity (restated)
	$	$	$	$	$	$	$	$
As at January 1, 2021	130,178	9,861	(115,726)	13,218	5,736	43,267	82,504	125,771
Effect of restatement - Note 3	—	—	(8,738)	308	—	(8,430)	—	(8,430)
As at January 1, 2021 restated	130,178	9,861	(124,464)	13,526	5,736	34,837	82,504	117,341
Restated Net loss - Note 3	—	—	(5,911)	—	—	(5,911)	1,743	(4,168)
Other comprehensive loss	—	—	—	(4,890)	—	(4,890)	—	(4,890)
Total comprehensive income (loss)	—	—	(5,911)	(4,890)	—	(10,801)	1,743	(9,058)
Issuance of preferred capital (SoCal Biomethane, Note 14)	—	6,971	(6,912)	—	—	59	6,912	6,971
Subordinate voting shares issued net of issuance costs (Note 9)	163,643	—	—	—	—	163,643	—	163,643
Warrants exercised (Note 9)	25,163	—	—	—	(910)	24,253	—	24,253
Profit sharing arrangement - Rialto (Note 14)	—	—	(1,446)	—	—	(1,446)	1,446	—
Share based compensation	—	—	—	—	298	298	—	298
As at June 30, 2021	**318,984**	**16,832**	**(138,733)**	**8,636**	**5,124**	**210,843**	**92,605**	**303,448**

See notes to the condensed consolidated interim financial statements.

ANAERGIA INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

For the six months ended June 30, 2022

All amounts in thousands of Canadian dollars, Unaudited

	Issued Share Capital	Preferred Capital	Deficit	Accumulated Other Comprehensive Income (Loss) - Currency Translation Reserve	Contributed Surplus	Total	Non-controlling Interests	Total Equity
	$	$	$	$	$	$	$	$
As at January 1, 2022 - as reported	340,567	23,679	(161,141)	9,553	5,365	218,023	118,589	336,612
Effect of restatement - Note 3	—	—	(14,921)	247	—	(14,674)	—	(14,674)
Retrospective change in adoption of accounting standard - Note 3	—	—	177	—	—	177	1,281	1,458
As at January 1, 2022 - restated	340,567	23,679	(175,885)	9,800	5,365	203,526	119,870	323,396
Net loss	—	—	(25,828)	—	—	(25,828)	(10,215)	(36,043)
Other comprehensive income (loss)	—	—	—	(7,990)	—	(7,990)	224	(7,766)
Total comprehensive loss	—	—	(25,828)	(7,990)	—	(33,818)	(9,991)	(43,809)
Transaction costs (Note 9)	—	—	(4,125)	—	—	(4,125)	—	(4,125)
Issuance of preferred capital (SoCal Biomethane, Note 14)	—	888	(1,099)	—	—	(211)	1,099	888
Execise of stock options	2	—	—	—	—	2	—	2
Subordinate voting shares issued (Note 9), net of transaction costs	56,675	—	—	—	—	56,675	—	56,675
Profit sharing arrangement - Rialto (Note 14)	—	—	10,175	(233)	—	9,942	(9,942)	—
Share based compensation	—	—	—	—	581	581	—	581
As at June 30, 2022	**397,244**	**24,567**	**(196,762)**	**1,577**	**5,946**	**232,572**	**101,036**	**333,608**

See notes to the condensed consolidated interim financial statements.

ANAERGIA INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

For the six months ended June 30, 2022 and 2021

All amounts in thousands of Canadian dollars, Unaudited

		Six Months Ended June 30,	
For the years ended December 31	**Notes**	**2022** **$**	**2021** **(restated, note 3)** **$**
OPERATING ACTIVITIES			
Net earnings (loss)		**(36,043)**	**(4,168)**
Adjustments for the following non-cash items:			
Depreciation and amortization		1,803	1,517
Income tax expense		3,550	268
Finance costs (income)		7	(361)
Share based compensation expense		581	298
Loss (gain) on Rialto embedded derivative		19,807	(3,207)
Stock warrant valuation (gain) loss		—	914
Gain on warrant forfeitures		—	(615)
Share of loss equity-accounted investees		3,465	1,849
Government grant income		(165)	(74)
Net change in operating assets and liabilities	15	(1,683)	(36,274)
Net change in taxes paid (received)		(172)	146
Other items		—	463
Cash used by operating activities		**(8,850)**	**(39,244)**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(56,794)	(15,027)
Borrowing costs paid for plant under construction		(5,356)	(5,623)
Investment in intangible assets		(251)	(157)
Investment in long term assets		(23,467)	(7,500)
Cash used in investing activities		**(85,868)**	**(28,307)**
FINANCING ACTIVITIES			
Restricted cash utilization / (funding)		(2,443)	1,182
Proceeds from issuance of share capital	9	55,927	175,030
Proceeds from grant funding		4,219	6,015
Proceeds from warrants exercise		—	10,019
Proceeds from issuance of preferred capital in a subsidiary		888	6,971
Transaction costs	9	(7,450)	(11,387)
Proceeds from borrowings	7	33,322	12,241
Lease payments		(941)	(935)
Payment of interest		(231)	(112)
Repayment of debt		(2,281)	(3,032)
Repayment of line of credit		(21)	—
Cash provided by financing activities		**80,989**	**195,992**
Effect of exchange rate differences		**(1,816)**	**522**
Net change in cash and cash equivalents during the period		**(15,545)**	**128,963**
Cash and cash equivalents, beginning of period		**79,317**	**41,164**
Cash and cash equivalents, end of period		**63,772**	**170,127**

See notes to the condensed consolidated interim financial statements.

1. Corporate information

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

The Company was incorporated on September 3, 2010, under the *Canada Business Corporations Act*. On December 21, 2018, the Company was continued under the *Business Corporations Act* (British Columbia). The Company is headquartered in Burlington, Ontario, Canada and as at December 31, 2021, was controlled by the Benedek Anaergia Family Trust that is resident of Canada. On March 17, 2022, the trust transferred all of its shares in the Company to Dr. Andrew Benedek.

2. Basis of preparation

Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board. These condensed consolidated interim financial statements have been prepared on the same basis, including accounting policies and methods of computation as the Group's consolidated financial statements as at and for the year-ended December 31, 2021, with the exception of the adoption of amendments to International Accounting Standard ("IAS") 16 - *Proceeds before intended use,* as discussed in note 3. Under International Financial Reporting Standards ("IFRS"), additional disclosures are required in the annual financial statements and therefore, these condensed consolidated interim financial statements should be read in conjunction with the Group's audited financial statements as at and for the year-ended December 31, 2021.

These condensed consolidated interim financial statements have been authorized for issuance by the Group's board of directors on August 15, 2022.

3. Adoptions of new accounting standard and prior period restatement

Adoption of new accounting standard:

Effective January 1, 2022, the Company adopted the amendment to IAS 16 - *Proceeds before intended use.* This amendment to IAS 16 prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the assets for its intended use. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The Company has measured the cost of those items in accordance with IAS 2, Inventories.

The amendments also clarify the meaning of "testing whether an asset is functioning properly." IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. The proceeds received prior to intended use by the Company relates principally to fees received from waste disposal tonnage at the Company's Rialto, Rhode Island and Charlotte locations. During the six months ended June 30, 2022, the Company recognized $3,804 in revenue and 1,927 in associated costs relating to incidental revenue from assets that are not yet placed into service. During the three months ended June 30, 2022, the Company recognized $2,317 in revenue and $1,407 in associated costs relating to incidental revenue from assets that are not yet placed into service.

The Company has adopted the amendment retrospectively for assets which were not available for use prior to January 1, 2021. Accordingly, the Company has recognized the cumulative effect of initially applying the amendment as an adjustment to the opening balance of accumulated deficit at January 1, 2021, and has adjusted its comparative balances, results from operations, and cash flows for proceeds received and costs incurred for the comparative periods ended June 30, 2021 and December 31, 2021.

Prior period Restatement:

During the quarter ended June 30, 2022, management determined its interpretation of accounting standards relating to the recognition of capital sales and related Build Own Operate ("BOO") project costs in its previously issued financial statements were not in accordance with International Financial Reporting Standards. For three BOO projects where the Company utilized a third-party general contractor for the construction of the biogas facility, a subsidiary of the Company was engaged by the general contractor to fulfill certain project-related activities for which the subsidiary charged the general contractor a fee and incurred associated costs, which the Company had recognized as revenue and cost of sales, respectively. The Company has concluded revenue should not have been recognized on these subcontractor arrangements related to its BOO projects, and that the costs incurred should not have been expensed as costs of sales, but should have been capitalized to property, plant and equipment. The Company has determined that the impact was material to previously issued financial statements.

In addition, the Company identified that certain costs directly attributable to the construction of these facilities and that certain government assistance, for which the criteria for reimbursement related to costs incurred, should not have been recognized within the consolidated statements of operations and comprehensive loss. As a result, previously reported revenues and cost of goods sold, selling, general and administrative expense and government grant income in the three and six-month periods ended June 30, 2021 was restated to reduce amounts previously reported, as was the carrying amount of property, plant and equipment. The impact on shareholders' equity as at January 1, 2022 is an increase in the recognized deficit

Additionally, the Company has corrected the manner in which it recorded its equity-method investment in Bioener, an Italian BOO project, to conform with International Financial Reporting Standards. See Note 5 for further details.

The Company has adjusted the impacted line items for the effect of the IAS 16 amendment and the restatement as set out in the tables below:

Consolidated Statement of Financial Position	As at December 31, 2021 - as previously reported	Adjustment for amendment of IAS 16	Effect of restatement	As at December 31, 2021 - Restated
Property, plant and equipment, net	$ 343,072	$ 1,458	$ (17,020)	327,510
Deferred tax assets	1,912	—	4,762	6,674
Equity-accounted investees	27,391	-	1,757	29,148
Other long-term assets	71,400	-	(1,485)	69,915
Total non-current assets	477,552	1,458	(11,986)	467,024
Total assets	**$ 703,914**	**$ 1,458**	**$ (11,986)**	**693,386**
Accrued liabilities and provisions	48,967	—	2,310	51,277
Current portion of contract liabilities	9,210	—	(2,310)	6,900
Long-term portion of deferred government grants	38,873		2,688	41,561
Non-controlling interests	118,589	1,281	—	119,870
Deficit	(161,141)	177	(14,921)	(175,885)
Accumulated other comprehensive income	9,553	—	247	9,800
Total equity	336,612	1,458	(14,674)	323,396
Total liabilities and equity	**$ 703,914**	**$ 1,458**	**$ (11,986)**	**693,386**

The Company's comparative condensed consolidated interim statement of operations and comprehensive loss for the three and six months ended June 30, 2021 has been adjusted to the apply the amendment and restatement as follows:

	Three months ended June 30, 2021				Six months ended June 30, 2021			
	As previously reported	Adjustment for amendment of IAS 16	Effect of restatement	As restated	As previously reported	Adjustment for amendment of IAS 16	Effect of restatement	As restated
Revenue	$ 32,127	$ 585	$ (5,890)	$ 26,822	$ 69,559	$ 731	$ (14,869)	$ 55,421
Cost of sales	25,316	254	(4,728)	20,842	52,805	318	(11,388)	41,735
Gross profit	6,811	331	(1,162)	5,980	16,754	413	(3,481)	13,686
Selling and general administrative expenses	8,480	—	(884)	7,596	18,928	—	(1,173)	17,755
Grant income	(1,172)	—	1,135	(37)	(1,209)	—	1,135	(74)
Operating expenses	7,746	—	251	7,997	18,356	—	(38)	18,318
Loss from operations	(935)	331	(1,413)	(2,017)	(1,602)	413	(3,443)	(4,632)
Earnings (loss) before income taxes	3,099	331	(1,413)	2,017	(870)	413	(3,443)	(3,900)
Income tax expense	(888)	—	78	(810)	(914)	—	646	(268)
Net earnings (loss)	2,211	331	(1,335)	1,207	(1,784)	413	(2,797)	(4,168)
Exchange difference on translation of foreign operations	(1,908)	—	196	(1,712)	(5,224)	—	334	(4,890)
Total comprehensive loss	303	331	(1,139)	(505)	(7,008)	413	(2,463)	(9,058)
Net loss attributable to shareholders	141	(82)	(1,335)	(1,276)	(3,114)	—	(2,797)	(5,911)
Net loss attributable to shareholders non-controlling interests	2,070	413	—	2,483	1,330	413	—	1,743
Total comprehensive loss attributable to shareholders	(1,767)	—	(1,221)	(2,988)	(8,338)	—	(2,463)	(10,801)
Basic loss per share	$ 0.13	—	$ (0.32)	$ (0.19)	$ (0.10)	—	$ (0.35)	$ (0.45)
Diluted loss per share	$ 0.12	—	$ (0.31)	$ (0.19)	$ (0.10)	—	$ (0.35)	$ (0.45)

The Company's comparative condensed consolidated interim statement of changes in equity for the six months ended June 30, 2021 has been adjusted to the apply the amendment and restatement as follows:

Consolidated Statement of Changes in Equity	As at June 30, 2021 - as previously reported	Adjustment for amendment of IAS 16	Effect of restatement	As at June 30, 2021 - as restated
Total equity as at January 1, 2021	125,771	—	(8,430)	117,341
Net loss	(1,784)	—	(2,051)	(3,835)
Other comprehensive income (loss)	(5,224)	—	—	(5,224)
Total comprehensive income (loss)	(7,008)	—	(2,051)	(9,059)
Total equity as at June 30, 2021	313,928	—	(10,481)	303,447

The Company's comparative condensed consolidated interim statement of cash flow for the six months ended June 30, 2021 has been adjusted to the apply the amendment and restatement as follows:

Cash generated by (used in)	Six months ended June 30, 2021 - as previously reported	Adjustment for amendment of IAS 16	Effect of restatement	Six months ended June 30, 2021 - as restated
Operating Activities				
Net loss	(1,784)	413	(2,797)	(4,168)
Income tax expense	914	—	(646)	268
Government grant income	—	—	(74)	(74)
Net change in operating assets and liabilities	(30,930)	—	(5,344)	(36,274)
Net change in grant funding	4,805	—	(4,805)	—
Other items	(1)	—	464	463
Cash used by operating activities	(26,455)	413	(13,202)	(39,244)
Investing Activities				
Purchase of property, plant and equipment	(21,801)	(413)	7,187	(15,027)
Cash used in investing activities	(35,081)	(413)	7,187	(28,307)
Financing Activities				
Proceeds from grant funding	—		6,015	6,015
Cash provided by financing activities	189,977	—	6,015	195,992

4. Property, plant and equipment

Reconciliation of carrying amount

The following table presents the summary of property, plant and equipment and related depreciation for the six months ended June 30, 2022:

	Building and leasehold improvements $	Office furniture and equipment $	Equipment and machinery $	Construction work-in-progress $	Other[a] $	Total $
Cost						
Balance at January 1, 2021 - as previously stated	12,819	2,761	25,476	316,855	1,464	359,375
Adjustment to opening balance for restatement and adoption of new accounting standard, see note 3	—	—	—	(15,562)	—	(15,562)
Additions	75	161	422	61,125	99	61,882
Assets acquired	—	(13)	(11)	—	(32)	(56)
Other adjustments	—	—	—	2	—	2
Exchange adjustment	(42)	(105)	(16)	(992)	(33)	(1,188)
Balance at June 30, 2022	**12,852**	**2,804**	**25,871**	**361,428**	**1,498**	**404,453**
Accumulated depreciation						
Balance at January 1, 2021	818	1,546	13,056	—	883	16,303
Additions	205	105	401	—	40	751
Disposals and impairment	—	(13)	(38)	—	(5)	(56)
Exchange adjustment	4	(76)	(47)	—	(22)	(141)
Balance at June 30, 2022	**1,027**	**1,562**	**13,372**	**—**	**896**	**16,857**
Carrying amounts						
At June 30, 2022	**11,825**	**1,242**	**12,499**	**361,428**	**602**	**387,596**

5. Equity-accounted investees

The Company had historically carried the Bioener S.p.A. ("Bioener") investment at cost but has since determined that it has had significant influence since the Company's initial investment in a prior period and that a liability for a related forward commitment had not been recognized since inception. As a result, the Company has restated its investment within equity-accounted investees and accrued liabilities as at December 31, 2021 and January 1, 2021. There is no impact to shareholders' equity as at January 1, 2021 or to the statement of loss and comprehensive loss for the three or six-month periods ended June 30, 2021.

At June 30, 2022, the Company has the following equity-accounted investees and balances:

	Percent Ownership		Carrying Amount	
	June 30, 2022	December 31, 2021	June 30, 2022 $	December 31, 2021 $
Fibracast Ltd.	47%	47%	24,165	27,391
Medcon & db Technologies JV	40%	40%	—	—
WTE Holdings S.r.l.	55%	55%	—	—
Bioener S.p.A.	70%	51%	2,899	1,757
Total			27,064	29,148

During the six months ended June 30, 2022, the Group has the following activity in our equity-accounted investee, Fibracast:

	2022
Beginning balance	27,391
Share of Fibracast net loss	(3,226)
Ending balance	24,165

As at June 30, 2022, the Group had accounts receivable owed from Fibracast in the amount of $1,554, and loans receivable owed of $532.

Bioener S.p.A. ("Bioener")

On December 4, 2020 Anaergia S.r.l entered into an agreement to acquire from shareholders of the holding company Bioener S.p.A. ("Bioener") a 51% ownership interest in Bioener, to be followed by a scheduled increase of capital adjusting such ownership to 60%. Bioener owns 70% of the ownership interest in Bionet Srl, a project company awarded a tender for the construction and operation of an anaerobic digestion plant in Udine, Italy. As at June 30, 2022 and December 31, 2021 , the Group's investment in Bioener was $2,899 and $1,757, respectively.

6. Other long-term assets

The following table summarizes the Company's other long-term assets as at June 30, 2022 and December 31, 2021:

	At June 30, 2022	At December 31, 2021
	$	$
Loan to WTE Holdings, S.r.L.	76,383	62,629
Loan to Bioener S.p.A.	3,945	1,945
Other receivables and investments	5,583	5,341
Total other long-term assets	**85,911**	**69,915**

Loan to WTE Holdings, S.r.L. ("WTEH")

As at June 30, 2022, the balance of the note receivable from WTEH was $76,383 During the six months ended June 30, 2022, the increase mainly relates to additional funding of capital projects at WTEH. The notes are currently unsecured, and due on demand. The Group is currently accruing interest using a 5.5% interest rate. The Group does not expect the receivables to be repaid within the twelve months following the balance sheet date and accordingly have presented the amounts receivable as non-current. During the three and six months ended June 30, 2022, the Group charged interest of $1,033 and $2,208, respectively (three and six months ended June 30, 2021 - $711 and $1,069) on loans to WTE.

The Group through its capital sales segment sells equipment to WTEH's subsidiaries, which would typically be eliminated against profits of the equity-method investee, but due to the recurring losses of the equity method investee, the Group has been unable to eliminate these losses. At June 30, 2022, the Group had cumulative uneliminated net sales of $34,004 and cumulative corresponding uneliminated cost of sales of $24,951 to WTEH and subsidiaries. During the three months ended June 30, 2022, the Group had net sales of $7,210 and cost of sales of $5,458 to WTEH and subsidiaries. During the six months ended June 30, 2022, the Group had net sales of $16,411 and cost of sales of $11,880. At June 30, 2022, WTE has retained losses of $3,587 which had not been eliminated due to the value of the investment being nil.

Loan to Bioener S.p.A. ("Bioener")

During six months ended June 30, 2022, Bioener's shareholders agreed that certain amounts of shareholder loans would be converted from loans to equity in Bioener. The Company's share of the converted equity amount was $2,222 which resulted in the Company having a total investment of $3,640 included in other receivables and investments above. As at June 30, 2022, the Company funded total shareholder loans to Bioener in the amount of $3,945. These shareholder loans are not considered a part of Company's equity commitment to Bioener.

7. Long-term debt

Terms and repayment schedule

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

	Currency	Nominal interest rate	Year of maturity	Note	Carrying amount At June 30, 2022	At December 31, 2021
Non-current interest-bearing loans and borrowings						
Caterpillar Financial Services Loans						
- Term loan	USD	6.69%	2025		2,001	2,231
- Term loan	USD	5.70%	2028		4,290	4,390
Banca Popolare						
- Term Loan	EUR	2.65%	2025		131	175
Banco BPM S.p.A. Loan	EUR	1.80%	2027		1,627	1,919
Banco Unicredit S.p.A. Loan	EUR	1.08%	2023	(a)	2,710	—
General Motors Loan	USD	11.40%	2025		32	36
GDIF						
Loan I	USD	11.00%	2030		10,210	9,650
Loan II - IV	USD	11.00%	2031		10,647	10,037
Loan V - VII	USD	11.00%	2032	(b)	8,486	—
Live Oak Indenture	USD	5.96%	2032		529	546
AIP Loans	EURO	8.00%	2036	(c)	43,255	23,450
Previous owners of Envo Group	EURO	0.00%	2022		135	144
Previous owners of EBT	EURO	0.00%	2024 to 2026		5,811	5,840
Rialto bonds	USD	6.75% - 7.50%	2028 and 2040		144,973	145,579
					234,837	203,997
Less: issuance costs					(2,692)	(2,619)
Total long-term debt					232,145	201,378
Less: current portion					(6,966)	(5,263)
Net long-term debt					**225,179**	**196,115**

a) On June 21, 2022, Anaergia S.r.L. ("ASRL"), a subsidiary of the Group, entered into a loan agreement with Banco Unicredit S.p.A. for $2,710 (€2,000) that carry a variable annual rate of interest based on the three month EURIBOR plus 1.08 basis points. As at June 30, 2022, the variable interest rate was 1.36%. The variable rate loan is unsecured and does not require interim interest and principle payments and is instead due in whole at maturity in 18 months on December 21, 2023.

b) GDIF Loan V-VII

During the six months ended June 30, 2022, Rialto Bioenergy Facility ("Rialto") entered into a series of loan agreements with GDIF (North America) NRP Hold Co. (“GDIF”) whereby GDIF has provided loans for a total amount of $8,486 (USD 6,592) that carry a fixed annual rate of 11.00% which accrues to the principal and shall be due and payable in full between January and June 2032. Proceeds from the loan can only be used for operational costs and expenses of the Rialto project. This loan is secured by a promissory note and the same operating agreement that is in place for the Rialto bonds and is subordinate to the Rialto bonds.

c) AIP Loans

On November 12, 2021, the Company entered into a Master Note Purchase agreement with Arjun Infrastructure Partners (“AIP”) to provide financing for Anaergia’s build, own and operate projects in Italy. The AIP Loan commitment in the amount of €100 million of which the Company has drawn down approximately $43,255 (€ 31,372) as of June 30, 2022. Each drawdown will result in a separate note certificate as described in the master note purchase agreement and will mature on December 31, 2036, when all of the principle is due. The loan requires interest only payments every June and December, starting in 2022. The borrower on the loans is a newly formed Netherlands subsidiary Anaergia ITA, B.V. The loan is secured by a share pledge from Anaergia ITA B.V. During the three and six months ended June 30, 2022, AIP funded an additional $9,384 (€ 6,927) and $20,223 (€ 14,927) for certain projects, respectively.

These notes will charge interest at 8% per annum and paid twice yearly in June and December of each year, and the Company has the option to add pay or add the interest to the loan when the interest payment is due.

8. Financial instruments - Fair values and risk management

The Group’s financial instruments included in the condensed consolidated interim statements of financial position are comprised of cash and cash equivalents, restricted cash, trade and other receivables, government grants receivable, redemption option embedded derivative assets, line of credit, accounts payable, amounts due to related parties, and long-term debt.

Fair values

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

At December 31, 2021	Carrying amount	Fair value		
		Carrying amount approximates fair value	Level 2	Total
Financial Assets				
Cash and cash equivalents	79,317	79,317	—	79,317
Restricted cash	36,744	36,744	—	36,744
Trade and other receivables	34,788	34,788	—	34,788
Government grants receivable	2,635	2,635	—	2,635
Embedded derivative	24,410	—	24,410	24,410
	177,894	**153,484**	**24,410**	**177,894**
Financial Liabilities				
Line of credit	5,113	5,113	—	5,113
Accounts payable	30,355	30,355	—	30,355
Rialto bonds	143,686	—	188,216	188,216
Other long-term debt	57,692	—	57,692	57,692
Due to related parties	4,075	4,075	—	4,075
	240,921	**39,543**	**245,908**	**285,451**

At June 30, 2022	Carrying amount	Fair value		
		Carrying amount approximates fair value	Level 2	Total
Financial Assets				
Cash and cash equivalents	63,772	63,772	—	63,772
Restricted cash	38,765	38,765	—	38,765
Trade and other receivables	36,036	36,036	—	36,036
Government grants receivable	808	808	—	808
Embedded derivative	4,526	—	4,526	4,526
	143,907	**139,381**	**4,526**	**143,907**
Financial Liabilities				
Line of credit	5,150	5,150	—	5,150
Accounts payable	38,131	38,131	—	38,131
Rialto bonds	144,973	—	136,908	136,908
Other long-term debt	89,864	—	87,415	87,415
Due to related parties	—	—	—	—
	278,118	**43,281**	**224,323**	**267,604**

Measurement of fair values

The fair value of the Rialto bonds was determined using a discounted cash flow model based on prevailing interest rates at the period-end date for a similar instrument.

The Company used the following assumptions to determine the fair value of the embedded derivative asset at June 30, 2022: short rate volatility of 0.71% & 0.63% and credit spread of approximately 3.00% & 3.08%.

The Company used the yield to maturity discounted cash flow analysis to estimate the fair value of the other long-term debt at June 30, 2022. This method involves using national bank treasury yield rates and an option adjusted spread to determine the discounted cash flow for the loans to date of maturity. The option adjusted spread used was 1.9% to 4.5% at June 30, 2022 based on stated index prices. The illiquidity premium used on some of the loans was 3% to 4% at June 30, 2022.

There were no transfers of fair value measurements between Level 1, Level 2, and Level 3 of the fair value hierarchy in the three and six months ended June 30, 2022 and 2021.

9. Issued Share Capital

On June 18, 2021, the Company completed its initial public offering ("IPO"), raising aggregate gross proceeds of $175,000. The IPO consisted of the issuance of 12,500,000 subordinate voting shares of the Company (“Subordinate Voting Shares”) at $14.00 per share (“Offering Price”). The Company's Subordinate Voting Shares are listed on the Toronto Stock Exchange (the "TSX") under the symbol ANRG. During the six months ended June 30, 2021, the Company recognized share offering costs of $11,357. The Company accounted for the share offering costs as an offset against the cash received from the issuance of additional shares in the IPO, resulting in proceeds, prior to the exercise of an over-allotment option, were $163,643. Concurrent with the IPO, the Company's warrant holders exercised the warrants outstanding which resulted in proceeds of $10,019 from exercise and the liability was extinguished for the liability-classified warrants of $15,144 for a total credit to issued share capital of $25,163.

During the first quarter of 2022, the Company agreed to a commission of $4,125 relating to sales proceeds from our sale of non-controlling interest in Rialto. This accrued payment was recognized in accumulated deficit, corresponding to the recognition of the initial gain on the sale of the non-controlling interest of Rialto, which had been recognized within equity due to the fact that the Company did not lose control of Rialto. On April 3, 2022, the Company paid the commission.

On April 19, 2022, the Company completed the closing of its bought deal offering of 4,800,000 shares of subordinate voting shares priced at $12.50 per share for gross proceeds of approximately $60,000. Of these amounts, in connection with the offering, Dr. Andrew Benedek, our founder, Chair and Chief Executive Officer, has exercised his pre-emptive right in connection with this offering and purchased 400,000 of the offered Shares at the offering price of $12.50 per share. As part of the bought deal, Dr. Benedek and the Company agreed to convert a related party loan of $4,075 towards his $5,000 purchase of shares in the offering.

During the six months ended June 30, 2022, the Company had stock options exercised of 799,004 which resulted in a $2 change to issued share capital for cash received for the exercise of these stock options.

At June 30, 2022, issued share capital consisted of the following classes of shares, outstanding shares and share capital:

	Authorized	**June 30, 2022 Outstanding #**		Share capital
Multiple Voting Shares	Unlimited	**32,222,369**	$	78,810
Subordinate Voting Shares	Unlimited	**32,127,999**		318,434
Total		**64,350,368**	$	397,244

During the six months ended June 30, 2022, the Company had the following activity in in issued share capital:

	Multiple voting shares		**Subordinate voting shares**	
	# (000's)	**$ (000's)**	**# (000's)**	**$ (000's)**
Balance as at December 31, 2021	**32,222**	78,810	**26,529**	**261,757**
Bought deal offering from public investors	—	—	4,400	55,000
Cash portion of bought deal offering from related party	—	—	74	925
Non-cash conversion of related party loans for the purchase of shares in the bought deal offering	—	—	326	4,075
Share issuance costs	—	—	—	(3,325)
Exercise of employee stock options	—	—	799	2
Balance as at June 30, 2022	**32,222**	**78,810**	**32,128**	**318,434**

10. Share-based payment plans

Share Issuance Plans(equity-settled)

As at June 30, 2022, the Company had two share-based payment arrangements, which are described below.

Type of arrangement	**Awards granted**	**Type of Awards**	**Contractual life**	**Vesting conditions**
Employee Stock Option Plan ("ESOP")	2,627,391	Stock options	Earlier of 15 years or December 31, 2025	Four years' service
2021 Omnibus Equity Incentive Plan ("2021 Plan")	289,389	Restricted stock units	10 years	Three years' service

Further details and activity of the two plans for the six months ended June 30, 2022:

	ESOP					2021 Plan		
	Number of Options	Weighted Average Exercise Price		Weighted Average Fair Value		Number of Awards	Weighted Average Fair Value	
Outstanding at January 1, 2022	3,426,395	$	0.01	$	2.73	81,993	$	20.25
Granted	—		—		—	207,396		7.36
Forfeited	—		—		—	—		—
Exercised	(799,004)	$	0.01	$	2.73	—	$	—
Outstanding at June 30, 2022	2,627,391	$	0.01	$	2.73	289,389	$	11.01
Exercisable at June 30, 2022	2,409,891	$	0.01	$	2.73	—	$	—

For the six months ended June 30, 2022, the weighted average share price at the date of exercise for share options exercised during the period was $12.03. The options outstanding at June 30, 2022 had an exercise price of $0.01, and a weighted average remaining contractual life of 3.5 years.

Expense recognized in profit and loss
Share-based payment expenses by plan for the six months ended June 30, 2022 and 2021 were as follows:

	Three Months Ended June 30, 2022						**Six Months Ended June 30, 2022**					
	ESOP		2021 Plan		Total		ESOP		2021 Plan		Total	
	$		$		$		$		$		$	
Expense arising from RSUs	$	—	$	242	$	242	$	—	$	386	$	386
Expense arising from Stock Options	$	97	$	—	$	97	$	195	$	—	$	195
Total expense	$	97	$	242	$	339	$	195	$	386	$	581

	Three Months Ended June 30, 2021			Six Months Ended June 30, 2021		
	ESOP	2021 Plan	Total	ESOP	2021 Plan	Total
	$	$	$	$	$	$
Expense arising from RSUs	$ —	$ —	$ —	$ —	$ —	$ —
Expense arising from Stock Options	$ 206	$ —	$ 206	$ 298	$ —	$ 298
Total expense	$ 206	$ —	$ 206	$ 298	$ —	$ 298

11. Commitments and contingencies

As at June 30, 2022, the Group had commitments of $2,342 relating to capital expenditures for the Rialto project that will be recognized over the next three to six months. As at June 30, 2022, the Group had contingent liabilities of $30,044 relating to bonds and guarantees issued by financial institutions to Anaergia Italy SRL and Anaergia Canadian entities. As at June 30, 2022, the Group had accrued contingent liabilities of $956 relating to potential legal claims in Europe.

As at December 31, 2021, the Group had commitments of $5,867 relating to capital expenditures for Rialto and SoCal BioMethane projects. As at December 31, 2021, the Group had contingent liabilities of $4,956 and $14,416 relating to bonds and guarantees issued by financial institutions to Anaergia Italy SRL and Anaergia Canadian entities, respectively. As at December 31, 2021, the Company through its subsidiaries had $9.0 million of commitment guarantees related to insurance and construction bonds on the Company's various projects.

12. Segment reporting

Segment revenues and profits

The following is an analysis of the Group's revenue and gross profit by reportable segment:

	Revenue				**Gross Profit**			
	Three Months Ended June 30,		**Six Months Ended June 30,**		**Three Months Ended June 30,**		**Six Months Ended June 30,**	
	2022	**2021 (as restated, note 3)**	**2022**	**2021 (as restated, note 3)**	**2022**	**2021 (as restated, note 3)**	**2022**	**2021 (as restated, note 3)**
Capital Sales	34,498	22,624	64,423	48,892	6,292	3,779	12,309	10,287
Services	4,786	3,023	8,424	4,634	359	1,337	277	2,048
Build, Own, and Operate	2,897	1,175	4,950	1,895	1,332	864	2,740	1,351
Total	42,181	26,822	77,797	55,421	7,983	5,980	15,326	13,686

In addition, the Company's equity-accounted investee, Fibracast, is considered a reportable segment. For the six months ended June 30, 2022, the Company's share of Fibracast's revenue based on its ownership interest was $506 (June 30, 2021 – $449), and its share of Fibracast's gross profit was $96 (June 30, 2021 – ($194)).

The following is an analysis of the Group's total assets (as restated, see note 3) by reportable segment:

	Capital Sales	**Services**	**Build, Own, and Operate**	**Other Corporate**	**Fibracast**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
At June 30, 2022	199,439	45,590	456,790	35,873	24,165	761,857
At December 31, 2021	207,285	15,388	404,437	38,885	27,391	693,386

Geographical information

The Group's revenue from external customers by geographical location are detailed below:

Geographic Region	Revenue Three Months Ended June 30, 2022	 2021 (as restated, note 3)	 Six Months Ended June 30, 2022	 2021 (as restated, note 3)
U.S.	8,852	5,931	14,818	14,218
Canada	1,641	977	3,100	2,156
UK	1,426	4,942	4,091	9,585
Italy	25,338	8,132	46,422	15,351
Netherlands	2,293	3,304	3,638	6,872
Germany	1,616	1,863	3,444	3,283
South Africa	3	-	105	9
Singapore	1,010	1,673	2,143	3,947
Denmark	2	—	36	—
Total	42,181	26,822	77,797	55,421

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

Geographic Region	Non-current Assets At June 30, 2022	 At December 31, 2021 (as restated, note 3)
U.S.	372,455	326,006
Canada	27,877	30,766
UK	68	69
Italy	88,090	70,976
Netherlands	1,183	1,490
Germany	3,014	4,058
South Africa	6	4
Singapore	730	768
Denmark	27,041	11,787
Total	520,464	445,924

13. Earnings per share

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

Basic earnings per share

The calculation of basic EPS is based on the profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

Diluted earnings per share

The calculation of diluted EPS is based on the profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

At period-end, any instruments that have an anti-dilutive effect from the diluted weighted-average number of ordinary shares calculation are excluded from diluted EPS. The average market value of the Group's shares for the purpose of calculating the dilutive effect of share options is based on quoted market prices for the period during which the options are outstanding.

	Three Months Ended June 30,		Six Months Ended June 30,	
In thousands of Canadian dollars except share amounts	**2022**	**2021 (restated, note 3)**	**2022**	**2021 (restated, note 3)**
Net loss attributable to shareholders	(13,546)	(1,276)	(25,828)	(5,911)
Less: profit sharing arrangement Rialto	6,508	(2,186)	9,942	(1,446)
Loss available for ordinary shareholders - basic	(7,038)	(3,462)	(15,886)	(7,357)
Adjustment to fair value for warrants classified as derivatives	—	—	—	—
Income available for ordinary shareholders - dilutive	(7,038)	(3,462)	(15,886)	(7,357)
Multiple Voting Shares/Subordinate Voting Shares	63,268,404	18,090,368	61,128,391	16,495,872
Total ordinary shares	**63,268,404**	**18,090,368**	**61,128,391**	**16,495,872**
Subordinate Voting Shares Stock Options outstanding	—	—	—	—
Total potential ordinary shares	**63,268,404**	**18,090,368**	**61,128,391**	**16,495,872**
			2022	**2021**
Basic loss per share	$ (0.11)	$ (0.19)	$ (0.26)	$ (0.45)
Diluted loss per share	$ (0.11)	$ (0.19)	$ (0.26)	$ (0.45)

The following table details instruments outstanding that have a dilutive effect on earnings per share and are thus excluded:

Over allotment options to acquire multiple voting shares	—	1,740,500	—	1,740,500
Restricted stock units	289,389	—	289,389	—
Subordinate voting shares stock options outstanding	2,627,391	3,866,395	2,627,391	3,866,395
	2,916,780	**5,606,895**	**2,916,780**	**5,606,895**

14. Non-controlling interests

Rialto Bioenergy Facility LLC

The Group is a party to a profit sharing arrangement in which following the acquisition of the interest in Rialto, the first USD $80 million of profit in Rialto are distributable other than to the Group. The effects of this profit sharing arrangement are reflected as adjustments between non-controlling interest and deficit in the consolidated statements of changes in equity. Non-controlling interest on the consolidated statements of financial position is calculated based upon the waterfall outlined in Appendix B of the LLC agreement. During the six months ended June 30, 2022 and 2021, the Group recognized a decrease in its deficit in the amount of $10,175 and increase in its deficit in the amount of $1,446; respectively, with a corresponding decrease or increase in the non-controlling interest in connection with the profit sharing arrangement. For the three months ended June 30, 2022 and 2021, the Group recognized a $7,788 decrease and $2,203 increase, respectively.

The following table summarizes the balance sheet relating to Rialto as of June 30, 2022 and December 31, 2021.

Rialto Bioenergy Facility LLC In thousands of Canadian dollars	**At June 30, 2022**	**At December 31, 2021**
NCI percentage	49%	49%
Current assets	31,882	43,725
Non-current assets	293,878	287,732
Current liabilities	14,459	13,474
Non-current liabilities	224,059	218,554
Net assets	87,242	99,429
Net assets attributable to NCI	87,242	99,429

The following table summarizes the income statement relating to Rialto for the three and six months ended June 30, 2022 and 2021

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2022	**2021 (restated, note 3)**	**2022**	**2021 (restated, note 3)**
Revenue	1,459	585	2,202	731
Net (loss) income	(12,831)	4,687	(20,525)	3,274
Total comprehensive loss	(12,831)	4,687	(20,525)	3,274
Profit allocated to NCI	(6,287)	2,297	(10,057)	1,604
Cash flows used in operating activities	4,022	(2,164)	852	(1,385)
Cash flows used in investing activities	(12,348)	(12,158)	(25,375)	(18,721)
Cash flows from financing activities	8,316	14,241	17,988	20,667
Net decrease in cash and cash equivalents	(10)	(81)	(6,535)	561

SoCal Biomethane Holdco, LLC

The Group is party to a profit sharing arrangement, wherein profit is first distributed in proportion to each member's net invested capital account until the balance of each members' respective account has been reduced to zero. The effects of this profit sharing arrangement are reflected as adjustments between non-controlling interest and deficit in the condensed consolidated interim statements of changes in equity (deficiency). As a result of the issuance of a preferred equity interest, the Group recognized an increase in its deficit in the amount of $1,099 and $6,912 and for the six months ended June 30, 2022 and 2021, respectively, with a corresponding increase in the noncontrolling interest in connection with the profit sharing arrangement. For the three months ended June 30, 2022 and 2021, the Group recognized an $85 decrease and $3,931 increase, respectively.

The following table summarizes the balance sheet relating to SoCal BioMethane as of June 30, 2022 and December 31, 2021.

SoCal BioMethane LLC In thousands of Canadian dollars	**At June 30, 2022**	**At December 31, 2021**
Current assets	2,682	2,302
Non-current assets	39,798	36,853
Current liabilities	7,646	7,580
Non-current liabilities	5,545	3,647
Net assets	29,289	27,928
Net assets attributable to NCI	29,289	27,928

The following table summarizes the income statement relating to SoCal BioMethane for the three and six months ended June 30, 2022 and 2021.

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2022	**2021**	**2022**	**2021**
Revenue	—	—	—	—
Net (loss) income	120	(56)	(328)	(69)
Total comprehensive loss	120	(56)	(328)	(69)
Profit allocated to NCI	-	-	-	-
Cash flows used in operating activities	225	2,465	219	2,352
Cash flows used in investment activities	(1,142)	(4,705)	(3,561)	(7,086)
Cash flows from financing activities	824	3,931	3,237	7,623
Net decrease in cash and cash equivalents	(93)	1,691	(105)	2,889

15. Net change in operating assets and liabilities

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

	Six Months Ended June 30,	
Net change in operating assets and liabilities	**2022** **$**	**2021** **$**
Decrease/(increase) in accounts receivable	(1,248)	(9,109)
Increase in contract assets	(27,238)	(18,471)
Decrease/(increase) in government grants receivable	1,827	1,924
Decrease/(increase) in prepaid expenses	463	(25)
Decrease/(increase) in inventory	(652)	4,512
Decrease/(increase) in other current assets	(2,381)	(9,972)
Increase/(decrease) in accounts payable	7,776	5,901
Increase/(decrease) in accrued liabilities and provisions	12,837	(3,760)
Increase/(decrease) in contract liabilities	3,753	(9,130)
Increase in due to related parties	—	71
Increase/(decrease) in accrued interest	224	473
Increase/(decrease) in property, plant and equipment included in accounts payable	2,516	1,025
Others	440	287
	(1,683)	**(36,274)**

16. Related parties

Medcon & db Technologies JV (the "JV")

The Company's subsidiary, db Technologies BV ("dbT"), in the Netherlands holds a 40% interest in an entity, JV, in Cyprus. This joint venture was formed to undertake and execute a project as its contractor for design, construction, and operation of the integrated installations for the management of municipal solid waste and waste transfer station in the region of Limassol, owned by its customer, Ministry of the Interior of the Republic of Cyprus. The JV is a jointly controlled arrangement, and all decisions are taken with the unanimous consent of both JV partners. dbT also has minority interest in MD Limassol Waste Management Company Ltd. ("Limassol"), a Cyprus limited liability company, which was formed and entered into an Operation and Maintenance agreement with the municipal solid waste plant and transfer station that the JV, discussed above, was contracted to build. As at June 30, 2022, the Group had accounts receivables owed from the JV and Limassol of $9,789 and $3,911, respectively. As at June 30, 2022, the Group had loans receivable from the JV of $272, which are included in other long-term assets on the condensed consolidated interim statement of financial position.

17. Subsequent events

On August 3, 2022, the Corporation's subsidiary, Anaergia Services LLC ("AS") entered into a Contribution and Investment Agreement ("CIA") with IIF Anaergia Holdco, LLC, a Delaware limited liability company ("Investor") and wholly-owned subsidiary of North Sky Infrastructure Investment Fund, LLC, a Delaware limited liability company ("NSIIF"), and with Anaergia Bioenergy Facilities, LLC ("ABF"), a wholly-owned subsidiary of Anaergia Future Fuel, LLC ("AFF"), which in turn is a wholly-owned subsidiary of AS. The CIA provides for the transfer and contribution of the interests of AS in SoCal Biomethane Holdco, LLC ("SCH") and Charlotte Bioenergy Facility Holdco, LLC ("CBFH") into ABF, and also anticipates the future contribution of the interests in AS in Rhode Island Bioenergy Facility Holdco, LLC ("RIBFH") into ABF. Simultaneously with the CIA, AFF entered into a Limited Liability Company Agreement with Investor providing for contributions to ABF in the form of common and preferred equity, whereby Investor initially contributed $10,500,000 corresponding to the preferred equity interests associated with CBFH, and contemplates contributions of up to $21,000,000 corresponding to preferred equity interests in RIBFH, after the latter is contributed to AFF and a loan agreement is entered into by the direct subsidiary of RIBFH, Rhode Island Bioenergy Facility, LLC ("RIBF") and Live Oak Banking Company ("LOB"), to make a credit facility available to RIBF up to $25,000,000. The entry into and closing of the LOB credit facility is anticipated to occur upon the satisfaction on certain conditions that include the entry into a RNG offtake agreement by RIBF, and the performance of RIBF under the LOB credit facility is to be guaranteed by the Corporation. ABF is intended to qualify as a Qualified Opportunity Zone ("QOZ") Business and for the units in ABF of any Member that intends to be a Qualified Opportunity Fund ("QOF") to qualify as a QOZ Partnership Interest. The foregoing structure is intended to provide a financing framework for the Corporation's projects in Victorville (California), Charlotte (North Carolina), and Johnston (Rhode Island).