Anaergia Inc.

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

ANAERGIA INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

At September 30, 2022, and December 31, 2021

All amounts in thousands of Canadian dollars, Unaudited

	Notes	September 30, 2022	December 31, 2021 (adjusted, note 3)
		$	$
ASSETS			
Current assets			
Cash and cash equivalents		110,135	79,317
Restricted cash		31,262	22,318
Trade and other receivables		35,686	34,788
Contract assets		67,407	44,200
Government grants receivable		855	2,635
Prepaid expenses		5,449	5,319
Inventories		8,001	5,509
Embedded derivative		5,814	24,410
Other current assets		15,158	7,866
Total current assets		**279,767**	**226,362**
Non-current assets			
Restricted cash		16,566	14,426
Property, plant and equipment, net		445,346	327,510
Right of use assets, net		16,194	14,194
Intangible assets, net		4,460	2,713
Goodwill		6,683	2,444
Deferred tax assets		5,367	6,674
Equity-accounted investees	5	23,005	29,148
Long-term contract assets	4	23,327	—
Other long-term assets	6	93,352	69,915
Total non-current assets		**634,300**	**467,024**
Total assets		**914,067**	**693,386**

See notes to the condensed consolidated interim financial statements.

ANAERGIA INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

At September 30, 2022, and December 31, 2021
All amounts in thousands of Canadian dollars, Unaudited

	Notes	September 30, 2022	December 31, 2021 (adjusted, note 3)
		$	$
Current liabilities			
Line of credit		5,451	5,113
Accounts payable		53,113	30,355
Accrued liabilities and provisions		59,195	51,277
Taxes payables		9,798	8,023
Current portion of deferred government grants		3,004	1,223
Current portion of contract liabilities		7,078	6,900
Current portion of lease liabilities		927	1,032
Current portion of long-term debt	7	12,026	5,263
Total current liabilities		**150,592**	**109,186**
Non-current liabilities			
Long-term debt	7	337,640	196,115
Lease liabilities		16,640	13,975
Long-term portion of deferred government grants		46,601	41,561
Long-term portion of contract liabilities		3,447	2,668
Due to related parties		—	4,075
Asset retirement obligation		2,575	2,410
Total non-current liabilities		**406,903**	**260,804**
Total liabilities		**557,495**	**369,990**
EQUITY			
Non-controlling interests		120,545	119,870
Issued capital	9	397,245	340,567
Preferred capital in a subsidiary	14	38,195	23,679
Contributed surplus		6,192	5,365
Deficit		(208,246)	(175,885)
Accumulated other comprehensive income		2,641	9,800
Total equity		**356,572**	**323,396**
Total liabilities and equity		**914,067**	**693,386**

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

See notes to the condensed consolidated interim financial statements.

ANAERGIA INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

For the three and nine months ended September 30, 2022
and 2021
All amounts in thousands of Canadian dollars, Unaudited

	Notes	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021 (adjusted, note 3)	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021 (adjusted, note 3)
		$	$	$	$
Revenue		44,450	27,729	122,247	83,150
Cost of sales		34,409	22,014	96,880	63,749
Gross profit		**10,041**	**5,715**	**25,367**	**19,401**
Selling and general administrative expenses		12,163	13,224	35,401	30,979
Research and development expenses		392	488	1,472	1,125
Grant income		(54)	(1,311)	(219)	(1,385)
Operating expenses		12,501	12,401	36,654	30,719
Loss from operations		**(2,460)**	**(6,686)**	**(11,287)**	**(11,318)**
Net Gain on Fibracast deconsolidation and dilution of ownership		—	2,346	—	2,346
Gain / (loss) on Rialto embedded derivative		807	306	(19,000)	3,513
Remeasurement of previously held interest in Bioener	4	3,364	—	3,364	—
Stock warrant valuation gain (loss)		—	—	—	(914)
Gain on warrant forfeitures		—	—	—	615
Share of loss in equity-accounted investees		(1,158)	(780)	(4,623)	(2,629)
Other gains / (losses)		457	(1,155)	465	(1,740)
Finance income / (costs)		(170)	863	(177)	1,224
Foreign exchange gain / (loss)		775	919	380	816
		4,075	2,499	(19,591)	3,231
Earnings (loss) before income taxes		**1,615**	**(4,187)**	**(30,878)**	**(8,087)**
Income tax recovery / (expense)		(2,362)	2,394	(5,912)	2,126
Net earnings (loss)		**(747)**	**(1,793)**	**(36,790)**	**(5,961)**
Item that may be reclassified back to profit or loss in future periods					
Exchange difference on translation of foreign operations		5,105	1,876	(2,661)	(3,014)
Total comprehensive income (loss)		**4,358**	**83**	**(39,451)**	**(8,975)**
Net earnings (loss) attributable to:					
Shareholders		(722)	(2,324)	(26,550)	(8,235)
Non-controlling interests		(25)	531	(10,240)	2,274
		(747)	**(1,793)**	**(36,790)**	**(5,961)**
Total comprehensive income (loss) attributable to:					
Shareholders		2,403	(448)	(31,415)	(11,249)
Non-controlling interests		1,955	531	(8,036)	2,274
		4,358	**83**	**(39,451)**	**(8,975)**
Basic and diluted earnings (loss) per share	13				
Basic earnings (loss) per share		**(0.01)**	**(0.21)**	**(0.27)**	**(0.63)**
Diluted earnings (loss) per share		**(0.01)**	**(0.21)**	**(0.27)**	**(0.63)**

See notes to the condensed consolidated interim financial statements.

ANAERGIA INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

For the nine months ended September 30, 2021

All amounts in thousands of Canadian dollars, Unaudited

	Issued Share Capital	Preferred Capital	Deficit	Accumulated Other Comprehensive Income (Loss) - Currency Translation	Contributed Surplus	Total	Non-controlling	Total Equity
	$	$	$	$	$	$	$	$
As at January 1, 2021	130,178	9,861	(124,464)	13,526	5,736	34,837	82,504	117,341
Net income (loss) for the period	—	—	(8,235)	—	—	(8,235)	2,274	(5,961)
Other comprehensive loss	—	—	—	(3,014)	—	(3,014)	—	(3,014)
Total comprehensive income (loss)	—	—	(8,235)	(3,014)	—	(11,249)	2,274	(8,975)
Issuance of preferred capital (SoCal Biomethane, Note 14)	—	12,361	(12,361)	—	—	—	12,361	12,361
Subordinate voting shares issued net of issuance costs (Note 9)	186,240	—	—	—	—	186,240	—	186,240
Warrants exercised (Note 9)	25,163	—	—	—	(910)	24,253	—	24,253
Profit sharing arrangement - Rialto (Note 14)	—	—	(11,074)	—	—	(11,074)	11,074	—
Share based compensation	—	—	—	—	405	405	—	405
As at September 30, 2021	**341,581**	**22,222**	**(156,134)**	**10,512**	**5,231**	**223,412**	**108,213**	**331,625**

See notes to the condensed consolidated interim financial statements.

ANAERGIA INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

For the nine months ended September 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	(176,062)	9,800	5,365	203,349	118,589	321,938
Retrospective change in adoption of accounting standard - Note 3	—	—	177	—	—	177	1,281	1,458
As at January 1, 2022 - after adjustment	340,567	23,679	(175,885)	9,800	5,365	203,526	119,870	323,396
Net loss	—	—	(26,550)	—	—	(26,550)	(10,240)	(36,790)
Other comprehensive income (loss)	—	—	—	(4,865)	—	(4,865)	2,204	(2,661)
Total comprehensive loss	—	—	(26,550)	(4,865)	—	(31,415)	(8,036)	(39,451)
Transaction costs (Note 9)	—	—	(4,125)	—	—	(4,125)	—	(4,125)
Non-controlling interest of acquired entity (Bioener, Note 4)	—	—	—	—	—	—	4,731	4,731
Issuance of preferred capital (SoCal Biomethane, Note 14)	—	888	(938)	—	—	(50)	938	888
Issuance of preferred capital (Charlotte Bioenergy Facility, Note 14)	—	13,628	(12,888)			740	12,888	13,628
Exercise of stock options	3	—	—	—	—	3	—	3
Subordinate voting shares issued (Note 9), net of transaction costs	56,675	—	—	—	—	56,675	—	56,675
Profit sharing arrangement - Rialto (Note 14)	—	—	12,140	(2,294)	—	9,846	(9,846)	—
Share based compensation	—	—	—	—	827	827	—	827
As at September 30, 2022	**397,245**	**38,195**	**(208,246)**	**2,641**	**6,192**	**236,027**	**120,545**	**356,572**

See notes to the condensed consolidated interim financial statements.

ANAERGIA INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

For the nine months ended September 30, 2022 and 2021

All amounts in thousands of Canadian dollars, Unaudited

	Notes	Nine Months Ended September 30, 2022 $	2021 (adjusted, note 3) $
OPERATING ACTIVITIES			
Net earnings (loss)		**(36,790)**	**(5,961)**
Adjustments for the following non-cash items:			
Depreciation and amortization		2,687	2,372
Income tax expense (recovery)		5,912	(2,126)
Finance costs / (income)		177	(1,224)
Share based compensation expense		827	405
Net Gain on Fibracast deconsolidation and dilution of ownership		—	(2,346)
Remeasurement of previously held interest in Bioener	4	(3,364)	-
Loss (gain) on Rialto embedded derivative		19,000	(3,513)
Stock warrant valuation (gain) loss		—	914
Gain on warrant forfeitures		—	(615)
ERP costs expensed		—	922
Customer provision		—	3,473
Share of loss equity-accounted investees		4,623	2,629
Government grant income		(219)	(1,385)
Net change in operating assets and liabilities	15	(5,802)	(31,730)
Net change in taxes paid (received)		(1,775)	(90)
Other items		—	134
Cash used by operating activities		**(14,724)**	**(38,141)**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(87,854)	(43,841)
Borrowing costs paid for plant under construction		(5,401)	(6,177)
Investment in intangible assets		(807)	(327)
Investment in long term assets		(40,170)	(23,843)
Investment in equity-accounted investees		(2,154)	(9,000)
Cash used in investing activities		**(136,386)**	**(83,188)**
FINANCING ACTIVITIES			
Restricted cash utilization / (funding)		(9,676)	460
Proceeds from issuance of share capital	9	55,928	199,448
Proceeds from grant funding		4,324	4,671
Proceeds from warrants exercise		—	10,019
Proceeds from issuance of preferred capital in a subsidiary	14	14,516	12,361
Transaction costs on issuance of shares	9	(7,450)	(13,208)
Proceeds from borrowings	7	138,242	14,291
Lease payments		(1,465)	(1,473)
Payment of interest		(6,164)	(1,301)
Repayment of debt		(2,738)	(9,001)
(Repayment of) proceeds from line of credit		(21)	-
Cash provided by financing activities		**185,496**	**216,267**
Effect of exchange rate differences		**(3,568)**	**(958)**
Net change in cash and cash equivalents during the period		**30,818**	**93,980**
Cash and cash equivalents, beginning of period		**79,317**	**41,164**
Cash and cash equivalents, end of period		**110,135**	**135,144**

See notes to the condensed consolidated interim financial statements.

All amounts in thousands of Canadian dollars, Unaudited

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, and is controlled by 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. In addition, in connection with the acquisition achieved in stages of Bioener S.p.A. ("Bioener") as disclosed in note 4, the Group has remeasured its previous interest at fair value and accounted for the concession arrangement under International Financial Reporting Interpretations Committee ('IFRIC") 12, *Service Concession Arrangements* ("IFRIC 12"). 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 November 10, 2022.

3. Adoptions of new accounting standard

Effective January 1, 2022, the Group 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 Group 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 Group relates principally to fees received from waste disposal tonnage at the Company's Rialto, Rhode Island and Charlotte locations. During the nine months ended September 30, 2022, the Group recognized $5,448 in revenue and $2,691 in associated costs relating to incidental revenue from assets that are not yet placed into service. During the three months ended September 30, 2022, the Group recognized $1,644 in revenue and $764 in associated costs relating to incidental revenue from assets that are not yet placed into service.

The Group has adopted the amendment retrospectively for assets which were not available for use prior to January 1, 2021. Accordingly, the Group 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 September 30, 2021 and December 31, 2021.

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

Consolidated Statement of Financial Position		As at December 31, 2021 - as reported		Adjustment for amendment of IAS 16	As at December 31, 2021 - Adjusted
Property, plant and equipment, net	$	326,052	$	1,458	327,510
Total non-current assets		465,566		1,458	467,024
Total assets	**$**	**691,928**	**$**	**1,458**	**693,386**
Non-controlling interests		118,589		1,281	119,870
Deficit		(176,062)		177	(175,885)
Total equity		321,938		1,458	323,396
Total liabilities and equity	**$**	**691,928**	**$**	**1,458**	**693,386**

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

	Three months ended September 30, 2021			Nine months ended September 30, 2021		
	As previously reported	**Adjustment for amendment of IAS 16**	**As adjusted**	**As previously reported**	**Adjustment for amendment of IAS 16**	**As adjusted**
Revenue	$ 26,740	$ 989	$ 27,729	$ 81,430	$ 1,720	$ 83,150
Cost of sales	21,551	463	22,014	62,968	781	63,749
Gross profit	5,189	526	5,715	18,462	939	19,401
Loss from operations	(7,212)	526	(6,686)	(12,257)	939	(11,318)
Earnings (loss) before income taxes	(4,713)	526	(4,187)	(9,026)	939	(8,087)
Net earnings (loss)	(2,319)	526	(1,793)	(6,900)	939	(5,961)
Total comprehensive income (loss)	(443)	526	83	(9,915)	939	(8,976)
Net loss attributable to shareholders	(2,349)	25	(2,324)	(8,260)	25	(8,235)
Net loss attributable to shareholders non-controlling interests	30	501	531	1,360	914	2,274
Total comprehensive loss attributable to shareholders	(473)	25	(448)	(11,275)	25	(11,250)
Basic loss per share	$ (0.21)	—	$ (0.21)	$ (0.63)	—	$ (0.63)
Diluted loss per share	$ (0.21)	—	$ (0.21)	$ (0.63)	—	$ (0.63)

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

Consolidated Statement of Changes in Equity	**As at September 30, 2021 - as previously reported**	**Adjustment for amendment of IAS 16**	**As at September 30, 2021 - as adjusted**
Total equity as at January 1, 2021	117,341	—	117,341
Net loss	(6,900)	939	(5,961)
Other comprehensive income (loss)	(3,015)	—	(3,015)
Total comprehensive income (loss)	(9,915)	939	(8,976)
Total equity as at September 30, 2021	330,685	939	331,624

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

Cash generated by (used in)	**Nine months ended September 30, 2021 - as previously reported**	**Adjustment for amendment of IAS 16**	**Nine months ended September 30, 2021 - as adjusted**
Operating Activities			
Net earnings (loss)	(6,900)	939	(5,961)
Cash used by operating activities	(39,081)	939	(38,142)
Investing Activities			
Purchase of property, plant and equipment	(42,902)	(939)	(43,841)
Cash used in investing activities	(82,249)	(939)	(83,188)
Financing Activities			
Cash provided by financing activities	216,267	—	216,267

4. Acquisition of Bioener S.p.A.

On December 4, 2020, Anaergia S.r.l entered into an agreement to acquire a 51% ownership interest in Bioener from its shareholders, to be followed by a scheduled increase of capital adjusting such ownership to 60% and then 70%. Bioener owns 80% of the ownership interest in Bionet Srl ("Bionet"), a project company awarded a concession for the construction and operation of an anaerobic digestion plant in Udine, Italy. The Group was not considered to have control over Bioener until all closing conditions were met, including registration with the proper authorities, such that the Group did not have the power to direct the activities of Bioener that would significantly impact the Group's return. On August 3, 2022, the Group determined that it had obtained control of Bioener by registering the Group's equity holdings with the Italian authorities which would allow the Group to call a shareholder meeting and appoint the requisite number of directors to direct the key activities of Bioener, if the Group considered this necessary.

As the transaction constituted a business combination achieved in stages, the Group remeasured the investment in Bioener to its fair value immediately prior to acquisition and recognized a $3,364 gain. The purchase consideration consisted of $9,372 of loans receivable previously paid to Bioener and that are effectively considered settled due to the transaction and the fair value of the equity previously invested in Bioener of $5,980 was determined with reference to cash consideration paid in a recent equity issuance of the acquiree. The loans receivable previously issued to Bioener were deemed to approximate fair value using a yield to maturity discounted cash flow analysis. As a result of consummating the transaction, the Group recorded goodwill of $4,568 and non-controlling interest of $4,698. The acquisition was accounted for using the purchase method whereby identified assets acquired and liabilities assumed were recorded at their estimated fair values as of the date of acquisition and the non-controlling interest was measured at its estimated fair value on the date of acquisition. The excess of the purchase price over such fair value was recorded as goodwill of $4,568 which consists largely of the expected synergies obtained from Bioener's complementary services, the workforce for the Bionet Plant and Bioener, an engineering services firm with six employees. None of the goodwill recognised is expected to be deductible for income tax purposes. Included in selling, general and administrative expenses in the Group's statement of operations and comprehensive income (loss) for the nine-months ended September 30, 2022, acquisition related costs were nil.

Prior to the transaction, the Group had loans receivable from Bioener of $6,891 that will now be eliminated in consolidation. The Group is in the process of completing a valuation and determining the consideration transferred, identifiable assets acquired, and liabilities assumed, values associated with the non-controlling interest and its pre-existing equity interest in the acquiree, as well as resulting tax effects and goodwill or gain on a bargain purchase. The below table summarizes the Group's preliminary purchase price allocation of identifiable assets and liabilities of Bioener and its consolidated subsidiary, Bionet.

Consideration	**CAD $**
Fair value of loans receivable settled	9,372
Total consideration transferred	9,372
Fair value of equity previously invested in Bioener	5,980
	15,352
Recognised amounts of identifiable assets acquired and liabilities assumed	
Value added tax receivable	2,074
Other financial assets	1,316
Property, plant and equipment	1,322
Right of use asset	678
Deferred tax asset	1,047
Contract asset	21,949
Intangible asset - concession arrangement	1,820
Accounts payable and accrued liabilities	(8,332)
Lease liability	(678)
Assumed long-term debt	(5,714)
Total identifiable net assets	15,482
Non-controlling interest	(4,698)
Goodwill	4,568
	15,352

Concession Arrangement:

On October 10, 2017, the Group's now acquired subsidiary, Bionet, entered into a concession arrangement with wholly owned subsidiary of the municipality of Udine Italy, the "Udine Concession." The municipality has committed €8.0 million and a location to building a waste treatment plant in the city. The Udine Concession will have an operation phase of twenty-six years once the facility has been built by the Group and accepted by Udine. At the conclusion of the operation phase, the plant being constructed will revert back to the municipality which is currently expected to take place in 2048. The Udine Concession provides a guaranteed minimum amount of waste for the plant of 50,000 tonnes per year, which Bionet will be compensated for processing based on an initial market rate €75.0 per ton with annual increases of 1.5% determined in the contract. During the twenty-six-year period, the Group is allowed to operate the plant, produce renewable natural gas and sell the gas and other by-products to third-party customers. The Group has determined that this arrangement represents a concession arrangement under the scope of International Financial Reporting Interpretations Committee 12, *Concession Arrangements.* Currently, the Group is constructing the plant and plans on recognizing construction services revenue based on the fair value of services provided during the construction phase of the "Udine Concession." During the three and nine months ended September 30, 2022, the Group recognized $1,269 in construction revenue and $1,057 in construction for the "Udine Concession." Had Bioener been consolidated from January 1, 2022, the consolidated statement of comprehensive income (loss) would have included revenue of $8,557 and profit of $473. The total construction costs for the Udine plant are anticipated to be $49,469 of which Bionet has already incurred $21,949, included in contract assets above.

5. Equity-accounted investees

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

	Percent Ownership		**Carrying Amount**	
	September 30, 2022	**December 31, 2021**	**September 30, 2022**	**December 31, 2021**
			$	**$**
Fibracast Ltd.	47%	47%	23,005	27,391
Medcon & db Technologies JV	40%	40%	—	—
WTE Holdings S.r.l.	55%	55%	—	—
Bioener S.p.A. (note 4)	70%	51%	—	1,757
Total			23,005	29,148

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

		2022
Beginning balance	$	27,391
Share of Fibracast net loss		(4,386)
Ending balance	$	23,005

As at September 30, 2022, the Group had accounts receivable owed from Fibracast in the amount of $1,686, and loans receivable owed of $539. As at September 30, 2022, Fibracast had capital commitments of $2,581 and contingent liabilities of $1,382 related to a performance bond for one project.

6. Other long-term assets

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

	At September 30, 2022	At December 31, 2021
	$	$
Loan to WTE Holdings, S.r.L.	89,788	62,629
Loan to Bioener S.p.A. (note 4)	—	1,945
Other receivables and investments	3,564	5,341
Total other long-term assets	**93,352**	**69,915**

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

As at September 30, 2022, the balance of the note receivable from WTEH was $89,788. 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 nine months ended September 30, 2022, the Group charged interest of $1,243 and $3,451, respectively (three and nine months ended September 30, 2021 - $398 and $838) 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 September 30, 2022, the Group had cumulative uneliminated net sales of $40,803 (December 31, 2021 - $17,593) and cumulative corresponding uneliminated cost of sales of $29,673 (December 31, 2021 - $13,071) to WTEH and subsidiaries. During the three months ended September 30, 2022, the Group had net sales of $6,799 (2021 - $2,194) and cost of sales of $4,722 (2021 - $2,122) to WTEH and subsidiaries. During the nine months ended September 30, 2022, the Group had net sales of $23,210 (2021 - $6,373) and cost of sales of $16,602 (2021 - $4,959). At September 30, 2022, WTE has retained losses of $3,851 (At December 31, 2021 - $1,384) which had not been eliminated due to the value of the investment being nil.

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 September 30, 2022	At December 31, 2021
Non-current interest-bearing loans and borrowings						
Banca Popolare						
- Term Loan	EURO	2.65%	2025		112	175
Banco BPM S.p.A. Loan	EURO	1.80%	2027		1,508	1,919
Banco Unicredit S.p.A. Loan	EURO	1.08%	2023	a	2,482	—
AIP Loans	EURO	8.00%	2036	b	123,314	23,450
Previous owners of Envo Group	EURO	0.00%	2022		132	144
Previous owners of EBT	EURO	0.00%	2024 to 2026		5,613	5,840
Bioener loans	EURO	2.57% - 9.27%	2024 to 2027	c	5,750	—
Caterpillar Financial Services Loans						
- Term loan	USD	6.69%	2025		1,984	2,231
- Term loan	USD	5.70%	2028		4,471	4,390
General Motors Loan	USD	11.40%	2025		31	36
GDIF						
Loan I	USD	11.00%	2030		11,073	9,650
Loan II - IV	USD	11.00%	2031		11,561	10,037
Loan V - VII	USD	11.00%	2032	d	10,973	—
Live Oak Indenture	USD	5.96%	2032	e	17,900	546
Rialto bonds	USD	6.75% - 7.50%	2028 and 2040		156,344	145,579
					353,248	203,997
Less: issuance costs					(3,582)	(2,619)
Total long-term debt					349,666	201,378
Less: current portion					(12,026)	(5,263)
Net long-term debt					**337,640**	**196,115**

a) Banco Unicredit S.p.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 $2,482 (€2,000) that carries a variable annual rate of interest based on the three-month EURIBOR plus 1.08 basis points. As at September 30, 2022, the variable interest rate was 1.36%. The variable rate loan is unsecured and does not require interim interest and principal and is instead due in whole at maturity in 18 months on December 21, 2023.

b) 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 is in the amount of €100 million of which the Company has drawn down approximately $123,314 (€ 93,201) as of September 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 principal 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.

These notes 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.

c) Bioener S.p.A. Loans

On August 3, 2022, the Group completed our acquisition of Bioener (see note 4), which had the following third-party loans outstanding:

- $889 (€652) secured mortgages on Bioener's office building in La Spezia, Italy, which are bifurcated into two loans, one that bears interest at 4.45% and the other that bears interest at 2.57% and both are due in 2027 with semi-annual payments of principal and interest in April and October;
- $1,166 (€855) which is owed to the prior sellers of Bioener and bear interest at 5.5% to 8.5% and are due in 2023, this loan contains customary affirmative and negative covenants; and
- $3,066 (€2,250) is a deal-specific term loan facility with a financial institution entered into on April 20, 2018, which bears interest at 7.5% above the six-month euribor rate (1.77% at September 30, 2022) and is due in equal installments of €1,125 on the eleventh and twelfth month from the first drawdown in that happened in 2022 and both payments are due in 2023. This loan contains customary affirmative and negative covenants.

d) GDIF Loan V-VII

During the nine months ended September 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 $10,973 (USD 7,694) 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.

e) Live Oak Indenture

On June 1, 2021, the Company's subsidiary, SoCal Biomethane, LLC entered into an indenture agreement with the California Pollution Control Financing Authority (the "Authority") to issue Solid Waste Disposal Revenue Notes Series 2021 (the "Indenture"). The indenture allowed SoCal Biomethane, LLC to borrow up to USD 13.0 million with a maturity date of June 1, 2041. On June 30, 2021, SoCal Biomethane, LLC entered into a credit agreement with Live Oak Banking Corporation in which Live Oak purchased the indenture from the Authority. The credit agreement allows SoCal Biomethane, LLC to borrow USD 13.0 million at a fixed interest rate of 5.96% per annum with a maturity date of June 1, 2032. The credit agreement calls for the Company to pay a declining prepayment premium that starts at 4% and declines 1% each year over the first four years of the agreement. As at September 30, 2022, SoCal Biomethane, LLC has borrowed $17,900 (USD 13,000) on the loan.

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 September 30, 2022	Carrying amount	Fair value		
		Carrying amount approximates fair value	Level 2	Total
Financial Assets				
Cash and cash equivalents	110,135	110,135	—	110,135
Restricted cash	47,828	47,828	—	47,828
Trade and other receivables	35,686	35,686	—	35,686
Government grants receivable	855	855	—	855
Embedded derivative	5,814	—	5,814	5,814
	200,318	**194,504**	**5,814**	**200,318**
Financial Liabilities				
Line of credit	5,451	5,451	—	5,451
Accounts payable	53,113	53,113	—	53,113
Rialto bonds	156,344	—	145,566	145,566
Other long-term debt	196,904	—	191,368	191,368
	411,812	**58,564**	**336,934**	**395,498**

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 September 30, 2022: short rate volatility of 0.82% & 0.86% and credit spread of approximately 4.29% & 4.37%.

The Company used the yield to maturity discounted cash flow analysis to estimate the fair value of the other long-term debt at September 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 4.75% at September 30, 2022, based on stated index prices.

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 nine months ended September 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 nine months ended September 30, 2021, the Company recognized share offering costs of $13,162. The Company accounted for the share offering costs as an offset against the cash received from the issuance of additional shares in the IPO. The Company issued an overallotment option which allowed the underwriters to acquire an additional 1,740,500 Subordinate Voting shares for proceeds of $24,367 which was exercised on July 20, 2021. The aggregate gross proceeds of the IPO, including the exercise of the over-allotment option, were $199,402. The total capital raised, net of offering costs were $186,240. 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 nine months ended September 30, 2022, the Company had stock options exercised of 858,970 (2021 - nil) which resulted in a $3 increase to issued share capital for cash received for the exercise of these stock options.

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

	Authorized	**September 30, 2022 Outstanding #**		Share capital
Multiple Voting Shares	Unlimited	**32,222,369**	$	78,810
Subordinate Voting Shares	Unlimited	**32,187,965**		318,435
Total		**64,410,334**	$	397,245

During the nine months ended September 30, 2022, the Company had the following activity 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	—	—	859	3
Balance as at September 30, 2022	**32,222**	**78,810**	**32,188**	**318,435**

10. Share-based payment plans

Share Issuance Plans(equity-settled)

As at September 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")	2,567,425	Stock options	Earlier of 15 years or December 31, 2025	Four years' service
2021 Omnibus Equity Incentive Plan ("2021 Plan")	311,264	Restricted stock units	10 years	Three years' service

Further details and activity of the two plans for the nine months ended September 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	—	—	—	229,271	7.36
Forfeited	—	—	—	—	—
Exercised	(858,970)	$ 0.01	$ 2.73	—	$ —
Outstanding at September 30, 2022	2,567,425	$ 0.01	$ 2.73	311,264	$ 11.01
Exercisable at September 30, 2022	2,517,425	$ 0.01	$ 2.73	—	$ —

For the nine months ended September 30, 2022, the weighted average share price at the date of exercise for share options exercised during the period was $12.28. The options outstanding at September 30, 2022, had an exercise price of $0.01, and a weighted average remaining contractual life of 3.25 years.

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

	Three Months Ended September 30, 2022			**Nine Months Ended September 30, 2022**		
	ESOP	2021 Plan	Total	ESOP	2021 Plan	Total
	$	$	$	$	$	$
Expense arising from RSUs	$ —	$ 204	$ 204	$ —	$ 590	$ 590
Expense arising from Stock Options	$ 42	$ —	$ 42	$ 237	$ —	$ 237
Total expense	$ 42	$ 204	$ 246	$ 237	$ 590	$ 827

	Three Months Ended September 30, 2021			**Nine Months Ended September 30, 2021**		
	ESOP	2021 Plan	Total	ESOP	2021 Plan	Total
	$	$	$	$	$	$
Expense arising from RSUs	$ —	$ —	$ —	$ —	$ —	$ —
Expense arising from Stock Options	$ 107	$ —	$ 107	$ 405	$ —	$ 405
Total expense	$ 107	$ —	$ 107	$ 405	$ —	$ 405

11. Commitments and contingencies

As at September 30, 2022, the Group had commitments of $44,891 relating to capital expenditures mainly for projects in Europe that will be recognized over the next six to eighteen months. As at September 30, 2022, the Group had contingent liabilities of $43,830 relating to bonds and guarantees issued by financial institutions to Anaergia Italy SRL and Anaergia Canadian entities. As at September 30, 2022, the Group had accrued contingent liabilities of $675 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 September 30,		**Nine Months Ended September 30,**		**Three Months Ended September 30,**		**Nine Months Ended September 30,**	
	2022	**2021 (as adjusted, note 3)**	**2022**	**2021 (as adjusted, note 3)**	**2022**	**2021 (as adjusted, note 3)**	**2022**	**2021 (as adjusted, note 3)**
Capital Sales	36,654	22,932	101,077	71,824	10,008	4,364	22,317	14,651
Services	4,249	3,341	12,673	7,975	(1,114)	581	(837)	2,629
Build, Own, and Operate	3,547	1,456	8,497	3,351	1,147	770	3,887	2,121
Total	44,450	27,729	122,247	83,150	10,041	5,715	25,367	19,401

In addition, the Company's equity-accounted investee, Fibracast, is considered a reportable segment. For the nine months ended September 30, 2022, the Company's share of Fibracast's revenue based on its ownership interest was $1,168 (September 30, 2021 – $514), and its share of Fibracast's gross profit was $228 (September 30, 2021 – $31). For the three months ended September 30, 2022, the Company's share of Fibracast's revenue based on its ownership interest was $662 (September 30, 2021 – $65), and its share of Fibracast's gross profit was $132 (September 30, 2021 – $225).

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

	Capital Sales $	Services $	Build, Own, and Operate $	Other Corporate $	Fibracast $	Total $
At September 30, 2022	138,580	22,086	705,027	25,369	23,005	914,067
At December 31, 2021 - (adjusted)	144,008	12,476	470,626	38,885	27,391	693,386

In connection with the acquisition of control of Bioener, changes in the structure of the organization and the Group's continued investment in Italy, the Group has recategorized its comparative figures for certain non-current assets from its capital sales segment to its Build, Own and Operate segment.

Geographical information

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

	Revenue			
	Three Months Ended September 30,		Nine Months Ended September 30,	
Geographic Region	2022	2021 (as adjusted, note 3)	2022	2021 (as adjusted, note 3)
U.S.	10,765	5,584	25,583	19,802
Canada	3,274	1,191	6,374	3,347
UK	1,084	4,438	5,175	14,023
Italy	25,930	8,332	72,352	23,683
Netherlands	378	4,027	4,016	10,899
Germany	1,525	2,235	4,969	5,518
South Africa	125	-	230	9
Singapore	1,370	1,922	3,513	5,869
Denmark	(1)	—	35	—
Total	44,450	27,729	122,247	83,150

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:

	Non-current Assets	
Geographic Region	At September 30, 2022	At December 31, 2021 (as adjusted, note 3)
U.S.	418,112	326,006
Canada	27,356	30,766
UK	192	69
Italy	124,666	70,976
Netherlands	1,065	1,490
Germany	2,830	4,058
South Africa	5	4
Singapore	724	768
Denmark	37,417	11,787
Total	612,367	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 September 30,		Nine Months Ended September 30,	
In thousands of Canadian dollars except share amounts	**2022**	**2021 (adjusted, note 3)**	**2022**	**2021 (adjusted, note 3)**
Net loss attributable to shareholders	(722)	(2,324)	(26,550)	(8,235)
Add (deduct): profit sharing arrangement Rialto	(96)	(9,628)	9,846	(11,074)
Earnings (loss) available for ordinary shareholders - basic	(818)	(11,952)	(16,704)	(19,309)
Multiple Voting Shares/Subordinate Voting Shares	64,398,588	58,162,205	62,230,435	30,537,274
Total ordinary shares	**64,398,588**	**58,162,205**	**62,230,435**	**30,537,274**
			2022	**2021**
Basic Earnings (loss) per share	$ (0.01)	$ (0.21)	$ (0.27)	$ (0.63)
Diluted Earnings (loss) per share	$ (0.01)	$ (0.21)	$ (0.27)	$ (0.63)

The following table details instruments outstanding that have an anti-dilutive effect on earnings per share and are thus excluded from the computation of diluted earnings (loss) per share:

Restricted stock units	311,264	20,000	311,264	20,000
Subordinate voting shares stock options outstanding	2,567,425	3,428,895	2,567,425	3,428,895
	2,878,689	**3,448,895**	**2,878,689**	**3,448,895**

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 condensed interim 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 nine months ended September 30, 2022 and 2021, the Group recognized a decrease in its deficit in the amount of $12,140 and increase in its deficit in the amount of $11,074; respectively, with a corresponding decrease or increase in the non-controlling interest in connection with the profit-sharing arrangement. For the three months ended September 30, 2022 and 2021, the Group recognized a $1,965 decrease and $9,628 increase, respectively.

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

Rialto Bioenergy Facility LLC In thousands of Canadian dollars	At September 30, 2022	At December 31, 2021
NCI percentage	49%	49%
Current assets	21,332	43,725
Non-current assets	335,512	287,732
Current liabilities	22,531	13,474
Non-current liabilities	267,789	218,554
Net assets	66,524	99,429
Net assets attributable to NCI	66,524	99,429

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021 (adjusted, note 3)	2022	2021 (adjusted, note 3)
Revenue	909	886	3,111	1,617
Net (loss) income	247	677	(20,278)	3,951
Total comprehensive income (loss)	247	677	(20,278)	3,951
Profit (loss) allocated to NCI	121	332	(9,936)	1,936
Cash flows from / (used) in operating activities	5,473	1,502	6,325	117
Cash flows used in investing activities	(8,314)	(20,537)	(33,689)	(39,258)
Cash flows from / (used) in financing activities	(1,139)	23,614	16,849	44,281
Net change in cash and cash equivalents	(3,980)	4,579	(10,515)	5,140

Anaergia Bioenergy Facility, LLC

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, and with Anaergia Bioenergy Facilities, LLC ("ABF"), a wholly-owned subsidiary of the Group. The CIA provides for the transfer and contribution of the interests of AS in SoCal Biomethane Holdco, LLC ("SCH") and Charlotte Bioenergy Facility Holdco, LLC ("CBFH") into ABF, and also anticipates the future contribution of the interests of AS in Rhode Island Bioenergy Facility Holdco, LLC ("RIBFH") into ABF. Simultaneously with the CIA, the Group entered into a Limited Liability Company Agreement with the Investor providing for contributions to ABF in the form of common and preferred equity, whereby Investor initially contributed $13,628 (USD10,500) corresponding to the preferred equity interests associated with CBFH, and contemplates contributions of up to $28,619 (USD21,000) corresponding to preferred equity interests in RIBFH, after the latter is contributed to ABF and a loan agreement is entered into by the direct subsidiary of RIBFH, Rhode Island Bioenergy Facility, LLC ("RIBF") and Live Oak Banking Company, to make a credit facility available to RIBF up to $34,070 (USD25,000). 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).

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 effect of this profit-sharing arrangement is reflected as adjustments between non-controlling interest and deficit in the condensed consolidated interim statements of changes in equity (deficiency). As preferred members contribute equity, the Group recognized an increase in its deficit of $938 and $12,361 for the nine months ended September 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 September 30, 2022 and 2021, the Group recognized a $161 decrease and a $5,449 increase, respectively.

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

SoCal BioMethane LLC In thousands of Canadian dollars	At September 30, 2022	At December 31, 2021
Current assets	14,725	2,302
Non-current assets	40,687	36,853
Current liabilities	7,062	7,580
Non-current liabilities	21,473	3,647
Net assets	26,877	27,928
Net assets attributable to NCI	25,871	27,928

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenue	—	—	—	—
Net (loss) income	(141)	(23)	(469)	(92)
Total comprehensive income (loss)	(141)	(23)	(469)	(92)
Profit (loss) allocated to NCI	(141)	(23)	(469)	(92)
Cash flows from operating activities	948	188	1,167	559
Cash flows from / (used) in investment activities	2,191	(7,840)	(1,370)	(12,946)
Cash flows from financing activities	15,289	6,070	18,526	13,696
Net change in cash and cash equivalents	18,428	(1,582)	18,323	1,309

Charlotte Bioenergy Facility, LLC

Due to the Anaergia Bioenergy Facility restructuring discussed, the Group's subsidiary, Charlotte Bioenergy Facility, LLC are 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 effect of this profit-sharing arrangement is reflected as adjustments between non-controlling interest and deficit in the condensed consolidated interim statements of changes in equity (deficiency). The Group recognized an increase in its deficit $12,888 for the three and nine months ended September 30, 2022, with a corresponding increase in the noncontrolling interest in connection with the profit-sharing arrangement.

The following table summarizes the balance sheet relating to Charlotte Bioenergy Facility as of September 30, 2022, and December 31, 2021.

Charlotte Bioenergy Facility LLC		
In thousands of Canadian dollars	**At September 30, 2022**	**At December 31, 2021**
Current assets	2,682	532
Non-current assets	39,798	1,501
Current liabilities	7,646	1,182
Non-current liabilities	5,545	344
Net assets	29,289	507
Net assets attributable to NCI	29,289	—

The following table summarizes the income statement relating to Charlotte Bioenergy Facility for the three and nine months ended September 30, 2022.

	Three Months Ended September 30,	Nine Months Ended September 30,
	2022	2022
Revenue	761	1,429
Net income (loss)	(56)	—
Total comprehensive income (loss)	(56)	—
Profit (loss) allocated to NCI	—	—
Cash flows used in operating activities	(5,600)	(5,171)
Cash flows used in investment activities	(4,162)	(6,954)
Cash flows from financing activities	9,937	12,474
Net change in cash and cash equivalents	175	349

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.

	Nine Months Ended September 30,	
Net change in operating assets and liabilities	**2022** **$**	**2021** **$**
Decrease/(increase) in accounts receivable	(898)	(8,891)
Increase in contract assets	(28,530)	(17,901)
Decrease/(increase) in government grants receivable	1,780	2,609
Decrease/(increase) in prepaid expenses	(130)	(1,682)
Decrease/(increase) in inventory	(2,492)	4,142
Decrease/(increase) in other current assets	(2,938)	20
Increase/(decrease) in accounts payable	22,758	(1,476)
Increase/(decrease) in accrued liabilities and provisions	(470)	(12,415)
Increase/(decrease) in contract liabilities	957	(6,383)
Increase/(decrease) in accrued interest	5,987	2,525
Increase/(decrease) in property, plant and equipment included in accounts payable	(1,663)	6,990
Others	(163)	732
	(5,802)	**(31,730)**

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 September 30, 2022, the Group had receivables owed, gross of estimated credit losses, from the JV and Limassol of $9,561 and $1,742, respectively. As at September 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.