**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**

**FORM 10-K**

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended** December 31, 2025

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from _____to _____**

**Commission File Number:** 001-40743

**Verde Clean Fuels, Inc.**
(Exact name of registrant as specified in its charter)

| **Delaware** | **85-1863331** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification Number) |
| **711 Louisiana St., Suite 2160 Houston, Texas** | **77002** |
| (Address of principal executive offices) | (Zip Code) |

Registrant's telephone number, including area code: **(908) 281-6000**

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Class A Common Stock, par value $0.0001 per share | VGAS | The Nasdaq Stock Market LLC |
| Warrants, each whole warrant exercisable for one share of Class A Common Stock at an exercise price of $11.50 per share | VGASW | The Nasdaq Stock Market LLC |

Securities registered pursuant to section 12(g) of the Act:
None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | ☐ | Accelerated filer | ☐ |
| Non-accelerated filer | ☒ | Smaller reporting company | ☒ |
| Emerging growth company | ☒ | | |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of June 30, 2025, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the voting and non-voting common stock outstanding held by non-affiliates of the registrant was approximately $22.8 million (based on the closing sales price of the Class A common stock on June 30, 2025 of $3.44 per share as reported on the Nasdaq Capital Market).

As of March 27, 2026, there were 22,049,621 shares of Class A common stock and 22,500,000 shares of Class C common stock of the registrant outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Certain sections of the Registrant's definitive Proxy Statement for its 2026 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission (the "SEC") within 120 days of the Registrant's fiscal year ended December 31, 2025, are incorporated by reference in Part III of this Annual Report on Form 10-K (this "Report" and "Annual Report").

**Verde Clean Fuels, Inc.**
**FORM 10-K**

**For the Fiscal Year Ended December 31, 2025**

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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Report includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements, other than statements of present or historical fact, included in this Report, including, without limitation, statements under the headings “Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” regarding the Company’s expectations and any future financial performance, as well as the Company’s strategy, future operations, financial position, prospects, plans and objectives of management are forward-looking statements. The words “could,” “should,” "would," “will,” “aim,” “may,” “focus,” “believe,” “anticipate,” ”intend,” “estimate,” “expect,” "advance," ”project,” “plan,” “potential,” "goal,” “strategy,” “proposed,” "positions," the negative of such terms and other similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. Such forward-looking statements are not guarantees of future performance, conditions or results, and involve a number of known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside the control of the Company, that could cause actual results or outcomes to differ materially from those discussed in the forward-looking statements. Important factors, among others, that may affect actual results or outcomes include:

- the financial and business performance of the Company;
- the ability to maintain the listing of the Class A Common Stock and Public Warrants (each as defined below) on Nasdaq (as defined below), and the potential liquidity and trading of such securities;
- the failure to realize the anticipated benefits of the Business Combination (as defined below) that the Company consummated in February 2023, which may be affected by, among other things, competition;
- the future development status of the Company's Permian Basin Project (as defined below), which was suspended in February 2026;
- the Company’s ability to implement and execute its current strategy to pursue capital-lite opportunities, such as the deployment of our STG+® technology through licensing arrangements;
- the Company’s ability to develop and operate any potential project if and to the extent the Company determines in the future to pursue that strategy;
- the Company’s ability to obtain any required financing to advance any potential project;
- the reduction or elimination of government economic incentives to the renewable energy market;
- changing market conditions driven by increasing demand for natural gas in the Permian Basin and potentially in other regions, which could result in higher value markets for such natural gas;
- delays or lack of success in licensing its technology, as well as any acquisition, financing, construction and development of any project that may be developed;
- the length of development cycles for potential projects, including the design and construction processes for a project;
- the Company’s ability to license its STG+® technology and/or identify suitable locations for new or anticipated projects;
- the Company’s or third-party licensee’s dependence on suppliers;

- changes in local, state, and federal laws, regulations or policies that may affect our business or our industry (such as the effects of tax law changes, and changes in, or rollback of, environmental, health, and safety regulation and regulations addressing climate change, and trade policy);
- decline in public and governmental acceptance and support of renewable energy development and projects;
- demand for renewable energy not being sustained;
- impacts of climate change, changing weather patterns and conditions, and natural disasters;
- the ability to secure necessary governmental and regulatory approvals;
- the availability of, and our ability to qualify for, federal or state level low-carbon fuel credits or other carbon credits;
- any decline in the value of federal or state level low-carbon fuel credits or other carbon credits and the development of the carbon credit markets;
- risks relating to the Company's status as a development stage company with a history of net losses and no revenue;
- risks relating to the uncertainty of success, any commercial viability, or delays of the Company's research and development efforts, including any study in which the Company participates that is funded by the Department of Energy or any other governmental agency;
- significant developments in macroeconomic and political conditions beyond the Company's control, including disruptions in the supply chain, product supply and price volatility due to current hostilities in the Middle East and the government change in Venezuela, increased costs due to inflation, the imposition of tariffs or trade disputes;
- the Company's success in retaining or recruiting, or changes required in, its officers, key employees or directors;
- the ability of the Company to execute its business model, including market acceptance of gasoline derived from renewable feedstocks;
- litigation and the ability to adequately protect intellectual property rights;
- competition from companies with greater resources and financial strength in the industries in which the Company operates;
- other economic, competitive, governmental, legislative, regulatory, geopolitical, and technological factors that may negatively impact our businesses or operations; and
- other factors detailed under the section titled "*Risk Factors*."

The forward-looking statements contained in this Report are based on the Company's current expectations and beliefs concerning future developments and their potential effects on the Company. There can be no assurance that future developments affecting the Company will be those that the Company has anticipated. These forward-looking statements involve a number of risks, uncertainties (many of which are beyond the Company's control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described or incorporated by reference under the heading "Risk Factors" below. Should one or more of these risks or uncertainties materialize, or should any of the assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. There may be additional risks that the Company considers immaterial or which are unknown. It is not possible to predict or identify all such risks. The Company will not and does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

## SUMMARY OF SELECTED RISKS ASSOCIATED WITH OUR BUSINESS

Our business faces significant risks and uncertainties. If any of the following risks are realized, our business, financial condition and results of operations could be materially and adversely affected. You should carefully review and consider the full discussion of our risk factors in the section titled "Risk Factors" in Part I, Item 1A of this Report. Some of the more significant risks include the following:

**Risks Related to Our Business, Operations and Industry**

- Our commercial success depends on our ability to license our STG+® technology and/or to develop and operate plants for the commercial production of gasoline if and to the extent the Company determines to pursue development and operation of commercial production plants;

- While we are focused on optimizing our costs, deploying our technology through capital-lite opportunities and evaluating strategic alternatives that may be available, there is no assurance that we will be successful in this endeavor;

- Our limited history, lack of revenue and limited liquidity makes it difficult to evaluate our business and prospects and may increase the risks associated with your investment;

- We are a development stage company with a history of net losses, we are currently not profitable and we may not achieve or maintain profitability, and if we incur substantial losses, we may have to curtail our operations, which may prevent us from successfully operating and expanding our business;

- Significant capital investment is required to develop and conduct our operations and we intend to raise additional funds and these funds may not be available with acceptable terms or may not be available when needed;

- If we determine to construct new commercial production plants, we likely would face a long and variable design, fabrication, and construction development cycle that requires significant resource commitments and may create fluctuations in whether and when any revenue is recognized, and may have an adverse effect on our business;

- Disruption in the supply chain, including increases in costs, shortage of materials or other disruption of supply, or in the workforce could materially adversely affect our business;

- We have entered into relatively new markets, including renewable natural gas, renewable gasoline and biofuel and these new markets are highly volatile and have significant risk associated with current market conditions;

- Fluctuations in the price of product inputs, including natural gas or renewable feedstocks, may affect our cost structure;

- Fluctuations in petroleum prices and customer demand patterns may reduce demand for renewable fuels and bio-based chemicals and a prolonged environment of low petroleum prices or reduced demand for renewable fuels or biofuels could have a material adverse effect on our long-term business prospects, financial condition and results of operations;

- We may face substantial competition from companies with greater resources and financial strength, which could adversely affect our performance and growth;

- Our proposed projects may not be completed or, if completed, may not perform as expected and our project development activities may consume a significant portion of our management's focus, and if not successful, reduce any anticipated profitability;

- Fluctuations in the price and availability of energy to power our facilities may harm our performance;

- We may not be able to develop, maintain and grow strategic relationships, identify new strategic relationship opportunities, or form strategic relationships, in the future;

- Failure of third parties to manufacture quality products or provide reliable services in accordance with schedules, prices, quality and volumes that are acceptable to us could cause delays in developing and operating our commercial production plants, which could damage our reputation, adversely affect our partner relationships or adversely affect our growth;

- We may be unable to successfully perform under future supply and distribution agreements to provide our gasoline, which could harm our commercial prospects;

- Our facilities and processes may fail to produce renewable gasoline at the volumes, rates and costs we expect;

- Even if we are successful in completing a commercial production plant and consistently producing renewable gasoline on a commercial scale, we may not be successful in commencing and expanding commercial operations to support the growth of our business;

- Our actual costs may be greater than expected in developing our commercial production plants if we pursue that strategy, causing us to realize significantly lower profits, if any, or greater losses; and

- Our industry and our technologies are rapidly evolving and may be subject to unforeseen changes and developments in alternative technologies may adversely affect the demand for renewable gasoline, and if we fail to make the right investment decisions in our technologies and products, we may be at a competitive disadvantage.

**Legal, Legislative and Regulatory Matters**

- We may be unable to qualify for existing federal or state level low-carbon fuel credits and other carbon credits and the carbon credit markets may not develop as quickly or efficiently as we anticipate or at all;

- Liabilities and costs associated with hazardous materials, contamination and other environmental conditions may require us to conduct investigations or remediation or expose us to other liabilities, both of which may adversely impact our operations and financial condition;

- Our operations, and future planned operations, are subject to certain environmental, health and safety laws and permitting requirements, which could result in increased compliance costs or additional operating costs and restrictions. Failure to comply with such laws and regulations could result in substantial fines or other limitations that could adversely impact our financial results or operations;

- Increased geopolitical uncertainty, including as a result of evolving domestic and foreign tariff policies, may adversely affect us by increasing the costs of our business; and

- From time to time, we may be involved in litigation (including the current claim as discussed in Item 3. Legal Proceedings), regulatory actions or government investigations and inquiries, which could have an adverse impact on our financial results and consolidated financial position.

**Risks Related to Ownership of Our Securities and Our Capital Structure**

- We are a "controlled company" within the meaning of Nasdaq Capital Market rules and, as a result, qualify for exemptions from certain corporate governance requirements, and as a result, you do not have the same protections afforded to stockholders of companies that are not exempt from such corporate governance requirements; and

- We will be required to make payments under the Tax Receivable Agreement (as defined below) and the amounts of such payments could be significant.

**Risks Related to Information Technology, Intellectual Property and Cybersecurity**

- Failure to protect our intellectual property, inability to enforce our intellectual property rights or loss of our intellectual property rights through costly litigation or administrative proceedings, could adversely affect our ability to compete and our business.

# PART I

## ITEM 1. Business.

### Overview

Verde Clean Fuels, Inc. (“we,” “us,” “our,” “Verde,” “Verde Clean Fuels” or the “Company”) owns an innovative and proprietary gas-to-liquids processing technology capable of converting low-value or stranded feedstocks into higher-value clean transportation fuels. Our synthesis gas (“syngas”)-to-gasoline plus (STG+®) process is designed to convert syngas, derived from a variety of feedstocks, including natural gas and biomass, into fully finished liquid fuels that require no additional refining. The STG+® technology is engineered for industrial-scale deployment and intended to be delivered in standardized modular units. The technology has been validated through a fully integrated demonstration plant that has completed over 10,000 hours of operation.

We are a Delaware corporation headquartered in Houston, Texas. Our principal executive offices are located at 711 Louisiana St., Suite 2160, Houston, Texas 77002. We also have an office and demonstration plant in Hillsborough, New Jersey.

Our shares of Class A Common Stock and Public Warrants (each as defined below) are listed on the Nasdaq Capital Market ("Nasdaq") under the symbols “VGAS” and “VGASW,” respectively. Our primary stockholder is Bluescape Clean Fuels Holdings, LLC (“Holdings”). Holdings is an affiliate of Bluescape Energy Partners, an alternative investment firm. Our second largest stockholder is Cottonmouth Ventures, LLC (“Cottonmouth”). Cottonmouth is a wholly-owned subsidiary of Diamondback Energy, Inc. (“Diamondback”), an independent oil and natural gas company.

As of December 31, 2025, we are still in the process of deploying our STG+® technology and have not derived revenue from our principal business activities.

“Clean” or “lower-carbon” as used to describe the Company’s products refers to lower carbon intensity (“CI”), lower lifecycle emissions, and lower quantity of greenhouse gas (“GHG”) emissions resulting directly from fuel combustion, relative to gasoline derived from petroleum refining. “Renewable” as used in relation to the Company’s products refers to energy or fuel derived from biomass feedstock.

### Recent Developments

On February 6, 2026, we announced the suspension of development of the Permian Basin Project (as defined below) primarily as a result of changing market conditions driven by increasing demand for natural gas in the Permian Basin.

On February 18, 2026, we announced a revised strategy to deploy our innovative and proprietary liquid fuels processing technology through capital-lite opportunities. The shift in strategy is intended to identify the most effective pathways to commercialize the STG+® technology with a disciplined approach to capital allocation. Related to our revised strategy, we have implemented and intend to continue implementing aggressive cost savings initiatives targeting a 50% reduction in costs in 2026 as compared to 2025. In connection with this initiative, our Board of Directors has created a Restructuring Committee and appointed director Jonathan Siegler as the sole member of that committee. The Restructuring Committee’s mandate includes overseeing all aspects of our revised strategy and evaluation of strategic alternatives while ensuring we remain fully NASDAQ-compliant. In connection with our cost savings initiatives, we are streamlining our Board of Directors. Related thereto, current directors Martijn Dekker and Dail St. Claire will not be standing for re-election at the end of their term.

On March 20, 2026, we announced the appointment of George Burdette as Chief Executive Officer (“CEO”) and engagement of Roth Capital Partners (“Roth”) as financial advisor to assist the Company in evaluating strategic alternatives. These announcements are part of the Company’s continued advancement of its previously announced restructuring and cost reduction initiatives. Mr. Burdette succeeds Ernie Miller who is stepping down from his role as CEO to pursue another opportunity. Mr. Miller will remain with the Company as a senior advisor. Mr. Burdette, who has served as the Company’s Chief Financial Officer (“CFO”) since October 2024, will also continue in that role.

### Technology

We acquired our STG+® technology from Primus Green Energy ("Primus") in 2020, which was originally founded in 2007 and invested over $110 million in developing and demonstrating such technology, including the construction and operation of the demonstration plant. The demonstration plant represents the scalable nature of our operational modular commercial design which has fully integrated reactors and recycle lines and is designed with key variables, like gas velocity and catalyst bed length, at a one-to-one scale with our commercial design. The demonstration plant began operations in 2013, completed over 10,000 hours of operation and is currently maintained in an idle state.

Our STG+® process is designed to convert syngas into fully finished liquid fuels that require no additional refining. Syngas can be produced using conventional processes from a variety of feedstocks, including natural gas and biomass, using established reforming or gasification technologies. Our innovative and proprietary STG+® process compresses and passes syngas through a series of four catalytic reactors in a proprietary sequence operating in a continuous vapor-phase loop to produce fully finished liquid fuels.

The STG+® process utilizes fixed-bed catalytic reactors, minimal rotating equipment, and conventional refinery and gas-plant hardware, contributing to predictable catalyst cycles and steady-state continuous operation. Because the process remains in the vapor phase throughout, it eliminates intermediate condensation, handling, purification, and re-vaporization steps typical of legacy methanol-to-gasoline technologies. The catalysts employed in our process are standard and widely available through established commercial supply chains.

The STG+® process is capable of producing higher-value clean transportation fuels, including reformulated blendstock for oxygenate blending ("RBOB") gasoline that is free of sulfur and benzene. The gasoline produced is suitable to be considered a "drop-in" substitute for petroleum-derived gasoline and is designed to meet applicable [ASTM] specifications after standard downstream blending. We have developed two different pathways to gasoline production, namely natural gas-to-gasoline and biomass-to-gasoline. In each case, syngas is generated from the feedstock, which is then processed into RBOB gasoline through the STG+® process. Our STG+® process has also been adapted to produce methanol and may be adapted to produce other transportation fuels, which could include sustainable aviation fuel or renewable diesel.

### Competition

Commercial production plants that utilize the STG+® technology face competition, including companies in the incumbent petroleum-based industry, as well as those in the emerging renewable fuels industry and others selling carbon credits as a commodity

In the gas-to-liquids ("GTL") and methanol-to-gasoline ("MTG") technology markets, we primarily compete with established Fischer-Tropsch ("FT") technologies and other MTG-based processes. Conventional FT technologies typically convert syngas into a broad distribution of hydrocarbons, including significant heavy wax fractions that require substantial downstream upgrading and refining infrastructure. In the MTG-to-gasoline market specifically, there are only two other companies of which we are aware that have proprietary technologies designed to convert syngas or methanol into gasoline: ExxonMobil Corporation ("Exxon") and Topsoe A/S ("Topsoe"). We expect that other market participants and/or emerging technologies may also present competition to us in the future.

Key differentiators of our STG+® technology relative to conventional FT and certain MTG technologies are as follows:

*Continuous Vapor-Phase Design*. Our STG+® process operates in a continuous vapor-phase loop through a sequence of fixed-bed catalytic reactors. We believe our continuous vapor-phase design may reduce intermediate processing steps and simplify plant configuration relative to certain legacy MTG technologies that require condensation and re-vaporization steps. In addition, we believe our process may reduce equipment count and simplify plant configuration.

*Fully Finished Liquid Fuels.* Our STG+® process is designed to selectively produce fully finished liquid fuels that require no additional refining. This is distinctly different than conventional FT technologies, which typically produce a broad range of hydrocarbons, including heavy wax fractions that require substantial downstream upgrading and refining infrastructure.

*Distributed Scale Application*. Commercial production plants that utilize the STG+® technology are expected to be operated on a smaller or "distributed" scale relative to traditional large scale GTL facilities. We believe this distributed scale configuration may provide advantages when deployed near constrained or localized feedstock sources, such as stranded natural gas or biomass-derived feedstocks.

**Deployment**

The STG+® technology is engineered for industrial-scale deployment and intended to be delivered in standardized modular units.

Key differentiators of our deployment model are as follows:

*Standard Equipment***.** Our STG+® process utilizes standard process equipment, including fixed-bed catalytic reactors, standard refinery and gas-plant hardware, and commercially available catalysts. This approach is intended to support predictable catalyst cycles, steady-state continuous operation, and supply chain flexibility.

*Modular Deployment***.** Our STG+® technology is engineered for delivery in standardized modular units that can be fabricated and assembled offsite prior to installation. This modular approach is intended to reduce construction complexity, improve schedule predictability, and enable scalable capacity expansion through replicable unit blocks.

**Key Inputs and Suppliers**

Commercial production plants that utilize the STG+® technology are not expected to be dependent on sole source or limited source suppliers for raw materials or chemicals. The STG+® technology relies upon syngas as the primary input. Syngas can be produced using conventional processes from a variety of feedstocks, including natural gas and biomass, using established reforming or gasification technologies. Other key inputs to commercial production plants that utilize the STG+® technology include key utilities such as power and water.

When using natural gas as the feedstock, our process may provide an alternative use for natural gas that is stranded or would otherwise be vented or flared by converting such natural gas to RBOB gasoline. Our technology generates in-basin demand for associated natural gas resulting from oil production, alleviating pipeline and takeaway constraints. This could enable oil and gas companies to transform surplus associated natural gas into a higher-value marketable product while reducing carbon emissions.

When using biomass as the feedstock, our process may provide an alternative to landfill disposal of organic matter such as agricultural byproducts by converting such biomass to renewable gasoline. Our renewable gasoline, when paired with carbon capture and sequestration, represents a significant reduction in lifecycle carbon emissions as compared to the carbon emissions resulting from gasoline derived from petroleum refining. Our renewable gasoline could also benefit from various federal and state carbon credit programs designed to incentivize reductions in lifecycle CI and GHG emissions.

The STG+® process also utilizes standard process equipment and commercially available catalysts, which can be sourced from a variety of suppliers.

**Intellectual Property**

We own or have rights to use the intellectual property associated with the STG+® technology. We have a portfolio of patents that protect key aspects of our STG+® technology related to our ability to produce commodity-grade gasoline from syngas and the specific fuel composition produced by our proprietary systems.

We hold patents related to such key aspects of our STG+® technology in the U.S. as well as 14 other jurisdictions. We actively manage and maintain our patent portfolio to preserve and extend protection of our intellectual property where appropriate. Patents related to our ability to produce commodity-grade gasoline from syngas are generally valid through 2031 and patents related to the specific fuel composition produced by our proprietary systems are generally valid through 2033.

**Strategy**

Our current strategy is focused on the deployment of our STG+® technology through capital-lite opportunities. Such opportunities include licensing technology and providing engineering, technical, and operational services to customers to enable them to build, own, and operate commercial production plants that utilize the STG+® technology.

We had previously been focused on the deployment of our STG+® technology through development of capital-intensive commercial production plants. The shift in strategy is intended to identify the most effective pathways to commercialize the STG+® technology with a disciplined approach to capital allocation. Related to our revised strategy, announced on February 18, 2026, we have implemented and intend to continue implementing aggressive cost savings initiatives. Related to the change in strategy, we have eliminated roles related to the development of capital-intensive commercial production plants that are no longer aligned with our current operating plan.

**Customers**

Potential customers for the liquid fuels produced at commercial production plants that utilize the STG+® technology include fuel refiners, importers, distributors, blenders, retailers, and trading organizations. Such customers may be obligated by clean fuel standards or regulations to purchase physical volumes of renewable fuel.

Potential customers that may develop commercial production plants that utilize the STG+® technology include consumers of the liquid fuels that would be produced as well as energy companies, project developers, and industrial operators.

Commercial production plants that utilize the STG+® technology could also derive value from environmental attributes associated with renewable fuels. For example, certain gasoline produced from renewable feedstock, such as cellulosic biomass, qualifies under the federal renewable fuel standard ("RFS") for a D3 renewable identification number ("RIN"), a renewable fuel credit based, in part, on GHG intensity. Similarly, we believe that gasoline produced in this fashion may qualify for various state carbon programs including California's low carbon fuel standard ("LCFS"). The availability and value of environmental attributes are subject to potential changes in regulatory environment and market conditions.

**Relationships**

*Bluescape.* Our primary stockholder is Holdings. Holdings is an affiliate of Bluescape Energy Partners, an alternative investment firm.

*Diamondback*. Our second largest stockholder is Cottonmouth. Cottonmouth is a wholly-owned subsidiary of Diamondback, an independent oil and natural gas company.

*Shaw*. In June 2024, we entered into a contract with Chemex Global, LLC ("Chemex"), a Shaw Group company ("Shaw"), for a front-end engineering and design ("FEED") study related to the Permian Basin Project (defined below). The FEED study was completed in December 2025; however, the Permian Basin Project was suspended in February 2026. We believe the FEED study will continue to be useful as we explore other opportunities to deploy the STG+® technology.

*Koch Modular*. Koch Modular Process Systems, LLC ("Koch Modular") specializes in the design and manufacturing of modular mass transfer systems for the chemical process industry. Koch Modular was engaged to design standardized modular units for the STG+® technology for the Permian Basin Project. We believe the standardized modular units designed will continue to be useful as we explore other opportunities to deploy the STG+® technology.

**Formation, Business Combination and Related Transactions**

On February 15, 2023 (the "Closing Date"), we consummated (the "Closing") a business combination (the "Business Combination") pursuant to a business combination agreement, dated as of August 12, 2022 ("Business Combination Agreement"), by and among CENAQ Energy Corp. ("CENAQ"), a Delaware corporation, Verde Clean Fuels OpCo, LLC, a Delaware limited liability company and a wholly owned subsidiary of CENAQ ("OpCo"), Holdings, Bluescape Clean Fuels Intermediate Holdings, LLC, a Delaware limited liability company and a wholly-owned subsidiary of Holdings ("Intermediate"), and CENAQ Sponsor LLC ("Sponsor"). Immediately upon the completion of the Business Combination, CENAQ was renamed as "Verde Clean Fuels, Inc."

Pursuant to the Business Combination Agreement: (i) CENAQ filed a fourth amended and restated certificate of incorporation (the "Fourth A&R Charter") with the Secretary of State of the State of Delaware reflecting the name change to "Verde Clean Fuels, Inc." and increasing the number of authorized shares of Verde Clean Fuels' capital stock, par value $0.0001 per share, to 376,000,000 shares, consisting of (A) 350,000,000 shares of Class A Common Stock, (B) 25,000,000 shares of Class C common stock, par value $0.0001 per share (the "Class C Common Stock" and together with the Class A Common Stock, the "Common Stock") and (C) 1,000,000 shares of preferred stock, par value $0.0001 per share; (ii) (A) CENAQ contributed to OpCo (1) all of its assets (excluding its interests in OpCo and the aggregate amount of cash required to satisfy any exercise by CENAQ stockholders of their Redemption Rights (as defined below)) and (2) 22,500,000 newly issued shares of Class C Common Stock (such shares, the "Holdings Class C Shares") and (B) in exchange therefor, OpCo issued to CENAQ a number of Class A common units of OpCo (the "Class A OpCo Units") equal to the number of total shares of Class A Common Stock issued and outstanding immediately after the consummation of the transactions (the "Transactions") contemplated by the Business Combination Agreement (such transactions, the "SPAC Contribution"); and (iii) immediately following the SPAC Contribution, (A) Holdings contributed to OpCo 100% of the issued and outstanding limited liability company interests of Intermediate and (B) in exchange therefor, OpCo transferred to Holdings (1) 22,500,000 Class C common units of OpCo (the "Class C OpCo Units" and, together with the Class A OpCo Units, the "OpCo Units") and (2) the Holdings Class C Shares (such transactions, the "Holdings Contribution"). Additionally, the following transactions occurred in connection with the Business Combination:

- The issuance and sale of 3,200,000 shares of Class A Common Stock for a purchase price of $10.00 per share (Holdings purchased 800,000 of these shares of Class A Common Stock), for an aggregate purchase price of $32,000,000, in a private placement (the "PIPE Financing");

- An aggregate of $158.8 million was paid from the CENAQ trust account to holders of 15,403,880 shares of Class A Common Stock that exercised their redemption rights ("Redemption Rights") and the balance of $19,031,516 of proceeds from CENAQ's trust account related to non-redeeming holders of 1,846,120 shares of Class A Common Stock was released from trust and delivered to Verde Clean Fuels as part of the Business Combination;

- We repaid $3,750,000 of capital contributions made by Holdings and paid $10,043,793 of transaction expenses including deferred underwriting fees of $1,700,000;

- As additional consideration for the Holdings Contribution, the Company will cause OpCo to transfer to Holdings up to 3,500,000 Class C OpCo Units and a corresponding 3,500,000 shares of Class C Common Stock (the "Earn Out Equity"), upon the occurrence of a Triggering Event (as defined below). A Triggering Event occurs on the date on which the Company's Class A Common Stock's volume-weighted average share price for any 20 trading days within any period of 30 consecutive trading days during the period between the Closing Date, being February 15, 2023, and the earlier of the five-year anniversary of the Closing Date or the date a Company Sale (as defined in the Business Combination Agreement) is consummated (the "Earn Out Period") is greater than or equal to $15.00 ("Triggering Event I") or $18.00 ("Triggering Event II" and, together with Triggering Event I, Triggering Event"). Upon the occurrence of Triggering Event I within the Earn Out Period, an aggregate of 1,750,000 Class C OpCo Units and a corresponding 1,750,000 shares of Class C Common Stock will be transferred to Holdings, and upon the occurrence of Triggering Event II within the Earn Out Period, an aggregate of 1,750,000 Class C OpCo Units and a corresponding 1,750,000 shares of Class C Common Stock will be transferred to Holdings. If there is a Company Sale during the Earn Out Period pursuant to which the Company or any of its holders of Class A Common Stock have the right to receive consideration implying a value per share of Class A Common Stock that is greater than or equal to the applicable price specified in the Triggering Events, any Earn Out Equity that has not previously transferred will be deemed to have been transferred immediately prior to the closing of such Company Sale, and Holdings will be eligible to participate in such Company Sale with respect to the Earn Out Equity deemed transferred on the same terms, and subject to the same conditions, as apply to the holders of Class A Common Stock generally. Upon consummation of a Company Sale, the Earn Out Period will terminate and Holdings will have no further right to receive or earn the Earn Out Equity other than in accordance with the Triggering Events, with respect to such Company Sale;

- The Sponsor agreed to forfeit 2,475,000 of its Private Placement Warrants (as defined below), retaining 2,475,000 Private Placement Warrants for which it paid $2,475,000 to CENAQ in a private placement transaction that occurred concurrent with the closing of the initial public offering;

- Sponsor agreed to subject 3,234,375 shares (the "Sponsor Subject Shares") of its 3,487,500 shares of Class A Common Stock received upon conversion of its founder shares to forfeiture if a Triggering Event does not occur during the time period between the Closing Date, being February 15, 2023, and the earlier of (i) the five-year anniversary of the Closing Date or (ii) the date a Company Sale is consummated (the "Forfeiture Period"); 50% of the Sponsor Subject Shares will no longer be subject to forfeiture if Triggering Event I occurs during the Forfeiture Period and the balance of 50% of the Sponsor Subject Shares will no longer be subject to forfeiture if Triggering Event II occurs during the Forfeiture Period. If during the Forfeiture Period there is a Company Sale pursuant to which the Company or its holders of Class A Common Stock have the right to receive consideration implying a per share value of Class A Common Stock of greater than or equal to $15.00 or $18.00, respectively, then a Triggering Event will be deemed to have occurred. If neither Triggering Event occurs during the Forfeiture Period, upon the expiration of the Forfeiture Period, the Sponsor Subject Shares will immediately be forfeited to the Company for no consideration and immediately cancelled;

- The forfeiture by underwriters of 189,750 shares of Class A Common Stock; and

- The issuance of 253,125 and 825,000 shares of Class A Common Stock to the Sponsor and certain other investors in CENAQ's initial public offering upon conversion of shares of Class B common stock of CENAQ.

Total proceeds raised from the Business Combination were $51,122,970 consisting of $32,000,000 in PIPE Financing proceeds, $19,031,516 from the CENAQ trust, and $91,454 from the CENAQ operating account offset by $10,043,793 in transaction expenses which were recorded as a reduction to additional paid in capital, and offset by a $3,750,000 capital repayment to Holdings, resulting in net proceeds of $37,329,178. As of the consummation of the Business Combination, there were (i) 31,858,620 shares of our Common Stock issued and outstanding, comprised of 9,358,620 shares of Class A Common Stock and 22,500,000 shares of Class C Common Stock and (ii) 2,475,000 shares of our Class A Common Stock reserved for issuance upon exercise of 2,475,000 private placement warrants originally issued by CENAQ ("Private Placement Warrants") and 12,937,479 shares of our Class A Common Stock reserved for issuance upon exercise of our 12,937,479 public warrants issued in the initial public offering ("Public Warrants" and, together with the Private Placement Warrants, the "Warrants"). Each of the Warrants is currently exercisable to purchase one share of Class A Common Stock at $11.50 per share on or prior to February 15, 2028, except for 29,216 Public Warrants that were exercised for cash of $335,984 in connection with the issuance of 29,216 shares of Class A Common Stock during the fiscal year beginning January 1, 2023.

Prior to the Business Combination, Verde Clean Fuels, previously CENAQ, was a special purpose acquisition company ("SPAC") incorporated for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses.

Pursuant to Accounting Standards Codification ("ASC") 805 – Business Combinations ("ASC 805"), the Business Combination was accounted for as a common control reverse recapitalization where Intermediate was deemed the accounting acquirer and Verde Clean Fuels was treated as the accounting acquiree, with no goodwill or other intangible assets recorded, in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Business Combination was not treated as a change in control of Intermediate. This determination reflects Holdings holding a majority of the voting power of Verde Clean Fuels, Intermediate's pre-Business Combination operations being the majority post-Business Combination operations of Verde Clean Fuels, and Intermediate's management team retaining similar roles at Verde Clean Fuels. Further, Holdings continues to control the Company's Board of Directors (the "Board" or "Board of Directors") through its majority voting rights. Under ASC 805, the assets, liabilities, and noncontrolling interests of Intermediate are recognized at their carrying amounts on the date of the Business Combination.

Following the completion of the Business Combination, the combined company is organized in an “Up-C” structure and the only direct assets of Verde Clean Fuels consists of equity interests in OpCo, whose only direct assets consists of equity interests in Intermediate. The Up-C structure allows Holdings to retain its equity ownership through OpCo, an entity that is classified as a partnership for U.S. federal income tax purposes, in the form of Class C OpCo Units, and provides potential future tax benefits for Verde Clean Fuels when the holders of Class C OpCo Units ultimately exchange their Class C OpCo Units and shares of the Company’s Class C Common Stock for shares of Class A Common Stock in Verde Clean Fuels. We are the sole managing member of OpCo. As such, we consolidate OpCo, and the unitholders that hold economic interests directly in OpCo are presented as redeemable noncontrolling interests in our financial statements.

Holders of Class C OpCo Units, other than Verde Clean Fuels, have the right (a "redemption right"), subject to certain limitations, to exchange all or a portion of its Class C OpCo Units and a corresponding number of shares of Class C Common Stock for, at OpCo’s election, (i) shares of Class A Common Stock on a one-for-one basis, subject to adjustment for stock splits, stock dividends, reorganizations, recapitalizations and the like, or (ii) an equivalent amount of cash.

On the Closing Date, in connection with the consummation of the Business Combination, Verde Clean Fuels entered into a tax receivable agreement (the “Tax Receivable Agreement”) with Holdings (together with its permitted transferees, the “TRA Holders,” and each a “TRA Holder”). Pursuant to the Tax Receivable Agreement, Verde Clean Fuels is required to pay each TRA Holder 85% of the amount of realized tax benefit, if any, in U.S. federal, state and local income and franchise tax that Verde Clean Fuels actually realizes (computed using certain simplifying assumptions) or is deemed to realize in certain circumstances in periods after the Closing Date as a result of, as applicable to each such TRA Holder, (i) certain increases in tax basis that occur as a result of Verde Clean Fuels’ acquisition (or deemed acquisition for U.S. federal income tax purposes) of all or a portion of such TRA Holder’s Class C OpCo Units pursuant to the exercise of the OpCo exchange right, a mandatory exchange or the call right (collectively referred to as “Exchange Right, a Mandatory Exchange or the Call Right”) and (ii) imputed interest deemed to be paid by Verde Clean Fuels as a result of, and additional tax basis arising from, any payments Verde Clean Fuels makes under the Tax Receivable Agreement. Verde Clean Fuels will retain the benefit of the remaining 15% of these net cash savings. The Tax Receivable Agreement contains a payment cap of $50,000,000 (the "Payment Cap"), which applies only to certain payments required to be made in connection with the occurrence of a change of control. The Payment Cap would not be reduced or offset by any amounts previously paid under the Tax Receivable Agreement or any amounts that are required to be paid (but have not yet been paid) for the year in which the change of control occurs or any prior years.

**Cottonmouth and Permian Basin Project**

Concurrent with the Business Combination, Cottonmouth made a $20 million equity investment in Verde and entered into an equity participation right agreement pursuant to which Verde granted Cottonmouth the right to participate and jointly develop facilities in the Permian Basin utilizing Verde’s STG+® technology for the production of gasoline derived from economically disadvantaged natural gas feedstocks. Cottonmouth is a wholly-owned subsidiary of Diamondback, an independent oil and natural gas company.

In February 2024, Verde and Cottonmouth entered into a joint development agreement (the “JDA”) related to the proposed development, construction, and operation of a natural gas-to-gasoline plant in the Permian Basin utilizing Verde's STG+® technology and associated natural gas from Diamondback's operations (the "Permian Basin Project"). The JDA frames the contracts contemplated to be entered into between the parties and outlines the conditions precedent for the parties to enter into definitive documents and achieve final investment decision (“FID”) to proceed with the Permian Basin Project. The JDA conditions precedent include finalizing applicable project contracts, obtaining necessary permits, obtaining project financing on terms satisfactory to each party, and receiving FID by each party.

In December 2024, we entered into a Class A Common Stock Purchase Agreement with Cottonmouth (the "Purchase Agreement"), pursuant to which we agreed to issue and sell to Cottonmouth in a private placement an aggregate of 12,500,000 shares (the "PIPE Shares") of our Class A common stock, par value $0.0001 ("Class A Common Stock"), at a price of $4.00 per share for an aggregate purchase price of $50,000,000 (the "PIPE Investment"). Closing of the PIPE Investment occurred on January 29, 2025. Proceeds from the PIPE Investment were intended to further the development and construction of potential natural gas-to-gasoline production plants in the Permian Basin and for other general corporate purposes.

In February 2026, the Company suspended development of the Permian Basin Project primarily as a result of changing market conditions driven by increasing demand for natural gas in the Permian Basin. For the year ended December 31, 2025, the Company recorded an impairment of the full carrying value of its construction in progress assets related to the Permian Basin Project. See Notes 4, 5, 7 and 14 in the accompanying consolidated financial statements for further information.

**Demand for Renewable and Lower-Carbon Gasoline**

Energy markets are undergoing dramatic changes as they shift from fossil fuels to carbon-reduced and carbon-free sources. A series of technological, economic, regulatory, social and investor pressures are leading the drive to decarbonize energy and sectors that are major energy consumers, such as transportation.

According to the U.S. Energy Information Administration's (the "EIA") "U.S. Energy-Related Carbon Dioxide Emissions, 2023," gasoline accounted for more than 20% of the U.S.'s energy-related carbon dioxide ("CO2") emissions in 2023 and overall, transportation represented approximately 39% of total U.S. energy-related CO2 emissions (or 1,856 million tons of CO2). Within the approximately 39% of total U.S. energy-related CO2 emissions caused by the transportation sector, in 2023, gasoline accounted for approximately 56% of the total (or 1,033 million tons of CO2) and accounted for over twice the emissions of diesel (which produced approximately 460 million tons of CO2) and over four times the emissions of jet fuel (which produced approximately 247 million tons of CO2). Uptake on competing emissions-reduction technologies, such as electric vehicles, is growing, but, according to BloombergNEF, is only expected to reach 24% of the projected 2035 total vehicle fleet in the U.S. As a result, the EIA predicts 2035 gasoline demand to be at 92-102% of 2022 levels. According to the EIA's "2022 Annual Energy Outlook," petroleum and natural gas are projected to remain as the most-consumed source of energy in the U.S. through 2050, and motor gasoline is projected to be the most commonly used transportation fuel despite electric vehicles gaining market share.

Production of renewable gasoline paired with carbon capture and sequestration results in a fuel that has a negative CI score, meaning that more carbon is sequestered in the production of a gallon of fuel than is emitted by the consumption of that same quantity of fuel.

According to the U.S. Department of Energy, there are approximately 241 million tons per year of waste forest resources and 318 million tons per year of agricultural waste generated annually in the U.S. Using Verde's STG+® process to produce gasoline from biomass, waste from forest and agricultural sources could produce over 25 billion gallons of gasoline per year. Achieving production of 25 billion gallons of renewable gasoline could meet approximately 19% of the EIA's estimated 2022 gasoline demand of 132 billion gallons. Renewable gasoline can be utilized within the existing 268 million internal combustion engine ("ICE") vehicles in the U.S. without vehicle modification. We believe that our renewable gasoline will be able to utilize essentially all of the existing fossil fuel gasoline distribution and retailing infrastructure, including existing gas stations, making our renewable gasoline a drop-in solution that does not require a change in consumer behavior.

Based on the Fuel Institute's "Life Cycle Analysis Comparison, 2022," a single conventional ICE vehicle is accountable for approximately 66 tons of CO2 over a 200,000-mile life, which includes 5 tons of CO2 generated from the manufacturing process, 12 tons of CO2 generated from the production and processing of the oil and gasoline fuel used in the vehicle and 48 tons of CO2 generated from vehicle emissions. We estimate that an ICE vehicle utilizing renewable gasoline produced using our STG+® process with carbon sequestration would be accountable for approximately negative 81 tons of CO2 over a 200,000-mile life, which includes five tons of $CO_2$ generated from the manufacturing process, negative 134 tons of $CO_2$ from the production of the renewable gasoline fuel used in the vehicle and 48 tons of $CO_2$ generated from vehicle emissions. As a result, we estimate that an ICE vehicle running solely on renewable gasoline produced using our STG+® process with carbon sequestration would account for over 200% less $CO_2$ emissions over its lifecycle than the same vehicle running on traditional hydrocarbon-based gasoline.

**Regulatory Environment**

Demand for renewable fuel has grown significantly over the past several years and is expected to continue to grow due in part to federal requirements for cellulosic biofuel volume obligations through programs such as the RFS, which was created under the Energy Policy Act of 2005 (the “Energy Act”), which amended the Clean Air Act (“CAA”) and was expanded through the Energy Independence and Security Act of 2007 (the “EISA”). The EISA requires the use of specific volumes of biofuel in the U.S. and is aimed at (i) increasing energy security by reducing U.S. dependence on foreign oil and establishing domestic green fuel related industries and (ii) improving the environment through the reduction of GHG emissions. Under the RFS program, transportation fuel sold in the U.S. must contain a certain minimum volume of renewable fuel. The U.S. Environmental Protection Agency (the "EPA") administers the RFS program with volume requirements for several categories of renewable fuels, which volume requirements are established through a notice-and-comment rulemaking process intended to occur at least 14 months prior to the year in which the volume will be required. In July 2023 (as corrected in August 2023), the EPA issued its latest final rule that establishes the biofuel volume requirements for 2023 to 2025. Importantly, these most recent volume requirements include a steady growth of biofuels for 2023, 2024 and 2025. In June 2025, the EPA issued a proposed rule, “Renewable Fuel Standard (RFS) Program: Standards for 2026 and 2027, Partial Waiver of 2025 Cellulosic Biofuel Volume Requirement, and Other Changes.” The final rule is currently under interagency review with the Office of Management and Budget (the “OMB”). See “Item 1. Business—Environmental, Social and Governance—Sustainability” for more information. However, as stated above, the RFS program is subject to change, including by modification or repeal by Congressional action or action by the EPA or the EPA administrator and EPA has, in some cases, failed to issue volume requirements sufficiently far in advance, which can contribute to uncertainty for producers of renewable fuels. Similarly, state-level programs like California’s LCFS are also subject to change.

Our future operations are subject to stringent and complex laws and regulations governing environmental protection and human health and safety. Compliance with such laws and regulations can be costly, and noncompliance can result in substantial penalties. Laws and regulations that may have an impact on our business include:

- The federal Comprehensive Environmental Response, Compensation and Liability Act (or “CERCLA”) and analogous state laws, impose joint and several liability, without regard to fault or the legality of the original act, on certain classes of persons that contributed to the release of a hazardous substance into the environment. These persons include the owner and operator of the site where the release occurred, past owners and operators of the site, and companies that disposed of or arranged for the disposal of hazardous substances found at the site. Responsible parties under CERCLA may be liable for the costs of cleaning up hazardous substances that have been released into the environment and for damages to natural resources. Additionally, it is not uncommon for third parties to assert claims for personal injury and property damage allegedly caused by the release of hazardous substances or other pollutants into the environment.

- The federal Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act (or “RCRA”), is the principal federal statute governing the management of wastes, including the treatment, storage and disposal of hazardous wastes. RCRA imposes stringent operating requirements and liability for failure to meet such requirements, on a person who is either a generator or transporter of hazardous waste or an owner or operator of a hazardous waste treatment, storage, or disposal facility. We anticipate that many wastes generated by our manufacturing facility or process will be governed by RCRA.

- The federal Water Pollution Control Act (also referred to as the “Clean Water Act”) imposes restrictions and controls on the discharge of pollutants into navigable waters. These controls have become more stringent over the years, and it is possible that additional restrictions may be imposed in the future. Permits must be obtained to discharge pollutants into state and federal waters. The Clean Water Act provides for civil, criminal and administrative penalties for discharges of oil and other pollutants and imposes liability on parties responsible for those discharges for the costs of cleaning up any environmental damage caused by the release and for natural resource damages resulting from the release. Comparable state statutes impose liability and authorize penalties in the case of an unauthorized discharge of petroleum or its derivatives or other pollutants into state waters.

- The CAA and associated state laws and regulations restrict the emission of air pollutants from many sources, including facilities involved in manufacturing biofuels. New facilities are generally required to obtain permits before operations can commence, and new or existing facilities may be required to incur certain capital expenditures to install air pollution control equipment in connection with obtaining and maintaining operating permits and approvals. Federal and state regulatory agencies can impose administrative, civil, and criminal penalties for non-compliance with permits or other requirements of the CAA and associated state laws and regulations.

- The federal Endangered Species Act, the federal Marine Mammal Protection Act and similar federal and state wildlife protection laws prohibit or restrict activities that could adversely impact protected plant and animal species or habitats. Construction of facilities could be prohibited or delayed in areas where such protected species or habitats may be located, or mitigation may be required to accommodate such activities. There is also increasing interest in nature-related matters beyond protected species, such as general biodiversity, which may similarly require us or our customers to incur costs or take other measures which may adversely impact our business or operations.

- The Inflation Reduction Act of 2022 (the “IR Act”) provides for, among other things, a new clean hydrogen production tax credit, a new credit for sustainable aviation fuel, credits for the production and purchase of electric vehicles, expanding eligibility for and increasing the value of the carbon capture and sequestration credit, extending the biodiesel, renewable diesel and alternative fuels tax credit, funding biofuel refueling infrastructure and providing additional funding for working lands conservation programs for farmers. However, in January 2025, President Trump issued an executive order directing an immediate pause on the disbursement of funds appropriated through the Infrastructure Investment and Jobs Act (the "IIJ Act") and the IR Act. This pause on disbursements is subject to ongoing legal challenges. Further, on July 4, 2025, the One Big Beautiful Bill Act (the "OBBB Act"), through Congressional budget reconciliation was signed into law by President Trump. The OBBB Act made significant changes to the IR Act and rescinded unobligated funds that the IIJ Act has appropriated. The OBBB Act could have several potential impacts on our business that we are continuing to evaluate, including new opportunities to access production tax credits and carbon sequestration credits.

We may be required to obtain certain permits to construct and operate our facilities, including those related to air emissions, solid and hazardous waste management and water quality. These permits can be difficult and expensive to obtain and maintain. Our ability to obtain these permits could be impacted by opposition from various stakeholders. Once operational, our facilities will also need to maintain compliance with these permits.

In addition to compliance with environmental regulations, we expect that our future operations will be subject to federal RFS program regulations. The EPA administers the RFS program with volume requirements for several categories of renewable fuels, which volume requirements are established through a notice-and-comment rulemaking process intended to occur at least 14 months prior to the year in which the volume will be required. In July 2023 (as corrected in August 2023), EPA issued a final rule that establishes the biofuel volume requirements for 2023 to 2025. As noted above, the final rule for biofuel volume requirements for 2026 and 2027 are currently under interagency review with the OMB. The EPA calculates a blending standard annually based on estimates of gasoline usage from the EIA. Different quotas and blending requirements are determined for cellulosic biofuels, biomass-based diesel, advanced biofuels and total renewable fuel. RINs are used to ensure that the prescribed levels of blending are met. EPA’s RFS regulations establish rules for fuel supplied and administer the RIN system for compliance, trading credits and rules for waivers. We anticipate that our renewable gasoline and other future products will benefit from the RFS program. However, as stated above, the use requirements of the RFS program or state programs could change, which may impact our products and harm our ability to operate profitably. See “Item 1. Business—Environmental, Social and Governance—Sustainability" for more information.

**Environmental, Social and Governance (“ESG”)**

Climate change continues to attract considerable public and scientific attention. As a result, numerous proposals have been made and may continue to be made at the international, national, regional, and state levels of government to monitor and limit emissions of GHGs, with the reduction of GHG from the energy and transportation sectors being a key focus.

The RFS program was created under the Energy Act, which amended the CAA. The EISA further amended the CAA by expanding the RFS program. The EPA implements the RFS program under the guidance of the U.S. Department of Agriculture and the Department of Energy.

We have participated in carbon lifecycle studies to validate the scoring of our CI, which we define as the quantity of GHG emissions associated with producing, distributing, and consuming a fuel, per unit of fuel energy and reduced lifecycle emissions (the GHG emissions associated with the production, distribution, and consumption of a fuel) of our renewable gasoline as well as fuel, blending and engine testing to validate the specification and performance of our gasoline product. Our CI score is based on an analysis styled after the Department of Energy’s Greenhouse gases Regulated Emissions, and Energy use in Technologies (“GREET”) lifecycle analysis.

We believe our gasoline produced from renewable feedstock, such as biomass, would qualify under the RFS program for a D3 RIN, which could have significant value. Similarly, gasoline produced from our process may qualify for various state carbon programs, including California’s LCFS.

The RFS program is a federal policy that requires a certain volume of renewable fuel to replace or reduce the quantity of petroleum-based transportation fuel, heating oil or aviation fuel. The four renewable fuel categories under the RFS are each assigned a “D-code” — a code that identifies the renewable fuel type — based on the feedstock used, fuel type produced, energy inputs and GHG reduction thresholds, among other requirements. The four categories of renewable fuel have the following assigned D-codes, as shown below. Lifecycle GHG reduction comparisons are based on a 2005 petroleum baseline as mandated by EISA. Biofuel facilities (domestic and foreign) that were producing fuel prior to enactment of EISA in 2007 are considered “grandfathered” under the statute, meaning these facilities are not required to meet the GHG reductions.

- Cellulosic biofuel, must be produced from cellulose, hemicellulose or lignin and must meet a 60% lifecycle GHG reduction, is assigned a D-code of 3 (cellulosic biofuel) or a D-code of 7 (cellulosic diesel);
- Biomass-based diesel, which must meet a 50% lifecycle GHG reduction, is assigned a D-code of 4;
- Advanced biofuel which can be produced from qualifying renewable biomass (except corn starch) and must meet a 50% GHG reduction, is assigned a D-code of 5; and
- Renewable fuel (non-advanced/conventional biofuel, like ethanol from corn starch) is assigned a D-code of 6 (grandfathered fuels are also assigned a D-code of 6) and must meet a 20% lifecycle GHG reduction threshold.

The 2007 enactment of EISA significantly increased the size of the program and included key changes, including:

- boosting the long-term goals to 36 billion gallons of renewable fuel;
- extending yearly volume requirements out to 2022 by statute and, after 2022, establishing a notice-and-comment rulemaking process by which EPA must determine the applicable volumes at least 14 months prior to the year in which the volume will be required;
- adding explicit definitions for renewable fuels to qualify (e.g., renewable biomass, GHG emissions) versus a 2005 petroleum baseline;

- creating grandfathering allowances for volumes from certain existing facilities; and
- including specific types of waiver authorities.

The EPA has the authority to adjust cellulosic, advanced and total volumes set by Congress as part of the annual rule process.

The statute also contains a general waiver authority that allows the Administrator to waive the RFS volumes, in whole or in part, based on a determination that implementation of the program is causing severe economic or environmental harm, or based on inadequate domestic supply.

The EPA has approved fuel pathways under the RFS program under all four categories of renewable fuel. Advanced pathways already approved include ethanol made from sugarcane, jet fuel made from camelina, cellulosic ethanol made from corn stover, compressed natural gas from municipal wastewater treatment facility digesters and others. We believe our fuel may qualify for Pathway M.

Lifecycle GHG reduction comparisons are based on a 2005 petroleum baseline as mandated by EISA. Biofuel facilities (domestic and foreign) that were producing fuel prior to enactment of EISA in 2007 are "grandfathered" under the statute, meaning these facilities are not required to meet the GHG reductions.

The EPA continues to review and approve new pathways, including for fuels made with advanced technologies or with new feedstocks. Certain biofuels, such as our renewable gasoline, are similar enough to gasoline or diesel that they do not have to be blended, but can be simply "dropped in" to existing petroleum-based fuels. These drop-in biofuels directly replace petroleum-based fuels and hold particular promise for the future.

Obligated parties under the RFS program are refiners or importers of gasoline or diesel fuel ("Obligated Parties"). Compliance is achieved by blending renewable fuels into transportation fuel, or by obtaining credits, RINs, to meet an EPA-specified renewable volume obligation ("RVO").

The EPA calculates and establishes RVOs every year through rulemaking, based on the CAA volume requirements and projections of gasoline and diesel production for the coming year. The standards are converted into a percentage and Obligated Parties must demonstrate compliance annually.

Obligated Parties use RINs to demonstrate compliance with the standard. These parties must obtain sufficient RINs for each category in order to demonstrate compliance with the annual standard. Some of the regulations regarding RINs include the following:

- RINs are generated when a producer makes a gallon of renewable fuel;
- At the end of the compliance year, Obligated Parties use RINs to demonstrate compliance;
- RINs can be traded between parties;
- Obligated Parties can buy gallons of renewable fuel with RINs attached, and they can also buy RINs on the open market; and
- Obligated Parties can carry over unused RINs between compliance years. They may carry a compliance deficit into the next year. This deficit must be made up the following year.

The RFS program's four renewable fuel categories are "nested" within each other. This means the fuel with a higher GHG reduction threshold can be used to meet the standards for a lower GHG reduction threshold. For example, fuels or RINs for advanced biofuel (e.g., cellulosic, biodiesel or sugarcane ethanol) can be used to meet the total renewable fuel standards.

For cellulosic standards, an additional flexibility is provided by statute. Cellulosic waiver credits ("CWCs") have historically been offered at a price determined by a formula in the Energy Act. Obligated Parties had the option of purchasing CWCs plus an advanced RIN in lieu of blending cellulosic biofuel or obtaining a cellulosic RIN. As a result, CWCs, in some cases, set a ceiling for cellulosic RIN prices. However, in the EPA's July 2023 rule (as corrected in August 2023), EPA interpreted its authority in setting RIN volumes for 2023 through 2025 (which, for the first time were not set forth in statute) so as to preclude it from issuing CWCs in those years, absent a future waiver of EPA-established cellulosic standards. As noted above, the final rule for biofuel volume requirements for 2026 and 2027 are currently under interagency review with the OMB.

In November 2021, the IIJ Act was signed into law that includes $65 billion in funding for power and grid investments. This includes investments in grid reliability and resiliency as well as clean energy technologies such as carbon capture, hydrogen and advanced nuclear, including small modular reactors. Additionally, in December 2021, President Biden signed an executive order mandating all electricity procured by the government be 100% carbon pollution-free by 2030, including at least 50% from around-the-clock dispatchable generation sources. The order also requires that federally owned buildings produce no net emissions by 2045 and that each federal agency achieve 100% zero-emission vehicle acquisitions by 2035. In January 2025, President Trump issued an executive order directing an immediate pause on the disbursement of funds appropriated through the IIJ Act and the IR Act. This pause on disbursements is subject to ongoing legal challenges. Furthermore, on July 4, 2025, the OBBB Act, was signed into law by President Trump. The OBBB Act made significant changes to the IR Act and rescinded unobligated funds that the IIJ Act has appropriated..

Efforts have been made and continue to be made in the international community toward the adoption of international treaties or protocols intended to address global climate change issues. These include the Paris Agreement (an international agreement from the 21st Conference of the Parties ("COP") of the United Nations Framework Convention on Climate Change that is aimed at addressing climate change with member countries agreeing to nationally determine their contributions and set GHG emission reduction goals every five years, and the Global Methane Pledge, a pact that aims to reduce global methane emissions at least 30% below 2020 levels by 2030, including "all feasible reductions" in the energy sector. Since its formal launch at the 26th COP, over 150 countries have joined the pledge. At the 27th COP, the EPA's supplemental proposed rule to reduce methane emissions from existing oil and gas sources was announced and the U.S. agreed, in conjunction with the European Union and a number of other partner countries, to develop standards for monitoring and reporting methane emissions to help create a market for low methane intensity natural gas. Subsequently, at the 28th COP, member countries (including the United States) entered into an agreement that calls for actions toward achieving, at a global scale, a tripling of renewable energy capacity and doubling energy efficiency improvements by 2030. At the 29th COP, participants representing 159 countries met to review progress toward the goals of the Global Methane Pledge and the addition of nearly $500 million in new grant funding for methane abatement. However, in January 2025, President Trump issued an executive order directing immediate notice to the United Nations of the United States' withdrawal from the Paris Agreement and all other agreements made under the United Nations Framework Convention on Climate Change. The full impact of these actions remains unclear at this time. However,many state and local leaders have intensified or stated their intent to intensify efforts to support international climate commitments and treaties, in addition to considering or enacting laws requiring the disclosure of climate-related information and developing programs that are aimed at reducing GHG emissions by means of cap and trade programs, carbon taxes or encouraging the use of renewable energy or alternative low-carbon fuels. Many such initiatives at the international, state and local levels are expected to continue.

In addition, in March 2024, the SEC issued final rules regarding the enhancement and standardization of mandatory climate-related disclosures for investors. In April 2024, the SEC issued an administrative stay of the implementation of the rules, pending judicial review. In March 2025, the SEC voted to cease defending the rules in court. Accordingly, we cannot predict whether the rules will be implemented as finalized, when they may become effective, if at all, nor the costs of implementation or any potential resulting adverse impacts.

**Human Capital Resources**

As of December 31, 2025, our workforce consisted of 12 employees and 4 contractors. In February 2026, we announced a revised strategy and elimination of roles related to the development of capital-intensive commercial production plants that are no longer aligned with our current operating plan. As of March 27, 2026, our workforce consisted of 9 employees and 3 contractors.

Our workforce is mostly concentrated in proximity to our offices in Houston, Texas and Hillsborough, New Jersey. We have not experienced any work stoppages and consider our relationship with our employees to be in good standing.

**Available Information**

Our website address is www.verdecleanfuels.com.

We furnish or file with the SEC our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q, and our Current Reports on Form 8-K. We make these documents available free of charge on our website under the “Investors” tab as soon as reasonably practicable after they are filed or furnished with the SEC. In addition, corporate governance information, including our corporate governance guidelines and code of ethics, is also available on our investor relations website under the heading “Governance Documents.” Information contained on, or accessible through, our website is not incorporated by reference into this Annual Report or any of our other filings with the SEC. The SEC also maintains an website that contains reports, proxy statements and other information about issuers, like us, that file electronically with the SEC. The SEC website address is www.sec.gov.

**Emerging Growth Company and Smaller Reporting Company Status**

We qualify as an “emerging growth company” as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”). Section 107 of the JOBS Act permits an “emerging growth company” to take advantage of an extended transition time to comply with new or revised accounting standards as applicable to public companies. Thus, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably opted out of this exemption from new or revised accounting standards and, therefore, will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies. As a result, our financial statements may not be comparable to other emerging growth companies that elect to take advantage of the extended transition period.

We will cease to be an “emerging growth company” upon the earliest to occur of: (i) the last day of the fiscal year in which we have more than $1.235 billion in annual revenue; (ii) the date we qualify as a large accelerated filer, with at least $700 million of equity securities held by non-affiliates; (iii) the date on which we have, in any three-year period, issued more than $1 billion in non-convertible debt securities; and (iv) December 31, 2026 (the last day of the fiscal year following the fifth anniversary of CENAQ becoming a public company).

We are also a “smaller reporting company” as defined in the Exchange Act and may continue to be a smaller reporting company even after we are no longer an emerging growth company. We may take advantage of certain of the scaled disclosures and reporting requirements available to smaller reporting companies until the fiscal year following the determination that our voting and non-voting common stock held by non-affiliates is $250 million or more measured on the last business day of our second fiscal quarter, or our annual revenues are $100 million or more during the most recently completed fiscal year and our voting and non-voting common stock held by non-affiliates is $700 million or more measured on the last business day of our second fiscal quarter.

**Controlled Company Status**

We are a “controlled company” within the meaning of the Nasdaq Stock Market LLC corporate governance standards. As a controlled company, we may elect not to comply with certain Nasdaq corporate governance standards. See “Item 1A. Risk Factors—Risks Related to Ownership of Our Securities and Our Capital Structure—We are a “controlled company” within the meaning of Nasdaq rules and, as a result, qualify for exemptions from certain corporate governance requirements, and as a result, you do not have the same protections afforded to stockholders of companies that are not exempt from such corporate governance requirements."

## ITEM 1A. Risk Factors.

### Risk Factors

*This Annual Report contains forward-looking information based on our current expectations. Our business involves significant risks, some of which are described below. You should carefully consider these risk factors, together with all of the other information included in this Annual Report, as well as our other publicly available filings with the SEC. The occurrence of any of the events or developments described in the following risk factors and the risks described elsewhere in this Annual Report and our other filings with the SEC could harm our business, financial condition, results of operations, cash flows, and the trading price of our securities, and cause actual results to differ materially from those anticipated in the forward-looking statements.*

*We may face additional risks and uncertainties that are not presently known to us, or that we currently deem immaterial, which may also impair our business or financial condition.*

### Risks Related to Our Business, Operations and Industry

***Our commercial success depends on our ability to license our STG+® technology and/or to develop and operate plants for the commercial production of gasoline should the Company determine to pursue development and operation of commercial production plants.***

Our business strategy includes growth primarily through the licensing of our STG+® technology and, if we so determine to pursue, the construction and development of commercial production plants. Historically, our focus was on construction and development of commercial production plants but we have recently adopted a capital-lite opportunities growth strategy focusing on licensing our STG+® technology and providing engineering, technical and operational services. Our strategy depends on our ability to contract with and license our technology with well-capitalized third-parties. If we in the future determine to construct and develop facilities, our strategy would depend upon our ability to successfully construct and complete commercial production plants on favorable terms and on our expected schedule, obtain the necessary permits, governmental approvals and carbon credit qualifications needed to operate our commercial production plants and identify and evaluate development and partnership opportunities to expand our business. We cannot guarantee that we will be able to successfully license our STG+® technology or provide necessary engineering, technical and operational services or, if we determine in the future to construct and develop any commercial production plants, obtain necessary approvals, qualifications and permits necessary to operate, identify new opportunities and develop new technologies and commercial production plants, or establish and maintain our relationships with key strategic partners. In addition, we will compete with other companies for these development opportunities, which may increase our costs. If we are unable to successfully implement our business strategy, it will impede our ability to grow.

There is no assurance that our JDA with Cottonmouth will result in the development of any commercial production plant. As development of the Permian Basin Project was recently suspended, there can be no assurance that this project will ever regain traction, or if it does, that it will result in a FID to proceed and/or entry into final definitive agreements with respect to the proposed project in the Permian Basin. The costs we have spent to date will likely not be recouped.

Our ability to license our STG+® technology and/or to develop and operate commercial production plants if we determine to pursue that strategy, as well as expand production at any future commercial production plants, is subject to many risks beyond our control, including:

- regulatory changes that affect the value of renewable fuels or low-carbon fuels including changes to existing federal RFS program or state level low-carbon fuel credit systems, which could have a significant effect on the financial performance of our commercial production plants and the number of potential projects with attractive economics;

- technological risks, including technological advances or changes in production methods that may render our technologies and products obsolete or uneconomical, delaying or failing to adapt or incorporate technological advances, new standards or production technologies that may require us to make significant expenditures to replace or modify our operations, and challenges in obtaining, implementing or financing any new technologies;
- changing market conditions as a result of increasing demand for natural gas in the Permian Basin and other regions, which could provide a higher value market for natural gas producers and result in our clean energy alternative being less attractive;
- competition from other fuel producers that may have greater resources than us;
- ability to identify and market our resources to regions where natural gas is flared or stranded without access to a higher value outlet to market;
- changes in energy commodity prices, such as crude oil and natural gas as well as wholesale electricity prices, which could have a significant effect on our revenues and expenses;
- changes in quality standards or other regulatory changes, including roll-back of previously existing environment regulations, that may limit our ability to produce gasoline or increase the costs of processing gasoline, or limit the attractiveness of our technology;
- changes in the broader waste collection industry or changes to environmental regulations governing the waste collection industry, including changes affecting the waste collection and biogas potential of the landfill industry, which could limit the renewable fuel feedstock for our commercial production plants;
- substantial construction risks, including the risk of delay, that may arise due to forces outside of our control, including those related to engineering problems, changes in laws and regulations and inclement weather and labor disruptions;
- the ability to establish and maintain our relationships with key strategic partners, including third-party licensees, on favorable terms or at all;
- disruptions in sales, production, service or other business activities or our inability to attract and retain qualified personnel;
- operating risks and the effect of disruptions on our business, including the effects of global health crises or pandemics (such as COVID-19), weather conditions, catastrophic events such as fires, explosions, earthquakes, droughts and acts of terrorism, and other force majeure events on us, our customers, suppliers, distributors and subcontractors;
- accidents involving personal injury or the loss of life;
- entering into markets where we have less experience than our competitors;
- challenges arising from our ability to recruit and retain key personnel;
- the ability to obtain financing for a commercial production plant (whether by third-party licensees or us if we decide in the future to construct and develop facilities) on acceptable terms or at all and the need for substantially more capital than initially budgeted by a third-party licensee or us to complete a commercial production plant and exposure to liabilities as a result of unforeseen environmental, construction, technological or other complications;
- failures or delays in obtaining desired or necessary land rights, including ownership, leases, easements, zoning rights or building permits;

- global and regional macroeconomic conditions, such as tariffs, high inflation, high interest rates, changes to monetary policy, and military hostilities in multiple geographies (including the ongoing conflict between Ukraine and Russia, and the ongoing hostilities in the Middle East, and the change in government in Venezuela);
- a decrease in the availability, pricing or timeliness of delivery of raw materials and components, necessary for the commercial production plants to function;
- increased geopolitical uncertainty, including as a result of evolving domestic and foreign tariff policies may adversely affect us by increasing costs of our business;
- obtaining and keeping in good standing permits, authorizations and consents (including environmental and operating permits) from local city, county, state or U.S. federal governments as well as local and U.S. federal governmental organizations;
- difficulties in identifying, obtaining and permitting suitable sites for new commercial production plants; and
- identifying potential customers for our products or entering into contracts to sell our products on favorable terms.

Any of these factors could prevent a third-party licensee or us from developing, operating or expanding our commercial production plants, or otherwise adversely affect our business, financial condition and results of operations.

***Suspension of Development of Permian Basin Project.***

In February 2024, the Company and Cottonmouth entered into a JDA to develop a natural gas-to-gasoline plant in the Permian Basin utilizing Verde's technology and associated natural gas from Diamondback's operations. Following the announcement of the JDA, the Company began development work on the Permian Basin Project, which included a FEED study that was completed in December 2025. In February 2026, the Company announced the suspension of development of the Permian Basin Project primarily as a result of changing market conditions driven by increasing demand for natural gas in the Permian Basin. It is uncertain whether or not the Permian Basin Project will proceed. As such, there can be no assurance that the Permian Basin Project will ever be finalized or that the Company and Cottonmouth will pursue additional opportunities in the Permian Basin.

It is possible that other natural gas production regions where natural gas was stranded or flared may also benefit from changing market conditions driven by increasing demand for natural gas. While we intend to devote our resources toward pursuing other opportunities in regions where natural gas is stranded or flared without access to a higher value outlet to market, there can be no assurance as to the success of these efforts.

***While we are focused on optimizing our costs, deploying our technology through capital-lite opportunities and evaluating strategic alternatives that may be available, there is no assurance that we will be successful in this endeavor.***

The Company has initiated a restructuring and cost optimization program designed to align its operating structure with its strategic priorities, to significantly reduce operating expenses, and to focus on the deployment of the STG+® technology through capital-lite opportunities. As part of our cost optimization program, consistent with ongoing efforts to maximize shareholder value, the Company is evaluating strategic alternatives that may be available to the Company. These alternatives may include, among other options, a strategic partnership, merger, sale of the Company, asset sale, licensing arrangement, capital raise or other transactions involving the Company's STG+® technology platform or assets. There can be no assurance that this exploration of strategic alternatives will result in the Company entering or completing any transaction and there can be no assurance that any transaction will occur. Moreover, we may not be successful in pursuing our restructuring and cost optimization program which could impact our continued operations.

***Our limited history, lack of revenue and limited liquidity makes it difficult to evaluate our business and prospects and may increase the risks associated with your investment.***

Although our STG+® technology has been developed and tested since 2007, we have not produced gasoline on a large-scale, commercial level. As a result, we have a limited operating history upon which to evaluate our business and future prospects, which subjects us to a number of risks and uncertainties, including our ability to plan for and predict future growth. To date, we have not generated any revenue. We do not expect to generate any meaningful revenue unless and until we are able to commercialize our technology. In February 2026, we suspended the development of the Permian Basin Project and announced a revised strategy to pursue capital-lite opportunities to deploy our STG+® technology through licensing and providing engineering, technical and operational services. There can be no assurance that our revised strategy will achieve our objective of commercializing our technology.

We have encountered and expect to continue to encounter risks and difficulties experienced by growing companies in rapidly developing and changing industries, including challenges related to achieving market acceptance of our low-carbon or renewable fuels, competing against companies with greater financial and technical resources, competing against entrenched incumbent competitors that have long-standing relationships with our prospective customers in the commercial renewable fuels market, competition from recent market developments potentially providing a higher value outlet for natural gas in regions when natural gas has historically been stranded or flared, recruiting and retaining qualified employees, and making use of our limited resources. We cannot ensure that we will be successful in addressing these and other challenges that we may face in the future, and our business may be adversely affected if we do not manage these risks appropriately. As a result, we may not attain sufficient revenue (if any) to achieve or maintain positive cash flow from operations or profitability in any given future period, if at all.

To date, we have incurred significant operating losses and negative operating cash flows. We expect that operating losses and negative cash flows will continue to be generated due to ongoing funding of expenses until such time as we are able to commercialize our technology.

Further, to the extent that we pursue development of a commercial production facility, we expect that additional capital would be required. There can be no assurance that we would be able to obtain financing on acceptable terms, or at all, if and when required.

***We are a development-stage company with a history of net losses, we are currently not profitable and we may not achieve or maintain profitability and if we incur substantial losses, we may have to curtail our operations, which may prevent us from successfully operating and expanding our business.***

We have incurred net losses since our inception. We are currently in the development stage and have not yet commenced principal operations or generated revenue. Furthermore, we expect to spend resources on further development of our technology in connection with our current strategy of pursuing capital-lite opportunities to deploy our STG+® technology through licensing, engineering, technical and operational service, as well as marketing and general and administrative expenses associated with our planned growth and management of operations as a public company. In some market environments, we may have limited access to incremental financing, which could defer or cancel growth projects, reduce business activity or cause us to default under any debt agreements if we are unable to meet our payment schedules. In addition, the cost of preparing, filing, prosecuting, maintaining and enforcing patent, trademark and other intellectual property rights and defending ourselves against claims by others that we may be violating their intellectual property rights may be significant. As a result, even if we are able to generate revenues in future periods, we expect that our expenses will exceed revenues for the foreseeable future. We do not expect to achieve profitability in the near future, and may never achieve it. If we fail to achieve profitability, or if the time required to achieve profitability is longer than we anticipate, we may not be able to continue our business. Even if we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. As such, we are exposed to the risk of being a development-stage company with a history of losses in an early-stage of operations.

***Significant capital investment is required to develop and conduct our operations, we intend to raise additional funds, and these funds may not be available with acceptable terms or may not be available when needed.***

Our current strategy of pursuing capital-lite opportunities to deploy our STG+® technology through licensing, engineering, technical and operational service may not require a substantial capital investment. However, in the future if we determine to pursue a strategy requiring the construction and development of commercial production plants, this would require substantial capital investment. In this event, we may be required to raise additional funds to finance such developments or operations, and there can be no assurance that we will be able to obtain financing on acceptable terms, or at all, if and when required for these purposes.

As part of our prior development strategy, we have been in discussions with banks and other credit counterparties regarding our debt financing options, including project financing, industrial revenue or pollution control bonds, and other debt instruments. While these discussions have led to indications of interest from lenders, there can be no assurance that we will be successful in obtaining such financing. If we are unable to obtain debt financing on favorable terms or at all, any development timeline may be delayed, the costs of such financing may be higher than anticipated, or we may be required to raise additional capital by other means.

We will likely be required to issue equity, equity-related or debt securities, obtain credit from government or financial institutions or engage in joint ventures or other alternative forms of financing. We cannot be certain that additional funds will be available on favorable terms when required, or at all. If we cannot raise additional funds when needed, our financial condition, results of operations, business and prospects could be materially and adversely affected. If we raise funds through the issuance of debt securities or through loan arrangements, the terms of such debt securities or loan arrangements could require significant interest payments, contain covenants that restrict our business, or contain other unfavorable terms. The current high interest rate environment adds additional risk and expense to the issuance of debt securities or loan arrangements to fund capital investment. In addition, to the extent we raise funds through the sale of additional equity securities, our stockholders would experience dilution.

***If we determine to construct new commercial production plants, we likely would face a long and variable design, fabrication, and construction development cycle that requires significant resource commitments and may create fluctuations in whether and when any revenue is recognized, and may have an adverse effect on our business.***

If we determine to construct and develop commercial production plants, the timeframe to develop, design and construct our commercial production plants is uncertain. .In February 2026, we suspended development of the Permian Basin Project with Cottonmouth, after entering into the Cottonmouth JDA in February 2024. The future status of the Permian Basin Project is uncertain. The development process typically begins by conducting a preliminary review and assessment as to whether the commercial production plant is commercially viable based on our expected return on investment, investment payback period, and other operating metrics, as well as the necessary permits to develop such commercial production plant. This extended development process requires the dedication of significant time and resources from our management team, with no certainty of success or recovery of our expenses, which could result in adverse financial consequences for our business.

If the preliminary review and assessment merits moving forward with the proposed project, the next step in development process would be to complete a FEED study for the proposed project. We expect that a FEED study will generally last up to 12 months, on average. Variables such as power and water may impact and extend the duration of a FEED study. In December 2025, we completed a FEED study related to the Permian Basin Project. The learnings from the work completed will continue to be useful as we explore other opportunities to deploy our technology.

If, after completing the FEED study, the project achieves FID, of which there can be no assurance, the next step in the development process would be to complete engineering, procurement and construction. We expect that the engineering, procurement and construction process for our commercial production plants will generally last from 18 to 24 months, on average. Variables such as lead times for essential components and weather may impact and extend the duration of the engineering, procurement and construction process.

As such, there are many risks and uncertainties leading up to any construction of a commercial production plant. If a commercial production plant commences operations, we expect that it may take six months or longer for the commercial production plant to ramp up to its expected production level. All of these factors, and in particular, increased spending that is not offset by anticipated increased revenues, can contribute to fluctuations in our quarterly financial performance and increase the likelihood that our operating results in a particular period will fall below investor expectations.

If we determine to construct and develop commercial plants, such strategy would require suitable tracts of real property, with access to power and water, upon which to construct and operate the specialized equipment supporting our commercial production plants. We anticipate that such tracts of real property will be predominantly leased from third parties under long-term land leases, but it is possible that some of such tracts may be purchased by us. If we are unable to identify such suitable tracts of real property, or if we are unable to purchase or lease such tracts at commercially reasonable rates and under terms favorable to us, our business may be adversely affected.

The construction and operation of the equipment supporting our commercial production plants' sales may require specialized permitting from applicable governmental authorities. We may be unable to obtain such specialized permitting, or we may experience significant delays in obtaining such specialized permitting, and this may delay our ability to launch these facilities for commercial operations, which may have a significant impact on any anticipated revenue and profitability.

The complexity, expense, and nature of customer procurement processes result in a lengthy customer acquisition and sales process. We anticipate that it may take us months to attract, obtain an award from, contract with, and recognize revenue from the production of renewable gasoline by a new commercial production plant, if we are successful at all. There is no assurance that we will ever complete construction and operate any commercial plant and/or generate any revenue therefrom, if a commercial plant is constructed.

***We have entered into relatively new markets, including renewable natural gas, renewable gasoline and biofuel, and these new markets are highly volatile and have significant risk associated with current market conditions.***

We have limited experience in marketing and selling gasoline, whether renewable or not. Moreover, renewable fuel markets are subject to additional factors, such as variability in feedstock availability and pricing, and uncertainty regarding long-term demand. We are a relatively new entrant to these markets. As such, we may not be able to compete successfully with existing or new competitors in supplying gasoline to potential customers. If we are unable to establish production and sales channels that allow us to offer comparable products at attractive prices, we may not be able to compete effectively in the market. Furthermore, there can be no assurance that our gasoline business will ever generate significant revenues or maintain profitability. The failure to do so could have a material adverse effect on our business and results of operations.

***Fluctuations in the price of product inputs, including natural gas or renewable feedstocks, may affect our cost structure.***

Our approach to the gasoline market will be dependent on the price of feedstocks, such as natural gas or biomass, which will be used to produce our gasoline. A decrease in the availability of feedstocks or an increase in the price may have a material adverse effect on our financial condition and operating results. At certain levels, prices may make these products uneconomical to use and produce as we may be unable to pass the full amount of feedstock cost increases on to our customers.

The price and availability of natural gas or other feedstocks may be influenced by general economic, market and regulatory factors. These factors include, but are not limited to, changing market conditions driven by increasing demand for natural gas providing producers with a higher value outlet that what we may be able to offer, geopolitical uncertainty, including as a result of evolving domestic and foreign tariff policies, the impact of proposed environmental regulations and other government policies and subsidies with respect to agriculture and global supply and demand. For example, (i) renewable feedstock prices may increase significantly in response to increased demand for biomass for the production of competing renewable fuels and (ii) natural gas prices may increase significantly due to other opportunities for natural gas that has historically been flared or stranded, such as the rapidly growing AI market segment.

***Fluctuations in petroleum prices and customer demand patterns may reduce demand for renewable fuels and bio-based chemicals and a prolonged environment of low petroleum prices or reduced demand for renewable fuels or biofuels could have a material adverse effect on our long-term business prospects, financial condition and results of operations.***

Our natural-gas-based and renewable gasolines may be considered alternatives to petroleum-based fuels. Therefore, if the price of crude oil falls, any revenues that we generate from our gasoline could decline and we may be unable to produce products that are a commercially viable alternative to petroleum-based fuels. Additionally, demand for liquid transportation fuels, including renewable gasoline, may decrease due to economic conditions or other factors outside of our control, which could have a material adverse impact on our business and results of operations.

Long-term renewable fuels prices may fluctuate substantially due to factors outside of our control. The price of renewable fuels can vary significantly for many reasons, including: (i) increases and decreases in the number of internal combustion engines in operation in our markets; (ii) changes in competing liquid hydrocarbon technologies or fuel transportation capacity constraints or inefficiencies; (iii) energy or renewable fuel supply disruptions; (iv) weather conditions (which may be affected by climate change); (v) seasonal fluctuations; (vi) changes in consumer preferences and/or the demand for energy or in patterns of renewable fuel usage, including the potential development of demand-side management tools and practices; (vi) development of new fuels or new technologies for the production of renewable fuels; (vii) federal and state regulations; and (viii) then prevailing global and regional macroeconomic conditions.

***Inflation may adversely affect us by increasing costs of our business.***

Inflation can adversely affect us by increasing costs of feedstock, equipment, materials, and labor. In addition, inflation is often accompanied by higher interest rates. In an inflationary environment, such as the current economic environment, depending on other economic conditions, we may be unable to raise prices of our fuels or products to keep up with the rate of inflation, which would reduce our profit margins. Given the recent inflation rates we have experienced, and continue to experience, increases in prices of feedstock, equipment, materials, and labor. Continued inflationary pressures could impact our financial results.

***We may face substantial competition from companies with greater resources and financial strength, which could adversely affect our performance and growth.***

We may face substantial competition in the market for renewable fuel and gasoline generally. Our competitors include companies in the incumbent petroleum-based industry as well as those in the emerging renewable fuels industry. The petroleum-based industry benefits from a large established infrastructure, production capability and business relationships. The greater resources and financial strength in this industry provide significant competitive advantages that we may not be able to overcome in a timely manner.

Our ability to compete successfully will depend on our ability to develop proprietary products that reach the market in a timely manner and are technologically superior to and/or are less expensive than other products on the market. Many of our competitors have substantially greater production, financial, research and development, personnel and marketing resources than we do. In addition, certain of our competitors may also benefit from local government subsidies and other incentives that are not available to us. As a result, our competitors may be able to develop competing and/or superior technologies and processes, and compete more aggressively and sustain that competition over a longer period of time than we could. Our technologies and products may be rendered obsolete or uneconomical by technological advances or entirely different approaches developed by one or more of our competitors. As more companies develop new intellectual property in our markets, the possibility of a competitor acquiring patent or other rights that may limit our business or operations increases, which could lead to litigation. Furthermore, to secure purchase agreements from certain customers, we may be required to enter into exclusive supply contracts, which could limit our ability to further expand our sales to new customers. Likewise, major potential customers may be locked into long-term, exclusive agreements with our competitors, which could inhibit our ability to compete for their business.

Our ability to compete successfully also depends on our ability to identify, hire, attract, train and develop and retain highly qualified personnel. We may not be able to recruit and hire a sufficient number of such personnel which may adversely affect our results of operations, sales capabilities and financial position. New hires require significant training and time before they achieve full productivity and the ability to attract, hire and retain them depends on our ability to provide competitive compensation. There is significant competition for personnel with strong sales skills and technical knowledge. We may be unable to hire or retain sufficient numbers of qualified individuals and such failure could adversely affect our business, including the execution of our proposed growth projects.

In addition, various governments have recently announced a number of spending programs focused on the development of clean technologies, including alternatives to petroleum-based fuels and the reduction of carbon emissions. Such spending programs could lead to increased funding for our competitors or a rapid increase in the number of competitors within those markets.

We also may face substantial competition as we pursue the strategy of licensing our STG+® technology, as well as if we determine to construct and develop commercial production plants, including from energy participants, agricultural industry participants, commercial waste companies and landowners to source our renewable feedstocks (including biomass and natural gas), or to lease or acquire land to install and operate commercial production plants. Our competitors include established companies and developers with significantly greater resources and financial strength, which may provide them with competitive advantages that we may not be able to overcome in a timely manner, or at all.

Our limited resources relative to many of our competitors may cause us to fail to anticipate or respond adequately to new developments and other competitive pressures. This failure could reduce our competitiveness and market share, adversely affect our results of operations and financial position and prevent us from obtaining or maintaining profitability.

***Our proposed growth projects may not be completed or, if completed, may not perform as expected and our project development activities may consume a significant portion of our management's focus, and if not successful, reduce any anticipated profitability.***

We plan to grow our business by pursuing capital-lite opportunities to deploy our STG+® technology through licensing and providing engineering, technical and operational services and, to the extent if we so determine, through building commercial production plants with the goal to produce low-carbon or renewable fuels, depending upon feedstocks utilized. Development projects will likely require us to spend significant sums for engineering, permitting, legal, financial advisory and other expenses before we determine whether a development project is feasible, economically attractive or capable of being financed.

If we determine to develop commercial plants, it is expected that any such development projects will be large and complex, and we may not be able to complete them. The development of our Permian Basin Project with Cottonmouth was suspended in February 2026. Moreover, with any potential project, there can be no assurance that we will be able to negotiate the required agreements, overcome any local opposition, or obtain the necessary approvals, licenses, permits and financing. Failure to achieve any of these elements may prevent the development and construction of a project. If that were to occur, we could lose all of our investment in development expenditures and may be required to write-off project development assets.

***We may not be able to develop, maintain and grow strategic relationships, identify new strategic relationship opportunities, or form strategic relationships, in the future.***

We expect that our ability to establish, maintain, and manage strategic relationships could have a significant impact on the success of our business, although there can be no guarantee that these relationships will provide such impact. It is uncertain as to whether our previous efforts to develop the Permian Basin Project will resume and result in the development of any commercial production plant. While we expect that our STG+® technology will enable us to become a more substantial operating entity in the future, there can be no assurance that we will be able to identify or secure suitable and scalable business relationship opportunities in the future or that our competitors will not capitalize on such opportunities before we do.

Additionally, we cannot guarantee that the companies with which we have developed or will develop strategic relationships will continue to devote the resources necessary to promote mutually beneficial business relationships and grow our business. Our current arrangements are not exclusive, and changing market conditions may impact whether any strategic relationship will result in the development of a commercial production plant. Moreover, it should be assumed that any strategic partner has relationships with our competitors. If we are unsuccessful in establishing or maintaining our relationships with key strategic partners, our overall growth could be impaired, and our business, prospects, financial condition, and operating results could be adversely affected.

***We may acquire or invest in additional companies, which may divert our management's attention, result in additional dilution to our stockholders, and consume resources that are necessary to sustain our business.***

Although we have not made any acquisitions to date, our business strategy in the future may include acquiring other complementary products, technologies, or businesses. We also may enter relationships with other businesses to expand our operations and to create service networks to support our production and delivery of renewable gasoline. An acquisition, investment, or business relationship may result in unforeseen operating difficulties and expenditures. We may encounter difficulties assimilating or integrating the businesses, technologies, products, services, personnel, or operations of the acquired companies particularly if the key personnel of the acquired companies choose not to work for us. Acquisitions may also disrupt our business, divert our resources, and require significant management attention that would otherwise be available for the development of our business. Moreover, the anticipated benefits of any acquisition, investment, or business relationship may not be realized or we may be exposed to unknown liabilities.

Negotiating these transactions can be time consuming, difficult, and expensive, and our ability to close these transactions may often be subject to approvals that are beyond our control. Consequently, these transactions, even if undertaken and announced, may not close. Even if we do successfully complete acquisitions, we may not ultimately strengthen our competitive position or achieve our goals, and any acquisitions we complete could be viewed negatively by our customers, securities analysts, and investors.

***Fluctuations in the price and availability of energy to power our facilities may harm our performance.***

We anticipate that any commercial production plant will require significant amounts of energy to produce our gasoline. Accordingly, the success of any commercial plant is dependent upon energy supplied by third parties. The prices and availability of energy resources are subject to volatile market conditions. These market conditions are affected by factors beyond our control, such as weather conditions, overall economic conditions and governmental regulations. Should the price of energy increase or should access to the required energy sources be unavailable, our business could suffer and have a material adverse impact on our results of operations. In addition, a lack of availability of sufficient amounts of renewable energy to effectively decarbonize our facilities could have a material impact on our business and results of operations.

***We may be subject to liabilities and losses that may not be covered by insurance.***

Our employees and facilities are and will be subject to the hazards associated with producing renewable gasoline. Operating hazards can cause personal injury and loss of life, damage to, or destruction of, property, plant and equipment and environmental damage. We continue to maintain insurance coverage in amounts against the risks that we believe are consistent with industry practice, and maintain a safety program. However, we could sustain losses for uninsurable or uninsured risks, or in amounts in excess of existing insurance coverage. Events that result in significant personal injury or damage to our property or to property owned by third parties or other losses that are not fully covered by insurance could have a material adverse effect on our results of operations and financial position.

Insurance liabilities are difficult to assess and quantify due to unknown factors, including the severity of an injury, the determination of our liability in proportion to other parties, the number of incidents not reported and the effectiveness of our safety program. If we were to experience insurance claims or costs above our coverage limits or that are not covered by our insurance, we might be required to use working capital to satisfy these claims rather than to maintain or expand our operations. To the extent that we experience a material increase in the frequency or severity of accidents or workers' compensation claims, or unfavorable developments on existing claims, our operating results and financial condition could be materially and adversely affected.

***Renewable gasoline has not previously been used as a commercial fuel in significant amounts, its use subjects us to product liability risks and we may become subject to product liability claims, which could harm our financial condition and liquidity if we are not able to successfully defend or insure against such claims.***

Renewable gasoline has not been used as a commercial fuel in large quantities or for a long period of time. Research regarding this product and its distribution infrastructure is ongoing. Although renewable gasoline has been tested on some engines, there is a risk that it may damage engines or otherwise fail to perform as expected. If renewable gasoline degrades the performance or reduces the life-cycle of engines, or causes them to fail to meet emissions standards, market acceptance could be slowed or stopped, and we could be subject to product liability claims. A significant product liability lawsuit could substantially impair our production efforts and could have a material adverse effect on our business, reputation, financial condition and results of operations.

While we intend to carry insurance for product liability, it is possible that our insurance coverage may not cover the full exposure on a product liability claim of significant magnitude. A successful product liability claim against us could require us to pay a substantial monetary award. A product liability claim could also generate substantial negative publicity about our business and operations and could have an adverse effect on our brand, business, prospects, financial condition, and operating results.

***Failure of third parties to manufacture quality products or provide reliable services in accordance with schedules, prices, quality and volumes that are acceptable to us could cause delays in developing and operating commercial production plants, which could damage our reputation, adversely affect our partner relationships or adversely affect our growth.***

Our success depends on our ability to license our STG+® technology and, if we determine in the future, to develop and operate our commercial production plants in a timely manner, which depends in part on the ability of third parties to provide us with timely and reliable products and services. If we license our STG+® technology to third-parties or if and to the extent we determine to develop and operate commercial production plants, we would rely on products meeting our design specifications and components manufactured and supplied by third parties, and on services performed by contractors and subcontractors. We would also rely on contractors and subcontractors to perform substantially all of the construction and installation work related to our commercial production plants, and we would need to engage contractors or subcontractors with whom we have no past experience.

If any of our contractors or subcontractors are unable to provide services that meet or exceed our expectations or satisfy our contractual commitments, our reputation, business and operating results could be harmed. In addition, if we are unable to avail ourselves of warranties and other contractual protections with providers of products and services, we may incur liability to our customers or additional costs related to the affected products, which could adversely affect our business, financial condition and results of operations. Moreover, any delays, malfunctions, inefficiencies or interruptions in these products or services could adversely affect the quality and performance of our commercial production plants and require considerable expense to find replacement products and to maintain and repair our facilities. This could cause us or a third-party to experience interruption in our production and distribution of renewable gasoline, difficulty retaining current relationships and attracting new relationships, or harm our brand, reputation or growth.

***We may be unable to successfully perform under future supply and distribution agreements to provide our gasoline, which could harm our commercial prospects.***

Our business strategy is for third-party licensees or us (if and to the extent we determine to develop and operate commercial plants) to enter into multiple supply agreements pursuant to which a third-party licensee or we will supply our gasoline to various customers. Under certain of these supply agreements, we expect the purchasers will agree to pay for and receive, or cause to be received by a third party, or pay for even if not taken, the gasoline under contract (a “take-or-pay” arrangement). We anticipate that the timing and volume commitment of certain of these agreements will be conditioned upon, and subject to, the ability to complete a commercial production plant, through licensing arrangements or otherwise. In order to construct and commence operations of commercial production plants, it will be necessary to secure third-party financing. While we believe that a third-party licensee or we will be able to secure adequate financing in order to commence construction of and complete commercial production plants and, in turn, perform under these agreements, we cannot assure you that a third-party licensee or we will in the future be able to obtain adequate financing on favorable terms, or at all. Furthermore, neither a third-party licensee or us has demonstrated that either can meet the production levels and specifications contemplated in anticipated or future supply agreements. If production is slower than expected, if demand decreases or if there is difficulty in successfully completing a commercial production plant, the counterparties may terminate the supply agreements and potential customers may be less willing to negotiate definitive supply agreements with a third-party licensee or us, and therefore adversely impact our anticipated financial performance.

In addition, from time to time, a third-party licensee or we may enter into letters of intent, memoranda of understanding and other largely non-binding agreements or understandings with potential customers or partners in order to develop our business and the markets that we serve. We can make no assurance that legally binding, definitive agreements reflecting the terms of such non-binding agreements will be completed with such customers or partners, or at all.

***The facilities and processes may fail to produce gasoline at the volumes, rates and costs we expect.***

A future commercial production plant may be in a location distant from natural gas, biomass and municipal solid waste ("MSW"), or other feedstock sources, which could increase our feedstock costs or prevent a third-party licensee or us from acquiring sufficient feedstock volumes for commercial production. General market conditions might also cause increases in feedstock prices, which could likewise increase our production costs.

Even if a third-party licensee or we secure access to sufficient volumes of feedstock, the commercial production plants may fail to perform as expected. The equipment and subsystems installed in any commercial production plants may never operate as planned. Unexpected problems may force a third-party licensee or us to cease or delay production and the time and costs involved with such delays may prove prohibitive. Any or all of these risks could prevent a third-party licensee or us from achieving the production throughput and yields necessary to achieve targeted annualized production run rates and/or to meet the future volume demands or minimum requirements of customers, including pursuant to definitive supply or distribution agreements entered into, which may subject us to monetary damages. Failure to achieve these rates or meet these minimum requirements, or achieving them only after significant additional expenditures, could substantially harm our commercial performance.

***Even if we are successful in completing a commercial production plant and consistently producing renewable gasoline on a commercial scale, we may not be successful in commencing and expanding commercial operations to support the growth of our business.***

Our ability to achieve meaningful future revenue will depend in large part upon our ability to license our STG+® technology or, if we determine to construct any commercial plants, to attract customers and enter into contracts on favorable terms. We expect that many customers will be large companies with extensive experience operating in the fuels or chemicals markets. We lack significant commercial operating experience and may face difficulties in developing marketing expertise in these fields. Our business model relies upon our ability to either license our STG+® technology or successfully implement a commercial production plant and commence and expand commercial operations and successfully negotiate, structure and fulfill long-term supply agreements for our renewable gasoline. In February 2026, we announced the suspension of development of the Permian Basin Project as a result of changing market conditions driven by increasing demand for natural gas in the Permian Basin. The future status of the Permian Basin Project is uncertain and, as a result, we are currently pursuing a strategy of licensing our STG+® technology to third-parties. Any agreements with potential customers may initially only provide for the purchase of limited quantities from us or a third-party licensee.. The ability to increase sales will depend in large part upon the ability to expand these existing customer relationships into long-term supply agreements. Establishing, maintaining and expanding relationships with customers can require substantial investment without any assurance from customers that they will place significant orders. In addition, many potential customers may be more experienced in these matters than any third-party licensee or we are, and a third-party licensee or we may fail to successfully negotiate these agreements in a timely manner or on favorable terms which, in turn, may force any third-party licensee or us to slow production, dedicate additional resources to increasing storage capacity and/or dedicate resources to sales in spot markets. Furthermore, should either a third-party licensee or us become more dependent on spot market sales, any potential profitability will become increasingly vulnerable to short-term fluctuations in the price and demand for petroleum-based fuels and competing substitutes.

***Our actual costs may be greater than expected in developing our commercial production plants if we pursue that strategy, causing us to realize significantly lower profits, if any, or greater losses.***

We generally must estimate the costs of completing a specific commercial production plant or growth project prior to the construction of the facility or project if we pursue that strategy. The actual cost of labor and materials may vary from the costs we originally estimated. These variations may cause the gross cost for a commercial production plant or growth project to differ from those we originally estimated. Cost overruns on our commercial production plants and growth projects could occur due to changes in a variety of factors such as:

- failure to properly estimate costs of engineering, materials, equipment, labor or financing;
- unanticipated technical problems with the structures, materials or services;
- unanticipated project modifications;
- changes in the costs of equipment, materials, labor or contractors (whether as a result of supply chain issues, macroeconomic conditions or otherwise);
- our strategic partners, suppliers' or contractors' failure to perform;
- changes in laws and regulations; and
- delays caused by weather conditions.

As commercial production plants or projects grow in size and complexity, multiple factors may contribute to reduced profit or greater losses, and depending on the size of the particular project, variations from the estimated costs could have a material adverse effect on our business. For example, if costs exceed our estimates, it could cause us to realize significantly lower profits or greater losses.

***Business interruptions, including those related to the widespread outbreak of an illness, pandemic (such as COVID-19), adverse weather conditions, manmade problems such as terrorism and other catastrophic events, may have an adverse impact on our business and results of operations.***

We are vulnerable to natural disasters, the intensity or frequency of which may be influenced by climate change, and other events that could disrupt our operations. Any of our facilities or future facilities or operations may be harmed or rendered inoperable by catastrophic events, such as natural disasters, including earthquakes, tornadoes, hurricanes, wildfires, floods; nuclear disasters, riots, civil disturbances, war, acts of terrorism or other criminal activities; pandemics (such as COVID-19); power outages and other events beyond our control. We do not have a detailed disaster recovery plan. In addition, we may not carry sufficient business interruption or other insurance to compensate us for losses that may occur and it is possible that sufficient insurance coverage may not be available on acceptable terms, if at all. Any losses or damages we incur could have a material adverse effect on our cash flows and success as an overall business.

In the event of natural disaster or other catastrophic event, we may be unable to continue our operations and may endure production interruptions, reputational harm, delays in manufacturing, delays in the development and testing of our STG+® solutions, and related technologies, and the loss of critical data, all of which could have an adverse effect on our business, prospects, financial condition, and operating results. If our facilities are damaged by such natural disasters or catastrophic events, the repair or replacement would likely be costly and any such efforts would likely require substantial time that may affect our ability to produce and deliver our renewable gasoline. Any future disruptions in our operations could negatively impact our business, prospects, financial condition, and operating results and harm our reputation. In addition, we may not carry enough insurance to compensate for the losses that may occur.

***Disruption in the supply chain, including increases in costs, shortage of materials or other disruption of supply, or in the workforce could materially adversely affect our business.***

If and to the extent we pursue the development of commercial plants, we would rely on our suppliers and strategic partners for our business, from feedstocks to materials for our commercial production plants and our STG+® technology. Future delays or interruptions in the supply chain could expose us to the various risks which would likely significantly increase our costs and/or impact our operations or business plans including:

- we or our strategic partners may have excess or inadequate inventory of feedstocks for operation of our facilities;
- we may face delays in construction or development of our growth projects;
- we may not be able to timely procure parts or equipment to upgrade, replace, or repair our facilities and technology system; and
- our suppliers may encounter financial hardships unrelated to our demand, which could inhibit their ability to fulfill our orders and meet our requirements.

***Our industry and our technologies are rapidly evolving and may be subject to unforeseen changes, and developments in alternative technologies may adversely affect the demand for renewable and natural-gas-derived gasoline, and if we fail to make the right investment decisions in our technologies and products, we may be at a competitive disadvantage.***

The renewable and low-carbon fuels industry is relatively new and has experienced substantial change in the last several years. As more companies invest in renewable or low-carbon energy technology and alternative energy sources, we may be unable to keep up with technology advancements and, as a result, our competitiveness may suffer. As technologies change, we plan to spend significant resources in ongoing research and development, and to upgrade or adapt our gasoline production, and introduce new products and services in order to continue to provide renewable or low-carbon gasoline and related products with the latest technology. Our research and development efforts may not be sufficient or could involve substantial costs and delays and lower our return on investment for our technologies. Delays or missed opportunities to adopt new technologies could adversely affect our business, prospects, financial condition, and operating results. In addition, we may not be able to compete effectively with other alternative fuel products and integrate the latest technology into our STG+® process and related technologies. Even if we are able to keep pace with changes in technology and develop new products, we are subject to the risk that our prior products and production process will become obsolete more quickly than expected, resulting in less efficient facilities and potentially reducing our return on investment. Moreover, developments in alternative technologies, such as advanced diesel, ethanol, hydrogen fuel cells, compressed natural gas, improvements in the fuel economy of the internal combustion engine, or increased adoption of electric vehicles may adversely affect our business and prospects in ways we do not currently anticipate. Any developments with respect to these technologies and related renewables research, or the perception that they may occur, may prompt us to invest heavily in additional research to compete effectively with these advances, which research and development may not be effective. Any failure by us to successfully react to changes in existing technologies could adversely affect our competitive position and growth prospects.

***Our business and prospects depend significantly on our ability to build our brand and we may not succeed in continuing to establish, maintain, and strengthen our brand, and our brand and reputation could be harmed by negative publicity regarding our company or products.***

Our business and prospects are dependent on our ability to develop, maintain, and strengthen our brand. Promoting and positioning our brand will depend significantly on our ability or the ability of a third-party licensee to provide high quality clean, renewable gasoline. In addition, we expect that our ability to develop, maintain, and strengthen our brand will also depend heavily on the success of our branding efforts. To promote our brand, we need to incur increased expenses, such as the costs associated with conducting product demonstrations and attending trade conferences. Brand promotion activities may not yield increased revenue, and even if they do, the increased revenue may not offset the expenses we incur in building and maintaining our brand and reputation. If we fail to promote and maintain our brand successfully or to maintain loyalty among our customers, or if we incur substantial expenses in an unsuccessful attempt to promote and maintain our brand, we may fail to attract new customers and partners, or retain our existing customers and partners and our business and financial condition may be adversely affected.

We also believe that the protection of our trademark rights is an important factor in product recognition, protecting our brand and maintaining goodwill. We may be unable to obtain trademark protection for our technologies, logos, slogans and brands, and our existing trademark registrations and applications, and any trademarks that may be used in the future, may not provide us with competitive advantages or distinguish our products and services from those of our competitors. Further, we may not timely or successfully register our trademarks. If we do not adequately protect our rights in our trademarks from infringement and unauthorized use, any goodwill that we have developed in those trademarks could be lost or impaired, which could harm our brand and our business.

Moreover, any negative publicity relating to our employees, current or future partners, our STG+® technology, our clean, renewable gasoline, or customers who use our technology or gasoline, or others associated with these parties may also tarnish our own reputation simply by association and may reduce the value of our brand. Additionally, if safety or other incidents or defects in our gasoline occur or are perceived to have occurred, whether or not such incidents or defects are our fault, we could be subject to adverse publicity, which could be particularly harmful to our business given our limited operating history. Given the popularity of social media, any negative publicity about our products, whether true or not, could quickly proliferate and harm customer and community perceptions and confidence in our brand. Other businesses, including our competitors, may also be incentivized to fund negative campaigns against our company to damage our brand and reputation to further their own purposes. Future customers of our products and services may have similar sensitivities and may be subject to similar public opinion and perception risks. Damage to our brand and reputation may result in reduced demand for our products and increased risk of losing market share to our competitors. Any efforts to restore the value of our brand and rebuild our reputation may be costly and may not be successful, and our inability to develop and maintain a strong brand could have an adverse effect on our business, prospects, financial condition, and operating results.

**Legal, Legislative and Regulatory Matters**

***We may be unable to qualify for existing federal and state level low-carbon fuel credits and other carbon credits and the carbon credit markets may not develop as quickly or efficiently as we anticipate or at all.***

The continued development of carbon credit marketplaces will be crucial for our success, as we expect carbon credits (including, for example, the RFS for the D3 RIN and renewable-fuel credit various state carbon programs such as California's LCFS) to be a significant source of future revenue. At the same time, the efficiency and integrity of the voluntary carbon credit market is currently subject to pressures and scrutiny relating to a number of factors including insufficiency of credit demand, the risk that carbon credits could be counted multiple times, concerns regarding the additionality or permanence of climate benefits that the credits represent, lack of standardization of and concerns regarding the integrity of credit verification. Additionally, such forces could put negative pressure on the value of voluntary carbon credits or otherwise make it more difficult to monetize any climate benefits that may be associated with our products. More broadly, the value of products produced using our process technologies may be dependent on the value of carbon credits which may fluctuate based on these market forces relevant to regulatory carbon markets or voluntary carbon markets. Under the current RFS regulations, renewable gasoline produced from separated yard waste, crop residue, slash, and pre-commercial thinnings, biogenic components of separated MSW, cellulosic components of separated food waste, and cellulosic components of annual cover crops through a gasification and upgrading process qualifies for D3 RINs. We intend for commercial production plants that utilize our technology to ultimately utilize gasification and upgrading to produce renewable gasoline from one or more of these feedstocks. Accordingly, we believe that the renewable gasoline produced by commercial production plants that utilize our technology may qualify for D3 RINs. However, if our renewable gasoline is unable to qualify under the RFS for the D3 RIN and various state carbon programs, or for the generation of quality voluntary carbon credits that can be sold on registries preferred by consumers, or if changes to regulatory or voluntary standards otherwise limit the potential for such qualification, our financial condition and results of operations could be adversely impacted. Delayed development of carbon credit markets, as well as any decline in the value of carbon credits or other incentives associated with products produced using our process technologies, could also negatively impact the commercial viability of our commercial production plants and could limit the growth of the business and adversely impact our financial condition and future results. There is a risk that the supply of low-carbon alternative materials and products outstrips demand, resulting in the value of carbon credits declining. Any decline in the value of carbon credits or other incentives associated with products produced using our process technologies could harm our results of operations, cash flow and financial condition. The value of carbon credits and other incentives may also be adversely affected by legislative, agency, or judicial determinations.

***Our operations, and future planned operations, are subject to certain environmental, health and safety laws or permitting requirements, which could result in increased compliance costs or additional operating costs and restrictions. Failure to comply with such laws and regulations could result in substantial fines or other limitations that could adversely impact our financial results or operations.***

Our operations, as well as those of third-party licensees, contractors, suppliers, and customers, are subject to certain federal, state, local and foreign environmental, health and safety laws and regulations governing, among other things, the generation, storage, transportation, and disposal of hazardous substances and wastes. We or others in our supply chain may be required to obtain permits and comply with procedures that impose various restrictions and operations that could have adverse effects on our operations. If key permits and approvals cannot be obtained on acceptable terms, or if other operations requirements cannot be met in a manner satisfactory for our operations or on a timeline that meets our commercial obligations, it may adversely impact our business. There are also significant capital, operating and other costs associated with compliance with these environmental, health and safety laws and regulations.

Environmental and health and safety laws and regulations are subject to change and may become more stringent over time, such as through new regulations enacted at the international, national, state, and/or local level or new or modified regulations that may be implemented under existing law. The nature and extent of any changes in these laws, rules, regulations, and permits could have material effects on our business. Future legislation and regulations or changes in existing legislation and regulations, or interpretations thereof, could cause additional expenditures, restrictions, and delays in connection with our operations as well as our other future projects.

Future changes to our operations, such as siting of new facilities or the implementation of manufacturing processes at our planned future facilities, could result in increased expenditures to comply with environmental laws, or to obtain and comply with pre-construction and operating permits. For example, federal siting requirements could require us to consider alternative sites for our manufacturing facilities or we could be subject to challenges from stakeholders regarding the use of land for such facilities, which could lead to delays or an inability to construct new facilities. Additionally, future planned operations may create regulated emissions which may require obtaining permits, adhering to permit limits, and/or the use of emissions control technology at our manufacturing facilities. Should permitted limits or other requirements applicable to our current or future operations change in the future, we may be required to install additional, more costly control technology to ensure continued compliance with environmental laws or permits. Any failure to comply with environmental laws could result in significant fines and penalties or business interruptions that could adversely impact our financial results or operations.

***Transition risks related to climate change could have a material and adverse effects on us.***

We are committed to a clean energy future and we believe our business is well-positioned to benefit from growing global regulatory and policy support for decarbonization and other trends related to climate change. However, we cannot rule out the possibility that these developments may in the future adversely affect the business, our suppliers, and the demand for our product while supporting the development of competing technologies and energy sources. For example, the adoption of legislation or regulatory programs to reduce emissions of GHGs (including carbon pricing schemes), or the adoption and implementation of regulations that require reporting of GHG emissions or other climate-related information, could adversely affect our business, including by requiring us or our suppliers to incur increased operating costs, stimulating demand for electric vehicles, restricting our ability to execute on our business strategy, reducing our access to financial markets, or creating greater potential for governmental investigations or litigation. See "Item 1. Business—Environmental, Social and Governance—Sustainability" for further discussion of the laws and regulations related to GHGs and climate change. We could incur increased costs and compliance burden relating to the assessment and disclosure of climate-related risks. We may also face increased litigation risks related to disclosures made pursuant to the rule if finalized as proposed.

The current U.S. administration has rolled back certain EPA rules and regulations in favor of promoting fossil fuel development which negatively impacts the clean energy industry and could adversely impact our business strategy. It is unclear what the long-term impact of this current regulatory framework will be on the clean energy industry.

***Liabilities and costs associated with hazardous materials, contamination and other environmental conditions may require us to conduct investigations or remediation or expose us to other liabilities, both of which may adversely impact our operations and financial condition.***

We may incur liabilities for the investigation and cleanup of any environmental contamination at our commercial production plants, or at off-site locations where we arrange for the disposal of hazardous substances or wastes. For example, under CERCLA and other federal, state and local laws, certain broad categories of persons, including an owner or operator of a property, or businesses may become liable for costs of investigation and remediation, impacts to human health and for damages to natural resources. These laws often impose strict and joint and several liability without regard to fault or degree of contribution or whether the owner or operator knew of, or was responsible for, the release of such hazardous substances or whether the conduct giving rise to the release was legal at the time it occurred. We also may be subject to related claims by private parties, including employees, contractors, or the general public, alleging property damage and personal injury due to exposure to hazardous or other materials at or from those properties. We may incur substantial costs or other damages associated with these obligations, which could adversely impact our business, financial condition and results of operations.

Furthermore, we rely on third parties to ensure compliance with certain environmental laws, including those relating to the disposal of wastes. Any failure to properly handle or dispose of wastes, regardless of whether such failure is ours or our contractors, could result in liability under environmental, health and safety laws. The costs of liability could have a material adverse effect on our business, financial condition or results of operations.

***Increased focus on sustainability and ESG matters could impact our operations and expose us to additional risks.***

Companies across all industries have faced increased scrutiny in recent years from a variety of stakeholders, including investor advocacy groups, proxy advisory firms, certain institutional investors, and lenders, investment funds and other influential investors and rating agencies, related to their ESG and sustainability practices. The success of our business in part depends on customers and financial institutions viewing our business and operations as having a positive ESG profile. Increasing attention to, and societal expectations regarding, climate change, human rights, and other ESG topics may require us to make certain changes to our business operations to satisfy the expectations of customers and financial institutions. Additionally, our customers may be driven to purchase our fuel products due to their own sustainability or ESG commitments, which may entail holding their suppliers — including us — to ESG standards that go beyond compliance with laws and regulations and our ability to comply with such standards. Failure to maintain operations that align with such "beyond compliance" standards may negatively impact our reputation, cause potential customers to not do business with us or otherwise hurt demand for our products. More broadly, if we do not adapt to or comply with investor or other stakeholder expectations and standards on ESG and sustainability matters as they continue to evolve, or if we are perceived to have not responded appropriately or quickly enough to growing concern for ESG and sustainability issues, regardless of whether there is a regulatory or legal requirement to do so, we may suffer from reputational damage and our business, prospects, financial condition and operating results could be materially and adversely affected.

In addition, growing interest on the part of stakeholders regarding sustainability information and growing scrutiny of sustainability-related claims and disclosure has also increased the risk that companies could be perceived as, or accused of, making inaccurate or misleading statements, often referred to as "greenwashing." Such perception or accusation could damage our reputation and result in litigation or regulatory actions. Further, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on their approach to ESG matters. Such ratings are used by some investors to inform their investment and voting decisions. Unfavorable ESG ratings could lead to increased negative investor sentiment toward us and our industry and to the diversion of investment to other industries, which could have a negative impact on our stock price and our access to and costs of capital.

***Third parties on whom we may rely for transportation services are subject to complex federal, state and other laws that could adversely affect our operations.***

The operations of third parties on whom we may rely for transportation services are subject to complex and stringent laws and regulations that require obtaining and maintaining numerous permits, approvals and certifications from various federal, state and local government authorities. These third parties may incur substantial costs in order to comply with existing laws and regulations. If existing laws and regulations governing such third-party services are revised or reinterpreted, or if new laws and regulations become applicable to their operations, these changes may affect the costs that we pay for services. Similarly, a failure to comply with such laws and regulations by the third parties could have a material adverse effect on our business, financial condition and results of operations.

***We may not be able to obtain, or comply with terms and conditions for, government grants, loans, and other incentives for which we may apply for in the future, which may limit our opportunities to expand our business.***

It is unclear if there will be opportunities for us to apply for grants, loans, and other federal and state incentives. Our ability to obtain funds or incentives from government sources is subject to the availability of funds under applicable government programs and approval of our applications to participate in such programs. The application process for these programs and other incentives is and will remain highly competitive. We may not be successful in obtaining any of these additional grants, loans, and other incentives. We may in the future fail to comply with the conditions of these incentives, which could cause us to lose funding or negotiate with governmental entities to revise such conditions. We may be unable to find alternative sources of funding to meet our planned capital needs, in which case, our business, prospects, financial condition, and operating results could be adversely affected.

***We may expand our operations globally, which would subject us to anti-corruption, anti-bribery, anti-money laundering, trade compliance, economic sanctions and similar laws, and non-compliance with such laws may subject us to criminal or civil liability and harm our business, financial condition and/or results of operations. We may also be subject to governmental export and import controls that could impair our ability to compete in international markets or subject us to liability if we violate the controls.***

If we expand our operations globally, we would be subject to the U.S. Foreign Corrupt Practices Act of 1977, as amended, and other anti-corruption and anti-money laundering laws in the countries in which we would conduct business. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years and are interpreted broadly to generally prohibit companies, their employees, and their third-party intermediaries from authorizing, offering, or providing, directly or indirectly, improper payments or benefits to recipients in the public or private sector. If we engage in international operations, sales and business with partners and third-party intermediaries to market our products, we may be required to obtain additional permits, licenses, and other regulatory approvals. In addition, we or our third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities. If we engage in international operations, sales and business with the public sector, we can be held liable for the corrupt or other illegal activities of these third-party intermediaries, our employees, agents, representatives, contractors, and partners, even if we do not explicitly authorize such activities.

***We face risks associated with increased geopolitical uncertainty, including as a result of evolving domestic and foreign tariff policies.***

Ongoing and potential military actions across the globe, including the ongoing conflicts in Ukraine and Iran as well as hostilities in the Middle East in general, as well as the sanctions, bans and other measures taken by governments, organizations and companies against the involved countries and certain citizens of those countries in response thereto, has increased the global political uncertainty and has strained the relations between a significant number of governments, including the U.S. The duration and outcome of these conflicts, any retaliatory actions or escalation, and the impact on regional or global economies is unknown but could have a material adverse effect on our business, financial condition and results of its operations.

In addition, the current U.S. administration has signaled intentions to substantially alter prior U.S. government international trade policy and has commenced activities to renegotiate, or potentially terminate, certain existing bilateral or multi-lateral trade agreements and treaties with foreign countries. Furthermore, the administration has imposed, and continues to consider imposing, tariffs on certain foreign goods. Related to this action, certain foreign governments, including China, have imposed, and continue to consider imposing, tariffs on certain U.S. goods. It remains unclear what the current U.S. administration or foreign governments will or will not do with respect to tariffs or other international trade agreements and policies. A trade war or other governmental action related to tariffs or international trade agreements or policies has the potential to have a material adverse impact on our financial condition by increasing our construction costs and costs to conduct and implement our business plan.

***Concerns regarding the environmental impact of renewable gasoline production could affect public policy which could impair our ability to operate at a profit and substantially harm our revenues and operating margins.***

Under the EISA, the EPA is required to periodically produce a report to Congress on the environmental impacts associated with current and future biofuel production and use, including effects on air and water quality, soil quality and conservation, water availability, energy recovery from secondary materials, ecosystem health and biodiversity, invasive species and international impacts. The first report to Congress was completed in 2011 and provided an assessment of the environmental and resource conservation impacts associated with increased biofuel production. The second report to Congress, completed in 2018, reaffirmed the overarching conclusions of the first report. The third report to Congress was published in January 2025. Should such EPA reports, or other analyses find that biofuel production and use has resulted in, or could in the future result in, adverse environmental impacts, such findings could also negatively impact public perception and acceptance of biofuel as an alternative fuel, which also could result in the loss of political support. To the extent that state or federal laws are modified or public perception turns against biofuels or other renewable fuels, use requirements such as RFS and LCFS may not continue, which could materially impact our ability to ever operate profitably. The current U.S. administration's position favoring the fossil fuel industry over clean energy could materially impact our ability to operate profitably.

***From time to time, we may be involved in litigation (including the current claim as discussed in Item 3. Legal Proceedings), regulatory actions or government investigations and inquiries, which could have an adverse impact on our financial results and consolidated financial position.***

We may be involved in a variety of litigation, other claims, suits, regulatory actions or government investigations and inquiries and commercial or contractual disputes that, from time to time, are significant. In addition, from time to time, we may also be involved in legal proceedings and investigations arising in the normal course of business including, without limitation, commercial or contractual disputes, including warranty claims and other disputes with potential customers, former employees and suppliers, intellectual property matters, personal injury claims, environmental issues, tax matters, and employment matters. As discussed in Item 3. Legal Proceedings, we currently face a claim from another company that asks the court to confirm the validity and enforceability of a letter agreement that it contends conveys it a non-exclusive right to use of our technology. It is difficult to predict the outcome, the impact on our operations and business strategy, or ultimate financial exposure, if any, represented by the current claim as well as any other future claim or matter, and there can be no assurance that any such exposure will not be material. Any such claim may also negatively affect our reputation.

***Changes in laws or regulations, or a failure to comply with any laws or regulations, may adversely affect our business, investments and results of operations.***

We are subject to laws and regulations enacted by national, regional and local governments. In particular, we are required to comply with certain SEC and other legal requirements. Compliance with, and monitoring of, applicable laws and regulations may be difficult, time consuming and costly. Those laws and regulations and their interpretation and application may also change from time to time and those changes could have a material adverse effect on our business, investments and results of operations. In addition, a failure to comply with applicable laws or regulations, as interpreted and applied, could have a material adverse effect on our business and results of operations.

***As a result of plans to expand our business operations, including to jurisdictions in which tax laws may not be favorable, our obligations may change or fluctuate, become significantly more complex or become subject to greater risk of examination by taxing authorities, any of which could adversely affect our after-tax profitability and financial results.***

Our effective tax rates may fluctuate widely in the future, particularly if our business expands domestically or internationally. Future effective tax rates could be affected by operating losses in jurisdictions where no tax benefit can be recorded under U.S. GAAP, changes in deferred tax assets and liabilities, or changes in tax laws. Factors that could materially affect our future effective tax rates include, but are not limited to: (a) changes in tax laws or the regulatory environment, (b) changes in accounting and tax standards or practices, (c) changes in the composition of operating income by tax jurisdiction and (d) pre-tax operating results of our business.

Additionally, we may be subject to significant income, withholding, and other tax obligations in the United States and may become subject to taxation in numerous additional U.S. state and local and non-U.S. jurisdictions with respect to income, operations and subsidiaries related to those jurisdictions. Our after-tax profitability and financial results could be subject to volatility or be affected by numerous factors, including (a) the availability of tax deductions, credits, exemptions, refunds and other benefits to reduce tax liabilities, (b) changes in the valuation of deferred tax assets and liabilities, if any, (c) the expected timing and amount of the release of any tax valuation allowances, (d) the tax treatment of stock-based compensation, (e) changes in the relative amount of earnings subject to tax in the various jurisdictions, (f) the potential business expansion into, or otherwise becoming subject to tax in, additional jurisdictions, (g) changes to existing intercompany structure (and any costs related thereto) and business operations, (h) the extent of intercompany transactions and the extent to which taxing authorities in relevant jurisdictions respect those intercompany transactions and (i) the ability to structure business operations in an efficient and competitive manner. Outcomes from audits or examinations by taxing authorities could have an adverse effect on our after-tax profitability and financial condition. Additionally, the U.S. Internal Revenue Service (“IRS”) and several foreign tax authorities have increasingly focused attention on intercompany transfer pricing with respect to sales of products and services and the use of intangibles. Tax authorities could disagree with our intercompany charges, cross-jurisdictional transfer pricing or other matters and assess additional taxes. If we do not prevail in any such disagreements, our financial results may be affected.

Our after-tax profitability and financial results may also be adversely affected by changes in relevant tax laws and tax rates, treaties, regulations, administrative practices and principles, judicial decisions and interpretations thereof, in each case, possibly with retroactive effect.

***Changes in tax laws or the imposition of new or increased taxes may adversely affect our financial condition, results of operations and cash flows.***

We are a U.S. corporation and thus are subject to U.S. corporate income tax on our worldwide income. Further, our operations and customers will be located in the United States, and, as a result, we will be subject to various U.S. federal, state and local taxes. U.S. federal, state and local and non-U.S. tax laws, policies, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us and may have an adverse effect on our financial condition, results of operations and cash flows.

For example, in the United States, several tax law changes have been previously proposed that would, if ultimately enacted, impact the U.S. federal income taxation of corporations. Such proposals have included an increase in the U.S. income tax rate applicable to corporations (such as us) from 21% to 28%. It is unclear whether this, similar or other changes will be enacted and, if enacted, how soon any such changes could take effect, and we cannot predict how any future changes in tax laws might affect us. Additionally, states in which we operate or own assets may impose new or increased taxes. Changes in tax laws or the imposition of new or increased taxes could adversely affect our financial condition, results of operations and cash flows.

***The new 1% U.S. federal excise tax on repurchases of corporate stock included in the IR Act could cause a reduction in the value of our Class A Common Stock.***

On August 16, 2022, the IR Act was signed into law. The IR Act provides for, among other changes, a new 1% U.S. federal excise tax on certain repurchases of stock by publicly traded U.S. corporations after December 31, 2022. The excise tax is imposed on the repurchasing corporation itself, not on its stockholders from whom the shares are repurchased. The amount of the excise tax is generally 1% of any positive difference between the fair market value of any shares repurchased by the repurchasing corporation during a taxable year and the fair market value of certain new stock issuances by the repurchasing corporation during the same taxable year.

In addition, a number of exceptions will apply to this excise tax. The U.S. Department of the Treasury (the “Treasury”) has been given authority to provide regulations and other guidance to carry out, and prevent the abuse or avoidance of, this excise tax.

**Risks Related to Management and Our Employees**

***If we lose key personnel, including key management personnel, or are unable to attract and retain additional personnel, it could delay our development and harm our research, make it more difficult to pursue partnerships or develop our own products or otherwise have a material adverse effect on our business.***

Our business is complex and we intend to target a variety of markets. Therefore, it is critical that our management team and employee workforce are knowledgeable in the areas in which we operate. The departure, illness or absence of any key members of our management, consisting primarily of our named executive officers, or the failure to attract or retain other key employees who possess the requisite expertise for the conduct of our business, could prevent us from developing and commercializing our renewable gasoline for our target markets and entering into partnership arrangements to execute our business strategy. In addition, the loss of any key scientific staff, or the failure to attract or retain other key scientific employees, could prevent us from developing and commercializing our renewable gasoline for our target markets and entering into partnership arrangements to execute our business strategy. Certain key members of management have entered into employment agreements, which can be terminated by either party, subject to post-termination obligations. While the success of the Company is dependent upon, along with other factors, the service of our executive officers and additional employees that we engage, there is no assurance that key personnel will continue with the Company. On March 20, 2026, we announced the appointment of George Burdette as CEO. Mr. Burdette succeeds Ernie Miller who is stepping down from his role as CEO to pursue another opportunity. Mr. Miller will remain with the Company as a senior advisor. Mr. Burdette, who has served as the Company's CFO since October 2024, will also continue in that role. The loss of the services of our senior management or technical personnel could have a material adverse effect on our business, financial condition and results of operations. All other employees are at-will employees, meaning that either the employee or we may terminate their employment at any time.

We also engage a number of individuals as independent contractors to provide certain material scientific and engineering services. The failure to retain access to the services provided by these individuals, or to attract and retain individuals to provide consulting or other services, could also delay or prevent us from developing and commercializing our renewable gasoline for our target markets and entering into partnership arrangements to execute our business strategy, and otherwise executing on our business plans.

***Agreements containing confidentiality provisions and restrictive covenants with employees, contractors, consultants and other third-parties may not adequately prevent disclosures of trade secrets and other proprietary information.***

We rely in part on trade secret protection to protect our confidential and proprietary information and processes. However, trade secrets are difficult to protect. We have taken measures to protect our trade secrets and proprietary information, but these measures may not be effective. We generally require our employees, consultants and contractors to enter into confidentiality agreements with us. We cannot guarantee that we have entered into such agreements with each party who has developed intellectual property on our behalf and each party that has or may have had access to our confidential information, know-how and trade secrets. We intend for new employees, consultants and other third parties to execute confidentiality agreements or agreements containing confidentiality provisions upon the commencement of an employment or consulting arrangement with us. These agreements generally require that all confidential information developed by the individual or made known to the individual by us during the course of the individual's relationship with us be kept confidential and not disclosed to third parties. These agreements also generally provide that know-how and inventions conceived by the individual in the course of rendering services to us shall be our exclusive property. Nevertheless, these agreements may be insufficient or breached, or may not be enforceable, our proprietary information may be disclosed, third parties could may independently develop substantially equivalent proprietary information and techniques or otherwise gain access to our trade secrets. Moreover, these agreements may not provide an adequate remedy for breaches or in the event of unauthorized use or disclosure of our confidential information or technology. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive business position. In addition, trade secrets and know-how can be difficult to protect and some courts inside and outside of the U.S. are less willing or unwilling to protect trade secrets and know-how. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would not be able to prevent them from using that technology or information to compete with us, and our competitive position could be materially and adversely harmed. An unauthorized breach in our information technology systems may expose our trade secrets and other proprietary information to unauthorized parties.

***We may be subject to claims that our employees, consultants or independent contractors have wrongfully used or disclosed confidential information or alleged trade secrets of third parties or competitors or are in breach of noncompetition or non-solicitation agreements with our competitors or their former employers.***

We also may employ or otherwise engage personnel who were previously or are concurrently employed or engaged at research institutions or other clean technology companies, including our competitors or potential competitors. We may be subject to claims that these personnel, or we, have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former or concurrent employers, or that patents and applications we have filed to protect inventions of these personnel, even those related to our technology, are rightfully owned by their former or concurrent employer. Litigation may be necessary to defend against these claims. Even if we are successful in defending against these claims, litigation could adversely affect our operations, result in substantial costs and be a distraction to management.

**Risks Related to Ownership of Our Securities and Our Capital Structure**

***Future sales and issuances of shares of our Class A Common Stock could result in additional dilution of the percentage ownership of our stockholders and could cause our share price to fall.***

We expect that significant additional capital will be needed in the future to pursue our growth plan. To raise capital, we may sell shares of our Class A Common Stock, convertible securities or other equity securities in one or more transactions at prices and in a manner we determine from time to time. If we sell shares of our Class A Common Stock, convertible securities or other equity securities, investors may be materially diluted by subsequent sales. Such sales may also result in material dilution to our existing stockholders, and new investors could gain rights, preferences, and privileges senior to existing holders of our Class A Common Stock.

***Future sales of a substantial number of shares of our Class A Common Stock, or the perception in the market that the holders of a large number of shares of Class A Common Stock intend to sell shares, could reduce the market price of our Class A Common Stock.***

Sales of a substantial number of shares of our Class A Common Stock in the public market could occur at any time as substantially all of our shares of Class A Common Stock are eligible to be sold pursuant to Rule 144, subject to volume limitations. These sales, or the perception in the market that the holders of a large number of shares of Class A Common Stock intend to sell shares, could reduce the market price of our Class A Common Stock.

***We may issue additional shares of Class A Common Stock under an employee incentive plan. Any such issuances would dilute the interest of our stockholders and likely present other risks.***

We may issue a substantial number of additional shares of Class A Common Stock under an employee incentive plan. The issuance of additional shares of common or preferred stock:

- may significantly dilute the equity interests of our investors;
- may subordinate the rights of holders of Class A Common Stock if preferred stock is issued with rights senior to those afforded our Class A Common Stock;
- could cause a change in control if a substantial number of shares of our Class A Common Stock are issued, which may affect, among other things, our ability to use our net operating loss carry forwards, if any, and could result in the resignation or removal of our present officers and directors; and
- may adversely affect prevailing market prices for our Class A Common Stock and/or Public Warrants.

***Holdings owns the majority of our voting stock and has the right to appoint a majority of our Board members, and its interests may conflict with those of other stockholders.***

Holdings owns the majority of our voting stock and is entitled to appoint the majority of our Board. As a result, Holdings is able to substantially influence matters requiring our stockholder or Board approval, including the election of directors, approval of any potential acquisition of us, changes to our organizational documents and significant corporate transactions. This concentration of ownership makes it unlikely that any other holder or group of holders of Class A Common Stock will be able to affect the way we are managed or the direction of our business. The interests of Holdings with respect to matters potentially or actually involving or affecting us, such as future acquisitions, financings and other corporate opportunities and attempts to acquire us, may conflict with the interests of our other stockholders.

For example, Holdings may have different tax positions from us, especially in light of the Tax Receivable Agreement, that could influence our decisions regarding whether and when to support the disposition of assets, a change of control transaction, the incurrence or refinancing of new or existing indebtedness, or the termination of the Tax Receivable Agreement and acceleration of our obligations thereunder. In addition, the determination of future tax reporting positions, the structuring of future transactions and the handling of any challenge by any taxing authority to our tax reporting positions may take into consideration tax or other considerations of Holdings, including the effect of such positions on our obligations under the Tax Receivable Agreement, which may differ from the considerations of ours or other stockholders.

***Cottonmouth owns a significant percentage of our Class A Common Stock and will be able to exert significant control over matters subject to stockholder approval.***

Cottonmouth is our second largest stockholder and beneficially owns a significant percentage of our Class A Common Stock. As a result, Cottonmouth will have significant influence over the outcome of corporate actions requiring stockholder approval, including the election of directors, approval of any potential acquisition of us, changes to our organizational documents and significant corporate transactions.

In addition, pursuant to the Company's fifth amended and restated certificate of incorporation (the "Restated Charter") adopted in connection with the consummation of the PIPE Investment, the size of our Board of Directors was increased from seven directors to eight directors, and our Board appointed a designee of Cottonmouth to fill the newly created vacancy and to serve on our Board as a Class I director. Further, so long as Cottonmouth and its affiliates beneficially own at least 10% of the voting power of the then outstanding shares of Class A Common Stock of the Company, we will have the obligation to support the nomination of, and to cause our Board to include in the slate of nominees recommended to our stockholders for election, one individual designated by Cottonmouth, subject to customary conditions and exceptions, as well as the obligation to designate one individual as an observer to attend all meetings of the Board and all meetings of the committees of our Board as a nonvoting observer, subject to customary conditions and exceptions. As a result, Cottonmouth will be able to influence matters requiring our stockholder or Board approval.

The interests of Cottonmouth, or our other principal stockholders, with respect to matters potentially or actually involving or affecting us, such as the election of directors, approval of any potential acquisition of us, changes to our organizational documents and significant corporate transactions, may not be the same as, and may even conflict with the interests of our other stockholders. The significant concentration of stock ownership may adversely affect the per-share trading price of our Class A Common Stock due to investors' perception that conflicts of interest may exist or arise.

***We may amend the terms of the Warrants in a manner that may be adverse to holders of Public Warrants with the approval by the holders of at least 50% of the then-outstanding Public Warrants. As a result, the exercise price and the exercise period of the Warrants could be changed and the number of shares of our Class A Common Stock purchasable upon exercise of a Warrant could be decreased, all without a holder's approval.***

Our Public Warrants were issued in registered form under a warrant agreement between Continental Stock Transfer & Trust Company, as warrant agent, and us. The warrant agreement provides that the terms of the Warrants may be amended without the consent of any holder (i) to cure any ambiguity or to correct any mistake, including to conform the provisions therein to the descriptions of the terms of the Warrants, or to cure, correct or supplement any defective provision, or (ii) to add or change any other provisions with respect to matters or questions arising under the warrant agreement as the parties to the warrant agreement may deem necessary or desirable and that the parties deem to not adversely affect the interests of the registered holders of the Warrants. The warrant agreement requires the approval by the holders of at least 50% of the then-outstanding Public Warrants to make any change that adversely affects the interests of the registered holders of Public Warrants. Accordingly, we may amend the terms of the Public Warrants in a manner adverse to a holder if holders of at least 50% of the then-outstanding Public Warrants approve of such amendment. Although our ability to amend the terms of the Public Warrants with the consent of at least 50% of the then-outstanding Public Warrants is unlimited, examples of such amendments could be amendments to, among other things, increase or decrease of the exercise price of the Warrants, convert the Warrants into cash or stock (at a ratio different than initially provided), shorten the exercise period or decrease the number of shares of our Class A Common Stock purchasable upon exercise of a Warrant.

***There can be no assurance that we will be able to comply with the continued listing standards of Nasdaq.***

Our shares of Class A Common Stock and the Public Warrants are listed on Nasdaq under the symbols "VGAS" and "VGASW," respectively. If Nasdaq delists our securities from trading on its exchange for failure to meet the continued listing standards, we and our stockholders could face significant negative consequences. The consequences of failing to meet the listing requirements include:

- a limited availability of market quotations for our securities;
- reduced liquidity for our securities;
- a determination that our Class A Common Stock is a “penny stock” which will require brokers trading in our Class A Common Stock to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our securities;
- a limited amount of news and analyst coverage; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

***Because there are no current plans to pay cash dividends on shares of Class A Common Stock for the foreseeable future, you may not receive any return on investment unless you sell your shares of Class A Common Stock for a price greater than that which you paid for it.***

We intend to retain future earnings, if any, for future operations, expansion and debt repayment and there are no current plans to pay any cash dividends for the foreseeable future. The declaration, amount and payment of any future dividends on shares of Class A Common Stock will be at the sole discretion of our Board, who may take into account general and economic conditions, our financial condition and results of operations, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax, and regulatory restrictions, implications on the payment of dividends by us to our stockholders or by our subsidiaries to us and such other factors our Board may deem relevant. In addition, our ability to pay dividends will likely be limited by covenants of any indebtedness we incur. As a result, you may not receive any return on an investment in the shares of Class A Common Stock unless you sell your shares of Class A Common Stock for a price greater than that which you paid for it.

***The trading price of our securities is limited and volatile and subject to wide fluctuations in response to various factors, some of which are beyond our control.***

There is a limited market for our securities and there can be no assurance that such a market for our securities will continue. The trading price of our securities has been and may continue to be volatile and subject to wide fluctuations in response to various factors, some of which are beyond our control. In connection with the PIPE Investment, we issued shares of Class A Common Stock to Cottonmouth at a price of $4.00 per share. Our shares of Class A Common Stock have traded at closing prices as high as $2.55 per share and as low as $0.95 per share from January 1, 2026 through March 27, 2026. Additionally, any of the factors listed below, among others, could have a material adverse effect on your investment in our securities and our securities may trade at prices significantly below the price you paid for them. In such circumstances, the trading price of our securities may not recover and may experience a further decline.

Factors affecting the trading price of our securities may include:

- actual or anticipated fluctuations in our quarterly financial results or the quarterly financial results of companies perceived to be similar to us;
- changes in the market’s expectations about our operating results;
- success of competitors;
- our operating results failing to meet the expectation of securities analysts or investors in a particular period;
- changes in financial estimates and recommendations by securities analysts concerning us or the market in general;
- operating and stock price performance of other companies that investors deem comparable to us;

- our ability to market new or enhanced products and technologies on a timely basis;
- changes in laws and regulations affecting our business;
- our ability to meet compliance requirements;
- commencement of, or involvement in, litigation involving us;
- changes in our capital structure, such as future issuances and pricings of securities or the incurrence of additional debt;
- the volume of shares of our Class A Common Stock available for public sale;
- any major change in our Board or management;
- sales of substantial amounts of Class A Common Stock by our directors, executive officers or significant stockholders or the perception that such sales could occur; and
- general economic and political conditions such as recessions, tariffs, interest rates, inflation, fuel prices, international currency fluctuations and acts of war (such as the Russia-Ukraine conflict and the conflict in the Middle East) or terrorism.

Broad market and industry factors may materially harm the market price of our securities irrespective of our operating performance. The stock market in general and Nasdaq have experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the particular companies affected. The trading prices and valuations of these stocks, and of our securities, may not be predictable. A loss of investor confidence in the market for retail stocks or the stocks of other companies which investors perceive to be similar to us could depress our stock price regardless of our business, prospects, financial condition or results of operations. A decline in the market price of our securities also could adversely affect our ability to issue additional securities and our ability to obtain additional financing in the future.

***If securities or industry analysts do not publish or cease publishing research or reports about us, our business or our market, or if they change their recommendations regarding our Class A Common Stock adversely, the price and trading volume of our Class A Common Stock could decline.***

The trading market for our shares of Class A Common Stock will be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market or our competitors. If any of the analysts who may cover us change their recommendation regarding our stock adversely, or provide more favorable relative recommendations about our competitors, the price of our shares of Class A Common Stock would likely decline. If any analyst who may cover us were to cease their coverage or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our stock price or trading volume to decline.

***We are a holding company, and our only material asset is our equity interest in OpCo, and we will accordingly be dependent upon distributions from OpCo to pay taxes, make payments under the Tax Receivable Agreement and cover our corporate and other overhead expenses.***

We are a holding company and have no material assets other than our equity interest in OpCo. We have no independent means of generating revenue. To the extent OpCo has available cash, we intend to cause OpCo to make (i) generally pro rata distributions to the holders of OpCo Units, including us, in an amount at least sufficient to allow us to pay our taxes and make payments under the Tax Receivable Agreement and any subsequent tax receivable agreement that we may enter into in connection with future acquisitions and (ii) non-pro rata payments to us to reimburse us for our corporate and other overhead expenses. To the extent that we need funds and OpCo or its subsidiaries are restricted from making such distributions or payments under applicable law or regulation or under the terms of any current or future financing arrangements, or are otherwise unable to provide such funds, our liquidity and financial condition could be materially adversely affected.

Moreover, because we have no independent means of generating revenue, our ability to make tax payments and payments under the Tax Receivable Agreement will be dependent on the ability of OpCo to make distributions to us in an amount sufficient to cover our tax obligations (and those of its wholly owned subsidiaries) and obligations under the Tax Receivable Agreement. This ability, in turn, may depend on the ability of OpCo's subsidiaries to make distributions to it. We intend that such distributions from OpCo and its subsidiaries be funded with cash from operations or from future borrowings. The ability of OpCo, its subsidiaries and other entities in which it directly or indirectly holds an equity interest to make such distributions will be subject to, among other things, (i) the applicable provisions of Delaware law (or other applicable jurisdiction) that may limit the amount of funds available for distribution and (ii) restrictions in relevant debt instruments issued by OpCo or its subsidiaries and other entities in which it directly or indirectly holds an equity interest. To the extent that we are unable to make payments under the Tax Receivable Agreement for any reason, such payments will be deferred and will accrue interest until paid.

***In the event that payment obligations under the Tax Receivable Agreement are accelerated in connection with certain mergers, other forms of business combinations or other changes of control, the consideration payable to holders of our Class A Common Stock could be substantially reduced.***

In connection with the Business Combination, we entered into the Tax Receivable Agreement with the TRA Holders. This agreement generally provides for the payment by us to the TRA Holders of 85% of the net cash savings, if any, in U.S. federal, state and local income tax and franchise tax (computed using simplifying assumptions to address the impact of state and local taxes) that we actually realize (or are deemed to realize in certain circumstances) in periods after the Business Combination as a result of certain increases in tax basis available to us pursuant to the exercise of the OpCo Exchange Right, a Mandatory Exchange or the Call Right and certain benefits attributable to imputed interest. We will retain the benefit of the remaining 15% of any actual net cash tax savings.

The term of the Tax Receivable Agreement will continue until all tax benefits that are subject to the Tax Receivable Agreement have been utilized or expired, unless we experience a change of control (as defined in the Tax Receivable Agreement, which includes certain mergers, asset sales, or other forms of business combinations) or the Tax Receivable Agreement otherwise terminates early (at our election or as a result of our breach or the commencement of bankruptcy or similar proceedings by or against us), and we make the termination payments specified in the Tax Receivable Agreement in connection with such change of control or other early termination.

If we experience a change of control (as defined under the Tax Receivable Agreement, which includes certain mergers, asset sales and other forms of business combinations), we would be obligated to make a substantial immediate lump-sum payment, and such payment may be significantly in advance of, and may materially exceed, the actual realization, if any, of the future tax benefits to which the payment relates; provided that any such payment would be subject to the Payment Cap of $50,000,000, which applies only to certain payments required to be made under the Tax Receivable Agreement in connection with the occurrence of a change of control. The Payment Cap would not be reduced or offset by any amounts previously paid under the Tax Receivable Agreement or any amounts that are required to be paid (but have not yet been paid) for the year in which the change of control occurs or any prior years. As a result of this payment obligation, holders of our Class A Common Stock could receive substantially less consideration in connection with a change of control transaction than they would receive in the absence of such obligation. Further, any payment obligations under the Tax Receivable Agreement will not be conditioned upon the TRA Holders' having a continued interest in us or OpCo. Accordingly, the TRA Holders' interests may conflict with those of the holders of our Class A Common Stock. Please read "Risk Factors—Risks Related to the Company—In certain cases, payments under the Tax Receivable Agreement may be accelerated and/or significantly exceed the actual benefits, if any, we realize in respect of the tax attributes subject to the Tax Receivable Agreement."

***In certain circumstances, OpCo will be required to make tax distributions to the OpCo unitholders, including us, and the tax distributions that OpCo will be required to make may be substantial. The OpCo tax distribution requirement may complicate our ability to maintain our intended capital structure.***

OpCo will generally make quarterly tax distributions to the OpCo unitholders, including us. Such distributions will be pro rata and be in an amount sufficient to cause each OpCo unitholder to receive a distribution at least equal to (i) such OpCo unitholder's allocable share of net taxable income (in the case of each OpCo unitholder other than us, taking into account prior normal operating pro rata distributions made to such OpCo unitholders in such year and calculated under certain assumptions), and (ii) with respect to us, any payments required to be made by us under the Tax Receivable Agreement or any similar subsequent tax receivable agreements that it may enter into in connection with future acquisitions (in each case, calculated under certain assumptions) multiplied by an assumed tax rate. The assumed tax rate for this purpose will be the combined maximum U.S. federal, state, and local rate of tax applicable to us for the applicable taxable year unless otherwise determined by OpCo. As a result of certain assumptions in calculating the tax distribution payments, we may receive tax distributions from OpCo in excess of its actual tax liability and its obligations under the Tax Receivable Agreement.

The receipt of such excess distributions would complicate our ability to maintain certain aspects of our capital structure. Such cash, if retained, could cause the value of a Class A OpCo Unit to deviate from the value of a share of Class A Common Stock. If we retain such cash balances, the holders of Class C OpCo Units would benefit from any value attributable to such accumulated cash balances as a result of their exercise of the OpCo Exchange Right, a Mandatory Exchange or the Call Right. We intend to take steps to eliminate any material cash balances. Such steps could include distributing such cash balances as dividends on our Class A Common Stock and reinvesting such cash balances in OpCo for additional Class A OpCo Units (with an accompanying stock dividend with respect to our Class A Common Stock or an adjustment to the one-to-one exchange ratio applicable to the exercise of the OpCo Exchange Right, a Mandatory Exchange or the Call Right).

The tax distributions to the OpCo unitholders may be substantial and may, in the aggregate, exceed the amount of taxes that OpCo would have paid if it were a similarly situated corporate taxpayer. Funds used by OpCo to satisfy its tax distribution obligations will generally not be available for reinvestment in its business.

***The JOBS Act permits "emerging growth companies" like us to take advantage of certain exemptions from various reporting requirements applicable to other public companies that are not emerging growth companies.***

We qualify as an "emerging growth company" as defined in Section 2(a)(19) of the Securities Act, as modified by the JOBS Act. As such, we take advantage of certain exemptions from various reporting requirements applicable to other public companies that are not emerging growth companies, including (a) the exemption from the auditor attestation requirements with respect to internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act, (b) the exemptions from say-on-pay, say-on-frequency and say-on-golden parachute voting requirements and (c) reduced disclosure obligations regarding executive compensation in our periodic reports and registration statements. As a result, our stockholders may not have access to certain information they deem important. We will remain an emerging growth company until the earliest of (a) the last day of the fiscal year (i) following August 17, 2026, the fifth anniversary of our initial public offering, (ii) in which we have total annual gross revenue of at least $1.235 billion (as adjusted for inflation pursuant to SEC rules from time to time) or (iii) in which we are deemed to be a large accelerated filer, which means the market value of our Class A Common Stock that is held by non-affiliates exceeds $700 million as of the last business day of our prior second fiscal quarter, and (b) the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three year period.

In addition, Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the exemption from complying with new or revised accounting standards provided in Section 7(a)(2)(B) of the Securities Act as long as we are an emerging growth company. An emerging growth company can therefore delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies, but any such election to opt out is irrevocable. We have elected to irrevocably opt out of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, we will adopt the new or revised standard at the time public companies adopt the new or revised standard. This may make comparison of our financial statements with another emerging growth company that has not opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

We cannot predict if investors will find our Class A Common Stock less attractive because we will rely on these exemptions. If some investors find our Class A Common Stock less attractive as a result, there may be less active trading market for our Class A Common Stock and our stock price may be more volatile.

***We are a smaller reporting company, and we cannot be certain if the reduced reporting requirements applicable to smaller reporting companies will make our Class A Common Stock less attractive to investors.***

We are a smaller reporting company under Rule 12b-2 of the Securities Exchange Act of 1934. For as long as we continue to be a smaller reporting company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not smaller reporting companies, including reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. We cannot predict if investors will find our Class A Common Stock less attractive because we may rely on smaller reporting company exemptions. If some investors find our Class A Common Stock less attractive as a result, there may be a less active trading market for our Class A Common Stock, and our stock price may be more volatile.

***We are a "controlled company" within the meaning of Nasdaq rules and, as a result, qualify for exemptions from certain corporate governance requirements, and as a result, you do not have the same protections afforded to stockholders of companies that are not exempt from such corporate governance requirements.***

Over 50% of our voting power for the election of directors is held by an individual, group or another company. As a result, we are a controlled company within the meaning of Nasdaq's corporate governance standards. Under Nasdaq's rules, a controlled company may elect not to comply with certain Nasdaq corporate governance requirements, including the requirements that:

- a majority of the Board consist of independent directors under Nasdaq's rules;
- the nominating and governance committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- the compensation committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities.

These requirements will not apply to us as long as we remain a controlled company. We may utilize some or all of these exemptions. Accordingly, you may not have the same protections afforded to stockholders of companies that are subject to all of Nasdaq's corporate governance requirements.

***The Charter designates state courts within the State of Delaware as the exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents.***

The Charter provides that, unless we consent in writing to the selection of an alternative forum, (a) the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of us, (ii) any action asserting a claim of breach of a fiduciary duty owed by, or other wrongdoing by, any current or former director, officer, employee or agent of ours to us or our stockholders, or a claim of aiding and abetting any such breach of fiduciary duty, (iii) any action asserting a claim against us or any director, officer, employee or agent of ours arising pursuant to any provision of the Delaware General Corporation Law ("DGCL"), the Charter or the Bylaws (as either may be amended, restated, modified, supplemented or waived from time to time), (iv) any action to interpret, apply, enforce or determine the validity of the Charter or the Bylaws (as either may be amended, restated, modified, supplemented or waived from time to time), (v) any action asserting a claim against us or any director, officer, employee or agent of ours that is governed by the internal affairs doctrine or (vi) any action asserting an "internal corporate claim" as that term is defined in Section 115 of the DGCL.

In addition, the Charter provides that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America shall, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act and the rules and regulations promulgated thereunder. Notwithstanding the foregoing, the Charter provides that the exclusive forum provision will not apply to claims seeking to enforce any liability or duty created by the Exchange Act or any other claim for which the U.S. federal courts have exclusive jurisdiction.

This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, other employees or stockholders, which may discourage lawsuits with respect to such claims, although our stockholders will not be deemed to have waived our compliance with federal securities laws and the rules and regulations thereunder. Alternatively, if a court were to find the choice of forum provision contained in our amended and restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, operating results and financial condition.

***We will be required to make payments under the Tax Receivable Agreement and the amounts of such payments could be significant.***

The payment obligations under the Tax Receivable Agreement are our obligations and not obligations of OpCo, and we expect that the payments required to be made under the Tax Receivable Agreement will be substantial. Estimating the amount and timing of payments that may become due under the Tax Receivable Agreement is by its nature imprecise. For purposes of the Tax Receivable Agreement, net cash tax savings generally are calculated by comparing our actual tax liability (determined by using the actual applicable U.S. federal income tax rate and an assumed combined state and local income and franchise tax rate) to the amount we would have been required to pay had it not been able to utilize any of the tax benefits subject to the Tax Receivable Agreement. The actual increases in tax basis covered by the Tax Receivable Agreement, as well as the amount and timing of any payments under the Tax Receivable Agreement, will vary depending on a number of factors, including the timing of any redemption of Class C OpCo Units, the per share price of our Class A Common Stock at the time of each redemption, the extent to which such redemptions are taxable transactions, the amount of the redeeming OpCo unitholder's tax basis in its Class C OpCo Units at the time of the relevant redemption, the depreciation and amortization periods that apply to the increase in tax basis, the amount and timing of taxable income we generate in the future, the U.S. federal income tax rates then applicable, and the portion of our payments under the Tax Receivable Agreement that constitute imputed interest or give rise to depreciable or amortizable tax basis. The Tax Receivable Agreement contains the Payment Cap, which applies only to certain payments required to be made in connection with the occurrence of a change of control. The Payment Cap would not be reduced or offset by any amounts previously paid under the Tax Receivable Agreement or any amounts that are required to be paid (but have not yet been paid) for the year in which the change of control occurs or any prior years. Any distributions made by OpCo to us in order to enable us to make payments under the Tax Receivable Agreement, as well as any corresponding pro rata distributions made to the OpCo unitholders, could have an adverse impact on our liquidity.

The payments under the Tax Receivable Agreement will not be conditioned upon a TRA Holder having a continued ownership interest in us or OpCo.

***In certain cases, payments under the Tax Receivable Agreement may be accelerated and/or significantly exceed the actual benefits, if any, we realize in respect of the tax attributes subject to the Tax Receivable Agreement.***

If we experience a change of control (as defined under the Tax Receivable Agreement, which includes certain mergers, asset sales and other forms of business combinations) or the Tax Receivable Agreement otherwise terminates early (at our election or as a result of our breach or the commencement of bankruptcy or similar proceedings by or against us), our obligations under the Tax Receivable Agreement would accelerate and we would be required to make an immediate payment equal to the present value of the anticipated future payments to be made by it under the Tax Receivable Agreement and such payment is expected to be substantial. The calculation of anticipated future payments would be based upon certain assumptions and deemed events set forth in the Tax Receivable Agreement, including (i) that we have sufficient taxable income to fully utilize the tax benefits covered by the Tax Receivable Agreement, and (ii) that any OpCo Units (other than those held by us) outstanding on the termination date are deemed to be redeemed on the termination date. If we were to experience a change of control, we estimate that the early termination payment, calculated on the basis of the above assumptions, would be approximately $32 million (calculated using a discount rate equal to (i) the greater of (A) 0.25% and (B) the Secured Overnight Financing Rate ("SOFR"), plus (ii) 150 basis points, applied against an undiscounted liability of $48 million based on the 21% U.S. federal corporate income tax rate and estimated applicable state and local income tax rates). The foregoing amount is merely an estimate and the actual payment could differ materially. In connection with a change of control, any early termination payment would be subject to the Payment Cap. The Payment Cap would not be reduced or offset by any amounts previously paid under the Tax Receivable Agreement or any amounts that are required to be paid (but have not yet been paid) for the year in which the change of control occurs or any prior years.

Any early termination payment may be made significantly in advance of, and may materially exceed, the actual realization, if any, of the future tax benefits to which the termination payment relates. Moreover, the obligation to make an early termination payment upon a change of control could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, or other forms of business combinations or changes of control.

There can be no assurance that we will be able to satisfy our obligations under the Tax Receivable Agreement.

***We will not be reimbursed for any payments made under the Tax Receivable Agreement in the event that any tax benefits are subsequently disallowed.***

Payments under the Tax Receivable Agreement will be based on the tax reporting positions that we will determine. The IRS or another taxing authority may challenge all or part of the tax basis increases covered by the Tax Receivable Agreement, as well as other related tax positions we take, and a court could sustain such challenge. The TRA Holders will not reimburse us for any payments previously made under the Tax Receivable Agreement if any tax benefits that have given rise to payments under the Tax Receivable Agreement are subsequently disallowed, except that excess payments made to any TRA Holder will be netted against future payments that would otherwise be made to such TRA Holder, if any, after our determination of such excess (which determination may be made a number of years following the initial payment and after future payments have been made). As a result, in such circumstances, we could make payments that are greater than our actual cash tax savings, if any, and we may not be able to recoup those payments, which could materially adversely affect our liquidity.

***If OpCo were to become a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes, we and OpCo might be subject to potentially significant tax inefficiencies, and we would not be able to recover payments previously made by us under the Tax Receivable Agreement even if the corresponding tax benefits were subsequently determined to have been unavailable due to such status.***

We intend to operate such that OpCo does not become a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes. A "publicly traded partnership" is a partnership the interests of which are traded on an established securities market or are readily tradable on a secondary market or the substantial equivalent thereof. Under certain circumstances, the exchange of Class C OpCo Units pursuant to the OpCo Exchange Right or Mandatory Exchange (or acquisitions of Class C OpCo Units pursuant to the Call Right) or other transfers of Class C OpCo Units could cause OpCo to be treated as a publicly traded partnership. Applicable U.S. Treasury regulations provide for certain safe harbors from treatment as a publicly traded partnership, and we intend to operate such that redemptions or other transfers of OpCo Units qualify for one or more of such safe harbors. For example, we limited the number of holders of OpCo Units, and the OpCo operating agreement ("A&R LLC Agreement"), provides for certain limitations on the ability of holders of OpCo Units to transfer their OpCo Units and provides us, as the manager of OpCo, with the right to prohibit the exercise of an OpCo Exchange Right if it determines (based on the advice of counsel) there is a material risk that OpCo would be a publicly traded partnership as a result of such exercise.

If OpCo were to become a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes, significant tax inefficiencies might result for us and for OpCo, including as a result of our inability to file a consolidated U.S. federal income tax return with OpCo. In addition, we might not be able to realize tax benefits covered under the Tax Receivable Agreement, and we would not be able to recover any payments previously made by us under the Tax Receivable Agreement, even if the corresponding tax benefits (including any claimed increase in the tax basis of OpCo's assets) were subsequently determined to have been unavailable.

**Risks Related to Financial and Accounting Matters**

***The Company identified material weaknesses in its internal control over financial reporting that have been remediated, and if we are unable to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results in a timely manner, which may adversely affect investor confidence in us and materially and adversely affect our business and operating results, and we may face litigation as a result.***

In connection with the preparation of Intermediate's financial statements for the year ended December 31, 2022 and the period from July 31, 2020 (inception) to December 31, 2021, management noted a material weakness in our internal control over financial reporting as described in the Company's quarterly report on Form 10-Q for the period ended March 31, 2023. Management did not maintain effective internal control over the reconciliation of the final fair value of the unit-based compensation awards prepared by third-party valuation specialists to the accounting records due to a lack of professionals with defined roles within the accounting function providing financial reporting oversight. Additionally, management did not maintain effective internal control regarding the date on which to apply new accounting standards based upon CENAQ's elections made under the JOBS Act, as described in the Company's quarterly report on Form 10-Q for the period ended March 31, 2023, which required Intermediate to apply new accounting standards as if it were a public business entity. These material weaknesses have been remediated.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented, or detected and corrected, on a timely basis. Effective internal controls are necessary to provide reliable financial reports and prevent fraud, and material weaknesses could limit the ability to prevent or detect a misstatement of accounts or disclosures that could result in a material misstatement of annual or interim financial statements. In such a case, we may be unable to maintain compliance with securities law requirements regarding timely filing of periodic reports in addition to applicable stock exchange continued listing requirements, investors may lose confidence in our financial reporting, our securities price may decline and we may face litigation as a result. While we have remediated the material weaknesses described above, there can be no assurance that the measures we have taken to date, or any measures we may take in the future, will be sufficient to avoid potential future material weaknesses.

***There are inherent limitations in all control systems, and misstatements due to error or fraud that could seriously harm our business may occur and not be detected.***

Our management does not expect that our internal and disclosure controls will prevent all possible error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. In addition, the design of a control system must reflect the fact that there are resource constraints and the benefit of controls must be relative to their costs. Because of the inherent limitations in all control systems, an evaluation of controls can only provide reasonable assurance that all material control issues and instances of fraud, if any, have been detected.

These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Further, controls can be circumvented by the individual acts of some persons or by collusion of two or more persons. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Because of inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. A failure of our controls and procedures to detect error or fraud could seriously harm our business and results of operations.

***If our estimates or judgments relating to our critical accounting policies prove to be incorrect or financial reporting standards or interpretations change, our operating results could be adversely affected.***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates, judgments, and assumptions that affect the amounts reported in our financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as described in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities, and equity as of the date of the financial statements, and the amount of revenue and expenses, during the periods presented, that are not readily apparent from other sources. Significant assumptions and estimates used in preparing our financial statements include those related to impairment of intangible and long-lived assets, and share-based compensation. Our operating results may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our operating results to fall below the expectations of industry or financial analysts and investors, resulting in a decline in the trading price of our Class A Common Stock.

Additionally, we regularly monitor our compliance with applicable financial reporting standards and review new pronouncements and drafts thereof that are relevant to us. As a result of new standards, changes to existing standards, and changes in interpretation, we might be required to change our accounting policies, alter our operational policies, or implement new or enhance existing systems so that they reflect new or amended financial reporting standards, or we may be required to restate our published financial statements. Changes to existing standards or changes in their interpretation may have an adverse effect on our reputation, business, financial position, and profit, or cause an adverse deviation from our revenue and operating profit target, which may negatively impact our financial results.

***We may in the future use hedging arrangements to mitigate certain risks, but the use of such derivative instruments could have a material adverse effect on our results of operations.***

We are likely in the future to use interest rate swaps to manage interest rate risk. In addition, we may use forward energy sales and other types of hedging contracts, including foreign currency hedges if we do expand into other countries. If we elect to enter into these type of hedging arrangements, our related assets could recognize financial losses on these arrangements as a result of volatility in the market values of the underlying asset or if a counterparty fails to perform under a contract. If actively quoted market prices and pricing information from external sources are not available, the valuation of these contracts would involve judgment or the use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these contracts. If the values of these financial contracts change in a manner that we do not anticipate, or if a counterparty fails to perform under a contract, it could harm our business, financial condition, results of operations and cash flows.

**Risks Related to Information Technology, Intellectual Property and Cybersecurity**

***Failure to protect our intellectual property, inability to enforce our intellectual property rights or loss of our intellectual property rights through costly litigation or administrative proceedings, could adversely affect our ability to compete and our business.***

Our success depends in large part on our ability to obtain and maintain patent and other proprietary protection for commercially important inventions, to obtain and maintain know-how related to our business, including our proprietary manufacturing technology, to defend and enforce our intellectual property rights, in particular our patent rights, to preserve the confidentiality of our trade secrets, and to operate without infringing, misappropriating, or violating the valid and enforceable patents and other intellectual property rights of third parties. We rely on various intellectual property rights, including patents, trademarks, and trade secrets, as well as confidentiality provisions and contractual arrangements, and other forms of statutory protection to protect our proprietary rights. We will be able to protect our proprietary rights from unauthorized use by third parties only to the extent that our proprietary technologies and future products are covered by valid and enforceable patents or are effectively maintained as trade secrets. If we do not protect and enforce our intellectual property rights adequately and successfully, our competitive position may suffer, which could have a material adverse effect on our business, prospects, financial condition, and operating results.

Our pending patent or trademark applications may not be approved, or competitors or others may challenge the validity, enforceability, or scope of our patents, the registrability of our trademarks or the trade secret status of our proprietary information. There can be no assurance that additional patents will be issued or that any issued patents will provide significant protection for our intellectual property or for those portions of our proprietary technology and software that are the most key to our competitive positions in the marketplace. In addition, our patents, trademarks, trade secrets, and other intellectual property rights may not provide us a significant competitive advantage. There is no assurance that the forms of intellectual property protection that we seek, including business decisions about when and where to file patents and when and how to maintain and protect trade secrets, license and other contractual rights will be adequate to protect our business.

Moreover, recent amendments to developing jurisprudence and current and possible future changes to intellectual property laws and regulations, including U.S. and foreign patent, trade secret and other statutory law, may affect our ability to protect and enforce our intellectual property rights and to protect our proprietary technology. Despite our precautions, our intellectual property is vulnerable to unauthorized access and copying through employee, contractor or other third-party error or actions, including malicious state or state-sponsored actors, theft, hacking, cybersecurity incidents, and other security breaches and incidents, and such incidents may be difficult to detect or may be unknown for a significant period of time. It is possible for third parties to infringe upon or misappropriate our intellectual property, to copy or reverse engineer our proprietary manufacturing process, and to use information that we regard as proprietary to create products and services that compete with ours.

Intellectual property laws, procedures, and restrictions provide only limited protection and any of our intellectual property rights may be challenged, invalidated, circumvented, infringed, or misappropriated. Further, the laws of certain countries do not protect proprietary rights to the same extent as the laws of the United States, and, therefore, in certain jurisdictions, we may be unable to protect our proprietary technology. Effective patent, trademark and other intellectual property protection may not be available in every country in which our services are made available. To the extent we expand our international activities, our exposure to unauthorized copying and use of our intellectual property and proprietary information may increase. Consequently, we may not be able to prevent third parties from infringing on our intellectual property in all countries outside the U.S., or from selling or importing products made using our intellectual property in and into the U.S. or other jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and may also export infringing products to territories where we have patent protection, but enforcement of patents and other intellectual protection is not as strong as that in the U.S. These products may compete with our products and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

As we move into new markets and expand our products or services offerings, incumbent participants in such markets may assert their intellectual property and other proprietary rights against us as a means of slowing our entry into such markets or as a means to extract substantial license and royalty payments from us. In addition, our agreements with some of our customers, suppliers or other entities with whom we do business requires us to defend or indemnify these parties to the extent they become involved in infringement claims, including the types of claims described above. As a result, we could incur significant costs and expenses that could adversely affect our business, operating results or financial condition.

We have entered into confidentiality agreements with certain contractors and consultants as well as agreements containing restrictive covenants and confidentiality provisions with certain employees, and we may enter into agreements with similar provisions with our employees and with other third parties in the future. We cannot ensure that these agreements, or all the terms thereof, will be enforceable or compliant with applicable law, or otherwise effective in controlling access to, use of, reverse engineering, and distribution of our proprietary information. Further, these agreements with our employees, contractors, and other parties may not prevent other parties from independently developing technologies, products and services that are substantially equivalent or superior to our technologies, products and services.

We believe that our proprietary manufacturing technology is a unique aspect in the current market and provides us with a significant competitive advantage. Our ability to prevent competitors from replicating this technology depends on our ability to obtain, maintain, protect, defend and enforce our intellectual property rights in the processes that comprise the technology and/or keep those processes and the underlying technology secret. We may not be able to prevent competitors from replicating or developing a better version of our proprietary manufacturing technology, which could result in a substantial decrease in our revenue and limit demand for our services.

We may need to spend significant resources securing and monitoring our intellectual property rights, and we may or may not be able to detect infringement by third parties. The steps we take to protect our intellectual property rights may not be sufficient to effectively prevent third parties from infringing, misappropriating, diluting or otherwise violating our intellectual property rights or to prevent unauthorized disclosure or unauthorized use of our trade secrets or other confidential information. Our competitive position may be adversely impacted if we cannot detect infringement or enforce our intellectual property rights quickly or at all. In some circumstances, we may choose not to pursue enforcement because an infringer has a dominant intellectual property position, because of uncertainty relating to the scope of our intellectual property or the outcome of an enforcement action, or for other business reasons. In addition, competitors might avoid infringement by designing around our intellectual property rights or by developing non-infringing competing technologies. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming, and distracting to management and our development teams and could result in the impairment or loss of portions of our intellectual property. Further, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims attacking the scope, validity, and enforceability of our intellectual property rights, or with counterclaims and countersuits asserting infringement by us of third-party intellectual property rights. Our failure to secure, protect, and enforce our intellectual property rights could adversely affect our brand and our business, any of which could have an adverse effect on our business, prospects, financial condition, and operating results.

***If we fail to comply with our obligations under license or technology agreements with third parties or are unable to license rights to use technologies on reasonable terms, we may be required to pay damages and could potentially lose license rights that are critical to our business.***

We license certain intellectual property, including technologies, data, content and software from third parties, that is important to our business, and in the future we may enter into additional agreements that provide us with licenses to valuable intellectual property or technology. If we fail to comply with any of the obligations under our license agreements, we may be required to pay damages and the licensor may have the right to terminate the license. Termination by the licensor would cause us to lose valuable rights, and could prevent us from selling our products and services, or inhibit our ability to commercialize future products and services. Our business would suffer if any current or future licenses terminate, if the licensors fail to abide by the terms of the license, if the licensed intellectual property rights are found to be invalid or unenforceable, or if we are unable to enter into necessary licenses on acceptable terms. Moreover, our licensors may own or control intellectual property that has not been licensed to us and, as a result, we may be subject to claims, regardless of their merit, that we are infringing or otherwise violating the licensor's rights.

In the future, we may identify additional third-party intellectual property we may need to license in order to engage in our business. However, such licenses may not be available on acceptable terms or at all. The licensing or acquisition of third-party intellectual property rights is a competitive area, and several more-established companies may pursue strategies to license or acquire third-party intellectual property rights that we may consider attractive or necessary. In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. Even if such licenses are available, we may be required to pay the licensor substantial royalties based on sales of our products and services. Such royalties are a component of the cost of our products or services and may affect the margins on our products and services. In addition, such licenses may be non-exclusive, which could give our competitors access to the same intellectual property licensed to us. Any of the foregoing could have a material adverse effect on our competitive position, business, financial condition and results of operations.

***Obtaining and maintaining our patent protection depends on compliance with various procedural, documentary, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.***

The United States Patent and Trademark Office, or USPTO, and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent prosecution process. When related patents are pursued concurrently in multiple jurisdictions, international treaties may impose additional procedural, documentary, fee payment and other provisions. Periodic maintenance or annuity fees and various other governmental fees on any issued patent and/or pending patent applications are due to be paid to the USPTO and foreign patent agencies in several stages over the lifetime of a patent or patent application. Our outside counsel has systems in place to remind us to pay these fees, and we rely on our outside counsel and their third-party vendors to pay these fees. While an inadvertent lapse may sometimes be cured by payment of a late fee or by other means in accordance with the applicable rules, there are many situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction.

Non-compliance events that could result in abandonment or lapse of a patent or patent application include failure to respond to official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents. If we fail to maintain the patents and patent applications directed to our proprietary technology, our competitors might be able to enter the market, which could harm our business, financial condition, results of operations, and prospects.

***Changes in patent law could diminish the value of patents in general, thereby impairing our ability to protect our technology.***

Our success is dependent on intellectual property, particularly patents. Obtaining and enforcing patents in our industry involves both technological and legal complexity and is therefore costly, time-consuming and inherently uncertain, due in part to ongoing changes in patent laws. Depending on decisions by Congress, the federal courts and the USPTO, and equivalent institutions in other jurisdictions, the laws and regulations governing patents, and interpretation thereof, could change in unpredictable ways that could weaken our ability to obtain new patents or to enforce existing or future patents. We cannot predict future changes in the interpretation of patent laws or changes to patent laws that might be enacted into law. Those changes may materially affect our patents or patent applications and our ability to obtain additional patent protection in the future.

Patent law can be highly uncertain and involve complex legal and factual questions for which important principles remain unresolved. In the United States and in many international jurisdictions, policy regarding the breadth of claims allowed in patents can be inconsistent. The U.S. Supreme Court and the Court of Appeals for the Federal Circuit have made, and will likely continue to make, changes in how they interpret the patent laws of the United States. Similarly, international courts have made, and will likely continue to make, changes in how they interpret the patent laws in their respective jurisdictions. We cannot predict future changes in the interpretation of patent laws or changes to patent laws that might be enacted into law by U.S. and international legislative bodies. Those changes may materially affect our patent rights and our ability to obtain issued patents.

***We may be subject to intellectual property rights claims by third parties, which could be costly to defend, could require us to pay significant damages and, if we are unsuccessful in defending such claims, could limit our ability to use certain technologies and compete.***

Third parties may assert claims of infringement of intellectual property rights or violation of other statutory, license or contractual rights in technology against us or against our customers for which we may be liable or have an indemnification obligation. Any such claim by a third party, even if without merit, could cause us to incur substantial costs defending against such claim and could distract our management and our development teams from our business.

Although third parties may offer a license to their technology the terms of any offered license may not be acceptable and the failure to obtain a license or the costs associated with any license could cause our business, prospects, financial condition, and operating results to be adversely affected. In addition, some licenses may be non-exclusive, and therefore our competitors may have access to the same technology licensed to us. Alternatively, we may be required to develop non-infringing technology which could require significant effort and expense and ultimately may not be successful. Furthermore, a successful claimant could secure a judgment or we may agree to a settlement that prevents us from selling certain products or performing certain services or that requires us to pay substantial damages, including treble damages if we are found to have willfully infringed such claimant's patents, copyrights, trade secrets or other statutory rights, royalties or other fees. Any of these events could have an adverse effect on our business, prospects, financial condition, and operating results.

***Our ability to successfully maintain and upgrade our information technology systems, and to respond effectively to failures, disruptions, compromises or breaches of our information technology systems, may adversely affect our competitiveness and profitability.***

Our business is dependent on proprietary technologies, processes and information that we have developed, much of which is stored on our computer systems. We also have entered into agreements with third parties for hardware, software, telecommunications and other information technology ("IT") services in connection with our operations. Our operations depend, in part, on how well we and our vendors protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism, theft, malware, ransomware and phishing attacks. Any of these and other events could result in IT system failures, delays, a material disruption of our business or increases in capital expenses. In addition, as artificial intelligence capabilities and other new or evolving technologies improve and gain widespread use, the cybersecurity threats we face and incidents we experience from time to time may become even more challenging to prevent, detect and mitigate to the extent they increasingly use artificial intelligence or other new or evolving technologies. These attacks could be designed to directly attack information systems with increased speed and/or efficiency or create more effective phishing techniques. It is also possible for a threat to be introduced as a result of our prospective customers and third-party providers using the output of an artificial intelligence tool or other new or evolving technologies that include a threat, such as introducing malicious code by incorporating artificial intelligence-generated source code. We also face threats and experience cybersecurity incidents and attempts from time to time, not only from hackers that are intent on theft and disruption, but also from negligent employees or malicious insiders that may attempt to steal our information. Our operations also depend on the timely maintenance, upgrade and replacement of networks, equipment and IT systems and software, as well as preemptive expenses to mitigate the risks of failures.

Furthermore, the importance of such IT systems and networks has increased due to many of our employees working remotely on less secure systems and environments. Additionally, if one of our service providers were to fail and we were unable to find a suitable replacement in a timely manner, we could be unable to properly administer our outsourced functions. If we cannot continue to retain these services provided by our vendors on acceptable terms, our access to the IT system and services could be interrupted. Any security breach, interruption or failure in our IT system and operations could impair quality of services, increase costs, prompt litigation and other consumer claims, result in liability under our contracts and damage our reputation, any of which could substantially harm our business, financial condition or the results of operations.

As cyber threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities. While we have implemented security resources to protect our data security and IT systems, such measures may not prevent such events. Certain measures that could increase the security of our IT system take significant time and resources to deploy broadly, and such measures may not be deployed in a timely manner or be effective against an attack. The inability to implement, maintain and upgrade adequate safeguards could have a material and adverse impact on our business, financial condition and results of operations. Significant disruption to our IT system or breaches of data security could also have a material adverse effect on our business, financial condition and results of operations. Cyber-attacks are of ever-increasing levels of sophistication, and despite our security measures, our IT and infrastructure may be vulnerable to such attacks or may be breached, including due to employee error or malfeasance.

In addition, the Company is subject to a variety of laws and regulations in the United States regarding privacy, data protection, and data security, including those related to the collection, storage, handling, use, disclosure, transfer and security of personal data. Compliance with and interpretation of various data privacy regulations continue to evolve and any violation could subject the Company to legal claims, regulatory penalties and damage to its reputation. Our failure to comply with these evolving regulations, whether as a result of a cyber-attack or otherwise, could expose us to fines, sanctions, penalties and other costs that could harm our reputation and adversely impact our financial results.

***Cyber incidents or attacks directed at us could result in information theft, data corruption, operational disruption and/or financial loss.***

We depend on digital technologies, including information systems, infrastructure and cloud applications and services, including those of third parties with which we may deal. Sophisticated and deliberate attacks on, or security breaches in, our systems or infrastructure, or the systems or infrastructure of third parties or the cloud, could lead to corruption or misappropriation of our assets, proprietary information and sensitive or confidential data. Despite investments in data security protection, we may not be sufficiently protected against such occurrences. We may not have sufficient resources to adequately protect against, or to investigate and remediate any vulnerability to, cyber incidents. It is possible that any of these occurrences, or a combination of them, could have adverse consequences on our business and lead to financial loss. We are also dependent, in part, upon Intermediate's information. A failure in the security of Intermediate's information systems could seriously harm our business and results of operations.

**ITEM 1B. Unresolved Staff Comments.**

None.

**ITEM 1C. Cybersecurity.**

**Risk Management and Strategy**

We have established processes for assessing, identifying, and managing material risk from cybersecurity threats, and have integrated these processes into our overall risk management systems and processes. We routinely assess material risks from cybersecurity threats, including any potential unauthorized attempts to access our information systems that may result in adverse effects on the confidentiality, integrity, or availability of those systems.

These risk assessments include identification of reasonably foreseeable internal and external risks, the likelihood and potential damage that could result from such risks, and the sufficiency of existing policies, procedures, systems, and safeguards in place to manage such risks. Following these risk assessments, if necessary, we would re-design and implement reasonable additional safeguards to minimize identified risks and address any identified gaps in existing safeguards.

Primary responsibility for assessing, monitoring, and managing our cybersecurity risks rests with our third-party IT service provider who reports to our Chief Technology Officer, to manage the risk assessment and mitigation process.

As part of our overall risk management system, we monitor and test our safeguards and we train our relevant employees on these safeguards, in collaboration with our third-party IT provider and management. We periodically train all our employees on good cybersecurity practices, including password management, phishing prevention, and other security awareness issues.

We are not aware of any cybersecurity threats or challenges that have materially impaired our operations, business strategy or financial condition.

**Governance**

Our Board of Directors is responsible for monitoring and assessing strategic risk exposure including cybersecurity risk, and our executive officers are responsible for the day-to-day management of the material risks we face. Our Board of Directors administers its cybersecurity risk oversight function directly as a whole, as well as through the Audit Committee.

Our Chief Technology Officer is primarily responsible for assessing and managing our material risks from cybersecurity threats with assistance from our third-party IT service provider.

Our Chief Technology Officer oversees our cybersecurity policies and processes and is responsible for briefing the Chief Executive Officer, the Audit Committee and/or the Board of Directors as needed regarding any material cybersecurity risks or activities, including any recent cybersecurity incidents and related responses.

**ITEM 2. Properties.**

Our principal executive offices are located at 711 Louisiana St., Suite 2160, Houston, Texas 77002. We also have an office and demonstration plant in Hillsborough, New Jersey. We lease our office in Houston, Texas and office and demonstration plant in Hillsborough, New Jersey. The lease for our office in Houston is through February 2027 and the lease for our office and demonstration plant in Hillsborough, New Jersey is through April 2026. Subsequent to year ended December 31, 2025, we extended the lease for our office and demonstration plant in Hillsborough, New Jersey for an additional year through April 2027.

Leasing our facilities gives us the flexibility to expand or reduce our office space as appropriate. We believe our current facilities are adequate for our current needs.

**ITEM 3. Legal Proceedings.**

From time to time, we may be subject to various claims, lawsuits and other legal and administrative proceedings that may arise in the ordinary course of business. Some of these claims, lawsuits and proceedings may involve highly complex issues that are subject to substantial uncertainties, and could result in damages, fines, penalties, non-monetary sanctions or relief. Other than as described below, we are not currently a party to any known claim, lawsuit or proceeding.

On February 27, 2026, Five Star Clean Fuels filed an original petition against the Company seeking a declaratory judgment that a letter agreement between a subsidiary of the Company and a predecessor of Five Star Clean Fuels constituted a binding contract that effectuates a grant to Five Star Clean Fuels of certain non-exclusive rights to utilize the STG+® technology. The petition primarily seeks non-monetary relief, other than court costs and attorney fees. The Company intends to defend its position against the claim. At this time, the Company is unable to reasonably estimate a possible financial loss or range of financial loss, if any, that may be incurred to resolve this matter. See Notes 7 and 14 in the accompanying consolidated financial statements for further information.

**ITEM 4. Mine Safety Disclosures.**

Not applicable.

## PART II

### ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities.

#### Market Information

Verde Clean Fuels' Class A Common Stock and Public Warrants currently trade on Nasdaq under the trading symbols of "VGAS" and "VGASW," respectively. On March 27, 2026, the Company had 22,049,621 shares of Class A Common Stock issued and outstanding, 22,500,000 shares of Class C Common Stock issued and outstanding and 15,383,263 Warrants issued and outstanding.

#### Holders

On March 27, 2026, there were 97 holders of record of our Class A Common Stock, 1 holder of record of our Class C Common Stock and 13 holders of record of our Warrants. The number of holders of our Class A Common Stock does not include beneficial owners whose shares are held in street name by brokers or other nominees or owners whose shares are held in trust by other entities.

#### Dividends

The Company has not declared or paid any dividends to date. The declaration, amount and payment date of any dividend is at the discretion of the Company's Board of Directors and will depend on numerous factors, including compliance with applicable laws, working capital requirements, and capital allocation priorities and strategies. Other than pursuant to applicable corporate law, there is currently no restriction that could prevent the Company from paying a dividend.

#### Recent Sales of Unregistered Securities

None other than as previously reported.

#### Purchases of Equity Securities by the Issuer and Affiliated Purchasers

During the year ended December 31, 2025, we did not repurchase any shares of Class A Common Stock or Public Warrants.

### ITEM 6. [Reserved].

### ITEM 7. Management's Discussion And Analysis Of Financial Condition And Results Of Operations.

*The following discussion and analysis provides information which we believe is relevant to an assessment and understanding of our results of operations and financial condition. This discussion and analysis should be read together with the audited consolidated financial statements and related notes that are included elsewhere in this Report, as well as with "Item 1. Business – Formation, Business Combination and Related Transactions." In addition to historical financial information, this discussion and analysis contains forward-looking statements based upon current expectations that involve risks, uncertainties and assumptions. See the sections entitled "Cautionary Note Regarding Forward-Looking Statements" and Item 1A. "Risk Factors" elsewhere in this Report. Actual results and timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under Item 1A. "Risk Factors."*

#### Overview

We own an innovative and proprietary gas-to-liquids processing technology capable of converting low-value or stranded feedstocks into higher-value clean transportation fuels. Our synthesis gas ("syngas")-to-gasoline plus (STG+®) process is designed to convert syngas, derived from a variety of feedstocks, including natural gas and biomass, into fully finished liquid fuels that require no additional refining. The STG+® technology is engineered for industrial-scale deployment and intended to be delivered in standardized modular units. The technology has been validated through a fully integrated demonstration plant that has completed over 10,000 hours of operation.

As of December 31, 2025, we are still in the process of deploying our STG+® technology and have not derived revenue from our principal business activities.

### Development

We acquired our STG+® technology from Primus in 2020, which was originally founded in 2007 and invested over $110 million in developing and demonstrating such technology, including the construction and operation of the demonstration plant. The demonstration plant began operations in 2013, completed over 10,000 hours of operation and is currently maintained in an idle state.

### Recent Developments

On February 6, 2026, we announced the suspension of development of the Permian Basin Project (as defined below) primarily as a result of changing market conditions driven by increasing demand for natural gas in the Permian Basin.

On February 18, 2026, we announced a revised strategy to deploy our innovative and proprietary liquid fuels processing technology through capital-lite opportunities. The shift in strategy is intended to identify the most effective pathways to commercialize the STG+® technology with a disciplined approach to capital allocation. Related to our revised strategy, we have implemented and intend to continue implementing aggressive cost savings initiatives targeting a 50% reduction in costs in 2026 as compared to 2025. In connection with this initiative, our Board of Directors has created a Restructuring Committee and appointed director Jonathan Siegler as the sole member of that committee. The Restructuring Committee's mandate includes overseeing all aspects of our revised strategy and evaluation of strategic alternatives while ensuring we remain fully NASDAQ-compliant. In connection with our cost savings initiatives, we are streamlining our Board of Directors. Related thereto, current directors Martijn Dekker and Dail St. Claire will not be standing for re-election at the end of their term.

On March 20, 2026, we announced the appointment of George Burdette as CEO and engagement of Roth Capital Partners as financial advisor to assist the Company in evaluating strategic alternatives. These announcements are part of the Company's continued advancement of its previously announced restructuring and cost reduction initiatives. Mr. Burdette succeeds Ernie Miller who is stepping down from his role as CEO to pursue another opportunity. Mr. Miller will remain with the Company as a senior advisor. Mr. Burdette, who has served as the Company's CFO since October 2024, will also continue in that role.

### PIPE Investment

On December 18, 2024, the Company entered into common stock purchase agreement (the "Purchase Agreement") with Cottonmouth Ventures, LLC ("Cottonmouth"), a subsidiary of Diamondback Energy, LLC ("Diamondback"), pursuant to which the Company agreed to issue and sell an aggregate of 12,500,000 shares of its Class A common stock, par value $0.0001 ("Class A common stock") to Cottonmouth at a price of $4.00 per share for an aggregate purchase price of $50 million (the "PIPE Investment") in a private placement. The Company consummated the transactions contemplated by the Purchase Agreement on January 29, 2025.

In connection with the closing of the PIPE Investment, on January 29, 2025, (i) Cottonmouth and the Company amended an equity participation right agreement, dated February 13, 2023 (the "Existing Equity Participation Right Agreement"), to remove certain preemptive rights with respect to the Company's equity securities granted to Cottonmouth under the Existing Equity Participation Right Agreement and (ii) the Company entered into a Second Amended and Restated Registration Rights Agreement with Cottonmouth and the other parties thereto, which amended and restated that certain Amended and Restated Registration Rights Agreement, dated February 15, 2023, by and among the Company and certain stockholders named therein (the "Existing Registration Rights Agreement"), to add Cottonmouth as a party to the Existing Registration Rights Agreement.

### Restated Charter

On December 18, 2024, the holder of a majority of the issued and outstanding shares of Class A common stock and Class C common stock, par value $0.0001 ("Class C common stock") adopted resolutions by written consent, in lieu of a meeting of stockholders to, among other things, amend and restate, immediately prior to and contingent upon the consummation of the closing of the PIPE Investment, our fourth amended and restated certificate of incorporation (the "Restated Charter") to (A) increase the amount of authorized shares of Class C common stock from 25,000,000 to 26,000,000 and (B) increase the size of our Board of Directors (the "Board" or "Board of Directors") from seven to eight and to provide Cottonmouth with certain director designation and board observer rights. The Restated Charter was approved and recommended by the Board prior to the stockholder action by written consent.

Immediately prior to closing of the PIPE Investment, on January 29, 2025, the Company filed the Restated Charter with the Delaware Secretary of State.

**Key Factors and Trends Influencing our Prospects and Future Results**

We believe that our performance and future success depend on a number of factors that present significant opportunities for us but also pose risks and challenges, including competition from other carbon-based and other non-carbon-based fuel producers, changes to existing federal and state level low-carbon fuel credit systems, and other factors discussed under the section titled "Risk Factors." We believe the factors described below are key to our success.

***Commencing and Expanding Commercial Operations***

A critical step in our business strategy will be the successful deployment of our STG+® technology.

Concurrent with the Business Combination, Diamondback, through its wholly-owned subsidiary, Cottonmouth, made a $20 million equity investment in Verde and entered into the Existing Equity Participation Right Agreement pursuant to which Verde must grant Cottonmouth the right to participate and jointly develop natural gas-to-gasoline plants in the Permian Basin utilizing Verde's STG+® technology and associated natural gas from Diamondback's operations. Diamondback is an independent oil and natural gas company headquartered in Midland, Texas, focused on the acquisition, development, exploration and exploitation of unconventional, onshore oil and natural gas reserves in the Permian Basin in West Texas.

In February 2024, Verde and Cottonmouth entered into a joint development agreement ("JDA") related to the proposed development, construction, and operation of a natural gas-to-gasoline plant in the Permian Basin utilizing Verde's STG+® technology and associated natural gas from Diamondback's operations (the "Permian Basin Project"). The JDA frames the contracts contemplated to be entered into between the parties and outlines the conditions precedent for the parties to enter into definitive documents and achieve final investment decision ("FID") to proceed with the Permian Basin Project. The JDA conditions precedent include finalizing applicable project contracts, obtaining necessary permits, obtaining project financing on terms satisfactory to each party, and receiving FID by each party.

In June 2024, we entered into a contract with Chemex Global, LLC ("Chemex"), a Shaw Group company ("Shaw Group"), for a front-end engineering and design ("FEED") study related to the Permian Basin Project. In connection with entering into the JDA and the commencement of the FEED study, we began to incur development costs with respect to the project. Under the terms of the JDA, 65% of the approved development costs that we incur (which includes the FEED costs) are reimbursed by Cottonmouth.

The FEED study was completed in December 2025; however, the Permian Basin Project was suspended in February 2026. We believe the FEED study will continue to be useful as we explore other opportunities to deploy the STG+® technology.

Also in February 2026, we announced a revised strategy to deploy our innovative and proprietary liquid fuels processing technology through capital-lite opportunities. The shift in strategy is intended to identify the most effective pathways to commercialize the STG+® technology with a disciplined approach to capital allocation. Such opportunities include licensing technology and providing engineering, technical, and operational services.

**Key Components of Results of Operations**

We are an early-stage company with no revenues, and our historical results may not be indicative of our future results. Accordingly, the drivers of any future financial results, as well as any components thereof, may not be comparable to our historical or future results of operations.

***Revenue***

We have not generated any revenue to date. We expect that future revenue generation opportunities would result from capital-lite opportunities to deploy our STG+® technology. Such opportunities include licensing technology and providing engineering, technical, and operational services.

***Expenses***

*General and Administrative Expense*

General and administrative expenses primarily consist of compensation costs, including salaries, benefits and share-based compensation expense, for personnel in executive, finance, accounting and other administrative functions. General and administrative expenses also include business development costs, outside service costs, such as legal fees, professional fees paid for accounting, auditing and consulting services, and insurance costs.

*Research and Development Expense*

Research and development expenses primarily consist of activities related to the Company's technology that are not capitalized, including labor (engineers and consultants), engineering software costs, and demonstration plant operations and maintenance costs.

*Other Income*

Other income primarily consists of interest and dividend income earned on our cash and cash equivalents.

*Income Tax Effects*

We hold 49.49% of the economic interest in OpCo, which is treated as a partnership for U.S. federal income tax purposes. As a partnership, OpCo generally is not subject to U.S. federal income tax under current U.S. tax laws. We are subject to U.S. federal income taxes, in addition to state and local income taxes, with respect to our distributive share of the net taxable income (loss) and any related tax credits of OpCo.

Intermediate was historically and remains a disregarded subsidiary of a partnership for U.S. Federal income tax purposes. As a direct result of the Business Combination, OpCo became the sole member of Intermediate. As such, OpCo's distributive share of any net taxable income or loss and any related tax credits of Intermediate are then distributed to us.

**Results of Operations**

***Comparison of Operations for the Years Ended December 31, 2025 and 2024***

| | For The Year Ended December 31, | |
|---|---|---|
| *(in thousands)* | **2025** | **2024** |
| General and administrative expenses | 11,927 | $ 11,206 |
| Research and development expenses | 591 | 451 |
| Impairment of property, plant and equipment | 3,936 | — |
| **Total operating loss** | 16,454 | 11,657 |
| | | |
| Other (income) | (2,425) | (1,193) |
| Loss before income taxes | (14,029) | (10,464) |
| Income tax expense | 106 | 51 |
| **Net loss** | $ (14,135) | $ (10,515) |

*General and Administrative Expenses*

General and administrative expenses increased approximately $721, or 6%, for the year ended December 31, 2025 as compared to the same period in 2024. The increase was primarily due to additional stock options granted during 2025 and additional employee headcount, which was partially offset by lower outside services and insurance expenses.

Of our general and administrative expenses for the years ended December 31, 2025 and 2024, $242 and $316, respectively, were business development costs. The decrease was primarily due to development costs associated with the Permian Basin Project incurred in the comparative period prior to our entry into the JDA, partially offset by increased activities related to the identification and evaluation of potential opportunities to deploy our technology.

*Research and Development Expenses*

Research and development expenses increased by $140, or 31%, for the year ended December 31, 2025 as compared to the same period in 2024. The increase was primarily due to higher engineering software costs, which was partially offset by classification of a portion of the engineers' and consultants' time associated with the Permian Basin Project to construction in progress in 2025.

*Impairment of Property, Plant and Equipment*

On February 6, 2026, the Company announced the suspension of development of the Permian Basin Project primarily as a result of changing market conditions driven by increasing demand for natural gas in the Permian Basin. For the year ended December 31, 2025, the Company recorded an impairment of property, plant and equipment of $3,936, which represented the full value of the Company's construction in progress assets. Prior to the impairment, the Company's construction in progress assets were comprised of capitalized development costs (which include costs associated with the FEED study) related to the Permian Basin Project, net of costs reimbursable by Cottonmouth in accordance with the JDA.

*Other Income*

Other income increased by $1,232, or 103%, for the year ended December 31, 2025 as compared to the same period in 2024. The increase was primarily due to higher interest and dividend income earned on our cash and cash equivalents resulting from the net proceeds received from the closing of the PIPE Investment in January 2025.

*Income Tax Expense*

Income tax expense increased approximately $55, or 106%, for the year ended December 31, 2025 as compared to the same period in 2024. The increase was primarily due to higher interest and dividend income earned on our cash and cash equivalents resulting from the net proceeds received from the closing of the PIPE Investment in January 2025.

***Comparison of Cash Flows for the Years Ended December 31, 2025 and 2024***

| | For The Year Ended December 31, | |
|---|---|---|
| *(in thousands)* | **2025** | **2024** |
| Net cash used in operating activities | $ (8,889) | $ (8,880) |
| Net cash used in investing activities | (2,386) | (855) |
| Net cash provided by financing activities | 49,446 | — |
| **Net change in cash, cash equivalents and restricted cash** | $ 38,171 | $ (9,735) |

*Cash Flows Used in Operating Activities*

Net cash used in operating activities increased by $9 during the year ended December 31, 2025 as compared to the same period in 2024. The increase was primarily due to higher general and administrative and research and development expenses and higher working capital requirements largely resulting from cash paid for excise tax, which was largely offset by higher interest and dividend income earned on our cash and cash equivalents resulting from the net proceeds received from the closing of the PIPE Investment in January 2025.

*Cash Flows Used In Investing Activities*

Net cash used in investing activities increased $1,531 during the year ended December 31, 2025 as compared to the same period in 2024. The increase was primarily due to higher development costs related to the Permian Basin Project, net of amounts reimbursable by Cottonmouth in accordance with the JDA. See Notes 3, 5, and 14 in the accompanying consolidated financial statements for further information.

*Cash Flows From Financing Activities*

Net cash provided by financing activities increased by $49,446 for the year ended December 31, 2025 as compared to the same period in 2024. The increase was due to the net proceeds received from the closing of the PIPE Investment in January 2025.

**Liquidity and Capital Resources**

We have not generated any revenue to date. We expect that future revenue generation opportunities would result from capital-lite opportunities to deploy our STG+® technology. Such opportunities include licensing technology and providing engineering, technical, and operational services.

As of December 31, 2025, we are still in the process of deploying our STG+® technology and have not derived revenue from our principal business activities. We do not expect to generate revenue unless and until we are able to deploy our STG+® technology. Since inception, we have incurred operating losses and generated negative operating cash flows that were primarily due to our general and administrative expenses and development activities.

We measure liquidity in terms of our ability to fund the cash requirements of our near-term business operations, including our contractual obligations and other commitments. Our current liquidity needs are primarily comprised of general and administrative expenses. As of December 31, 2025, we had cash and cash equivalents of $57,215. We expect that our cash and cash equivalents will be sufficient to fund our cash requirements, including ongoing general and administrative expenses, for the next 12 months from the reporting date.

**Commitments and Contractual Obligations**

As of December 31, 2025 and 2024, we had a restricted cash balance of $100. The restricted cash balance is maintained in support of a letter of credit.

*Off-Balance Sheet Arrangements*

As of December 31, 2025 and during the year then ended, we did not engage in any off-balance sheet arrangements, as defined in the rules and regulations of the U.S. Securities and Exchange Commission (the “SEC”).

**Critical Accounting Policies and Estimates**

Our consolidated financial statements have been prepared in conformity with U.S. GAAP as determined by the Financial Accounting Standards Board. The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses and allocated charges during the reporting period. The following is a summary of certain critical accounting policies and estimates that are impacted by judgments and uncertainties and under which different amounts might be reported using different assumptions or estimation methodologies.

*Income taxes*

The Company follows the asset and liability method of accounting for income taxes under ASC 740, Income Taxes ("ASC 740"). Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that included the enactment date. The Company has elected to use the outside basis approach to measure the deferred tax assets or liabilities based on its investment in its subsidiaries without regard to the underlying assets or liabilities.

In assessing the realizability of deferred tax assets, management considered whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

ASC 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. There were no unrecognized tax benefits and no amounts accrued for interest and penalties as of December 31, 2025 and 2024. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position. The Company is subject to income tax examinations by major taxing authorities since inception.

*Impairment of Long-Lived Assets*

We evaluate the carrying value of long-lived assets when indicators of impairment exist. The carrying value of a long-lived asset is considered impaired when the estimated separately identifiable, undiscounted cash flows from such asset are less than the carrying value of the asset. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the long-lived asset. Fair value is determined primarily using the estimated cash flows discounted at a rate commensurate with the risk involved.

*Impairment of Intangible Assets*

Substantially all of the value of the acquired assets from Primus was attributable to the intellectual property and patented technology. Such technology has remained our core asset since its acquisition and we have continued to develop such technology and expand its application to other feedstocks.

A qualitative assessment of indefinite-lived intangible assets is performed in order to determine whether further impairment testing is necessary. In performing this analysis, we consider macroeconomic conditions, industry and market considerations, current and forecasted financial performance, entity-specific events and changes in the composition or carrying amount of net assets. Following our analysis of qualitative impairment indicators, intellectual property is tested for impairment using certain valuation methods, such as the discounted cash flow or relief-from-royalty methods. If the fair value of an indefinite-lived intangible asset is less than its carrying amount, an impairment loss is recognized equal to the difference.

*Unit-Based Compensation*

We apply the fair value method under ASC 718, “Compensation — Stock Compensation” (“ASC 718”), in accounting for unit-based compensation to employees. Service-based units compensation cost is measured at the grant date based on the fair value of the equity instruments awarded and is recognized over the period during which an employee is required to provide service in exchange for the award, or the requisite service period, which is usually the vesting period. The fair value of the equity award granted is estimated on the date of the grant. Performance-based units are expensed over the requisite service period, based on the probability of achieving the performance goal, with changes in expectations recognized as an adjustment to earnings in the period of the change. If the performance goal is not met, no unit-based compensation expense is recognized. No service-based or performance-based incentive units were granted during the years ended December 31, 2025 and 2024.

*Share-Based Compensation*

We apply ASC 718 in accounting for share-based compensation to employees. We estimate the fair value of stock options on the date of grant using the Black-Scholes model. The fair value of RSUs granted is determined based on the value of our stock price on the date of the award subject to a discount for lack of marketability. Share-based compensation expense is recorded over the period during which the grantee is required to provide service in exchange for the award. Forfeitures are recognized as they occur.

The determination of fair value requires significant judgment and the use of estimates, particularly with regard to Black-Scholes assumptions such as stock price volatility and expected option term. We estimate the expected term of options granted based on peer benchmarking and expectations. We use the treasury yield curve rates for the risk-free interest rate in the option valuation model with maturities similar to the expected term of the options. Volatility is determined by reference to the actual volatility of several publicly traded peer companies that are similar to us in our industry sector. We do not anticipate paying cash dividends and therefore use an expected dividend yield of zero in the option valuation model. We assess whether a discount for lack of marketability is applied based on certain liquidity factors. All equity-based payment awards subject to graded vesting based only on a service condition are amortized on a straight-line basis over the requisite service periods.

There is substantial judgment in selecting the assumptions which we use to determine the fair value of such equity awards, and other companies could use similar market inputs and arrive at different conclusions.

**Recent Accounting Pronouncements**

See Note 2 in the accompanying Consolidated Financial Statements for information regarding accounting pronouncements.

**JOBS Act**

We qualify as an “emerging growth company” and under the JOBS Act are allowed to comply with new or revised accounting pronouncements based on the effective date for private (not publicly traded) companies. CENAQ previously elected to irrevocably opt out of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, we will adopt the new or revised standard at the time public companies adopt the new or revised standard. This may make comparison of our consolidated financial statements with another emerging growth company that has not opted out of using the extended transition period difficult or impossible because of the potential differences in accountant standards used. Additionally, we are not required to, among other things, provide an auditor’s attestation report on our system of internal controls over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act.

**ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk.**

Pursuant to Item 305(e) of Regulation S-K (§ 229.305(e)), the Company is not required to provide the information required by this Item as it is a “smaller reporting company,” as defined by Rule 229.10(f)(1).

## ITEM 8. Financial Statements and Supplementary Data

### REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Verde Clean Fuels, Inc

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Verde Clean Fuels, Inc and subsidiaries (the "Company") as of December 31, 2025 and 2024, the related consolidated statements of operations, changes in stockholders' equity, and cash flows, for each of the two years in the period ended December 31, 2025, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP

Dallas, Texas
March 27, 2026

We have served as the Company's auditor since 2022.

# VERDE CLEAN FUELS, INC.
# CONSOLIDATED BALANCE SHEETS

| | As of December 31, | |
|---|---|---|
| *(in thousands, except share and per share amounts)* | **2025** | **2024** |
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 57,215 | $ 19,044 |
| Restricted cash | 100 | 100 |
| Accounts receivable – other | 145 | 226 |
| Prepaid expenses and other current assets | 466 | 804 |
| Total current assets | 57,926 | 20,174 |
| | | |
| Non-current assets: | | |
| Property, plant and equipment, net | 62 | 1,096 |
| Intellectual property and patented technology | 1,925 | 1,925 |
| Operating lease right-of-use assets, net | 173 | 216 |
| Deposits | 161 | 161 |
| Total non-current assets | 2,321 | 3,398 |
| **Total assets** | $ 60,247 | $ 23,572 |
| | | |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 985 | $ 734 |
| Accrued liabilities | 906 | 1,907 |
| Operating lease liabilities | 174 | 154 |
| Other current liabilities | 35 | 16 |
| Total current liabilities | 2,100 | 2,811 |
| | | |
| Non-current liabilities: | | |
| Operating lease liabilities | 12 | 78 |
| Total non-current liabilities | 12 | 78 |
| **Total liabilities** | 2,112 | 2,889 |
| Commitments and contingencies (see Note 8) | | |
| | | |
| **Stockholders' equity** | | |
| Class A common stock, par value $0.0001 per share, 22,049,621 and 9,549,621 shares issued and outstanding as of December 31, 2025 and December 31, 2024, respectively | 2 | 1 |
| Class C common stock, par value $0.0001 per share, 22,500,000 shares issued and outstanding as of December 31, 2025 and December 31, 2024, respectively | 2 | 2 |
| Additional paid in capital | 64,070 | 37,503 |
| Accumulated deficit | (34,215) | (27,257) |
| Noncontrolling interest | 28,276 | 10,434 |
| **Total stockholders' equity** | 58,135 | 20,683 |
| **Total liabilities and stockholders' equity** | $ 60,247 | $ 23,572 |

The accompanying notes are an integral part of these consolidated financial statements.

**VERDE CLEAN FUELS, INC.**
**CONSOLIDATED STATEMENTS OF OPERATIONS**

| *(in thousands, except share and per share amounts)* | For The Year Ended December 31, 2025 | For The Year Ended December 31, 2024 |
|---|---|---|
| General and administrative expenses | $ 11,927 | $ 11,206 |
| Research and development expenses | 591 | 451 |
| Impairment of property, plant and equipment | 3,936 | — |
| **Total operating loss** | 16,454 | 11,657 |
| | | |
| Other (income) | (2,425) | (1,193) |
| Loss before income taxes | (14,029) | (10,464) |
| Income tax expense | 106 | 51 |
| **Net loss** | $ (14,135) | $ (10,515) |
| **Net loss attributable to noncontrolling interest** | $ (7,177) | $ (7,181) |
| **Net loss attributable to Verde Clean Fuels, Inc.** | $ (6,958) | $ (3,334) |
| | | |
| **Earnings per share** | | |
| Weighted average Class A common stock outstanding, basic and diluted | 17,842,927 | 6,286,033 |
| Loss per share of Class A common stock | $ (0.39) | $ (0.53) |

The accompanying notes are an integral part of these consolidated financial statements.

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**VERDE CLEAN FUELS, INC.**
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

**Consolidated Statement of Stockholders' Equity for the Year Ended December 31, 2025**

| *(in thousands, except share and per share amounts)* | Class A Common | | Class C Common | | Additional Paid In Capital | Accumulated Deficit | Non controlling Interest | Total Stockholders' Equity |
|---|---|---|---|---|---|---|---|---|
| | Shares | Values | Shares | Values | | | | |
| Balance – December 31, 2024 | 9,549,621 | $ 1 | 22,500,000 | $ 2 | $ 37,503 | $ (27,257) | $ 10,434 | $ 20,683 |
| Issuance of Class A common stock to Cottonmouth | 12,500,000 | 1 | - | - | 49,345 | - | - | 49,346 |
| Share-based compensation | - | - | - | - | 2,185 | - | - | 2,185 |
| Rebalancing of ownership percentage for issuance of Class A shares | - | - | - | - | (25,019) | - | 25,019 | - |
| Equity offering cost adjustment | - | - | - | - | 56 | - | - | 56 |
| Net loss | - | - | - | - | - | (6,958) | (7,177) | (14,135) |
| Balance – December 31, 2025 | 22,049,621 | $ 2 | 22,500,000 | $ 2 | $ 64,070 | $ (34,215) | $ 28,276 | $ 58,135 |

The accompanying notes are an integral part of these consolidated financial statements.

**VERDE CLEAN FUELS, INC.**
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

**Consolidated Statement of Stockholders' Equity for the Year Ended December 31, 2024**

| | Class A Common | | Class C Common | | | | | |
|---|---|---|---|---|---|---|---|---|
| *(in thousands, except share and per share amounts)* | Shares | Values | Shares | Values | Additional Paid In Capital | Accumulated Deficit | Non controlling Interest | Total Stockholders' Equity |
| Balance – December 31, 2023 | 9,387,836 | $ 1 | 22,500,000 | $ 2 | $ 35,014 | $ (23,923) | $ 17,730 | $ 28,824 |
| Related party promissory note settlement | 40,961 | - | - | - | 410 | - | - | 410 |
| Conversion of restricted stock units | 120,824 | - | - | - | - | - | - | - |
| Share-based compensation | - | - | - | - | 1,354 | - | - | 1,354 |
| Rebalancing of ownership percentage for issuance of Class A shares | - | - | - | - | 115 | - | (115) | - |
| Adjustment of excise tax accrual | - | - | - | - | 610 | - | - | 610 |
| Net loss | - | - | - | - | - | (3,334) | (7,181) | (10,515) |
| Balance – December 31, 2024 | 9,549,621 | $ 1 | 22,500,000 | $ 2 | $ 37,503 | $ (27,257) | $ 10,434 | $ 20,683 |

The accompanying notes are an integral part of these consolidated financial statements.

# VERDE CLEAN FUELS, INC.
# CONSOLIDATED STATEMENTS OF CASH FLOWS

| *(in thousands)* | For The Year Ended December 31, 2025 | 2024 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Net loss | $ (14,135) | $ (10,515) |
| Adjustments to reconcile net loss to net cash used in operating activities | | |
| Depreciation | 16 | 13 |
| Impairment of property, plant and equipment | 3,936 | — |
| Share-based compensation expense | 2,185 | 1,354 |
| Amortization of right-of-use assets | 352 | 309 |
| Changes in operating assets and liabilities | | |
| Prepaid expenses | 294 | (431) |
| Accounts payable | (218) | 144 |
| Accrued liabilities | (992) | 540 |
| Operating lease liabilities | (355) | (297) |
| Other changes in operating assets and liabilities | 28 | 3 |
| Net cash used in operating activities | (8,889) | (8,880) |
| | | |
| **Cash flows from investing activities:** | | |
| Additions to property, plant and equipment | (7,685) | (2,550) |
| Reimbursements of development costs in accordance with the JDA | 5,299 | 1,695 |
| Net cash used in investing activities | (2,386) | (855) |
| | | |
| **Cash flows from financing activities:** | | |
| Issuance of Class A common stock to Cottonmouth | 50,000 | - |
| Payment of equity issuance costs | (554) | - |
| Net cash provided by financing activities | 49,446 | - |
| | | |
| Net change in cash, cash equivalents and restricted cash | 38,171 | (9,735) |
| Cash, cash equivalents and restricted cash, beginning of year | 19,144 | 28,879 |
| Cash, cash equivalents and restricted cash, end of period | $ 57,315 | $ 19,144 |
| | | |
| Supplemental cash flows: | | |
| Capital expenditures in accounts payable and accrued liabilities (at period end) | $ 459 | $ 406 |
| Accounts receivable for reimbursement of capital expenditures (at period end) | $ 141 | $ 214 |
| Cash paid for income taxes | $ 192 | $ 46 |

The accompanying notes are an integral part of these consolidated financial statements.

**VERDE CLEAN FUELS, INC.**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
***(in thousands, except share and per share amounts)***

## NOTE 1 – NATURE OF BUSINESS AND BASIS OF PRESENTATION

### Overview

Verde Clean Fuels, Inc. (the "Company", "Verde" and "Verde Clean Fuels") owns an innovative and proprietary gas-to-liquids processing technology capable of converting low-value or stranded feedstocks into higher-value clean transportation fuels. Verde's synthesis gas ("syngas")-to-gasoline plus (STG+®) process is designed to convert syngas, derived from a variety of feedstocks, including natural gas and biomass, into fully finished liquid fuels that require no additional refining. The STG+® technology is engineered for industrial-scale deployment and intended to be delivered in standardized modular units. The technology has been validated through a fully integrated demonstration plant that has completed over 10,000 hours of operation.

The Company is a Delaware corporation headquartered in Houston, Texas. The Company also has an office and demonstration plant in Hillsborough, New Jersey. See Notes 8 and 14 for further information.

The Company's shares of Class A common stock, par value $0.0001 per share (the "Class A common stock"), and warrants that were issued in the public offering are listed on Nasdaq under the symbols "VGAS" and "VGASW," respectively. The Company's primary stockholders are Bluescape Clean Fuels Holdings, LLC ("Holdings") and Cottonmouth Ventures, LLC ("Cottonmouth"). Holdings is an affiliate of Bluescape Energy Partners, an alternative investment firm. Cottonmouth is a wholly-owned subsidiary of Diamondback Energy, Inc. ("Diamondback"). See Notes 3 and 7 for further information.

### Business Combination

On February 15, 2023 (the "Closing Date"), the Company consummated (the "Closing") a business combination (the "Business Combination") pursuant to that certain Business Combination Agreement, dated as of August 12, 2022 (the "Business Combination Agreement") by and among CENAQ Energy Corp. ("CENAQ"), Verde Clean Fuels OpCo, LLC, a Delaware limited liability company and a wholly owned subsidiary of CENAQ ("OpCo"), Holdings, Bluescape Clean Fuels Intermediate Holdings, LLC, a Delaware limited liability company ("Intermediate"), and CENAQ Sponsor LLC ("Sponsor"). Immediately upon the completion of the Business Combination, CENAQ was renamed to Verde Clean Fuels, Inc.

Following the completion of the Business Combination, the combined company is organized under an umbrella partnership C corporation structure, and the direct assets of the Company consist of equity interests in OpCo, whose direct assets consist of equity interests in Intermediate. Immediately following the Business Combination, Verde Clean Fuels is the sole manager of and controls OpCo.

Prior to the Business Combination, and up to the Closing Date, Verde Clean Fuels, previously CENAQ Energy Corp., was a special purpose acquisition company ("SPAC") incorporated for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses.

### Basis of Presentation

The accompanying consolidated financial statements are presented in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC").

### Risks and Uncertainties

The Company is currently in the development stage and has not yet commenced principal operations or generated revenue. The Company's ability to deploy its STG+® technology is subject to a number of risks and uncertainties including, but not limited to, the receipt of the necessary permits and regulatory approvals, commodity price risk impacting the decision to go forward with the projects, and the availability and ability to obtain the necessary financing for the construction and development of projects. The Company's ability to operate and/or provide services to commercial production plants that utilize the STG+® technology is subject to many risks beyond its control, including regulatory developments, construction risks, and global and regional macroeconomic developments.

**Use of Estimates**

The preparation of consolidated financial statements in conformity with U.S. GAAP requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the consolidated financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. The most significant estimates pertain to the calculations of the fair values of equity instruments, impairment of intangible and long-lived assets and income taxes. Such estimates may be subject to change as more current information becomes available. Accordingly, the actual results could differ significantly from those estimates.

**Principles of Consolidation**

The Company consolidates all entities that it controls by ownership interest or other contractual rights giving the Company control over the most significant activities of an investee. The Company's consolidated financial statements include its subsidiaries as follows:

- OpCo;
- Intermediate;
- Bluescape Clean Fuels Employee Holdings, LLC;
- Bluescape Clean Fuels EmployeeCo., LLC;
- Bluescape Clean Fuels, LLC; and
- Maricopa Renewable Fuels I, LLC.

All intercompany balances and transactions have been eliminated in consolidation.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Revenues**

The Company has not generated any revenue to date. The Company expects that future revenue generation opportunities would result from capital-lite opportunities to deploy its STG+® technology. Such opportunities include licensing technology and providing engineering, technical, and operational services.

**General and Administrative Expenses**

General and administrative expenses primarily consist of compensation costs including salaries, benefits and share-based compensation expense for personnel in executive, finance, accounting, and other administrative functions. General and administrative expenses also include outside service costs, such as legal fees, professional fees paid for accounting, auditing and consulting services, and insurance costs.

**Research and Development Expenses**

Research and development expenses primarily consist of activities related to the Company's technology that are not capitalized, including labor (engineers and consultants), engineering software costs, and demonstration plant operations and maintenance costs.

### Other Income

Other income primarily consists of interest and dividend income earned from the Company's cash and cash equivalents.

### Cash and Cash Equivalents

Cash and cash equivalents include bank deposits as well as short-term, highly liquid investments with original maturities of three months or less.

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash accounts in financial institutions, which, at times, may exceed the Federal Deposit Insurance Corporation ("FDIC") limit of $250. Additionally, the Company's investments held in a short-term money market fund are not guaranteed by the FDIC. As of December 31, 2025, the Company had not experienced losses on these accounts, and management believes the Company is not exposed to significant risks on such accounts.

### Restricted Cash

The Company has restricted cash, which is maintained in support of a letter of credit.

### Accounts Receivable – Other

Accounts receivable – other primarily consists of costs reimbursable by Cottonmouth in accordance with the joint development agreement ("JDA") between the Company and Cottonmouth. See Notes 3, 5, and 14 for further information.

In accordance with Accounting Standards Update ("ASU") 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments", the Company's accounts receivable are required to be presented at the net amount expected to be collected through an allowance for credit losses that are expected to occur over the life of the remaining life of the asset, rather than incurred losses. The Company considers the amounts due from Cottonmouth to be fully collectible and, accordingly, there was no allowance for credit losses recorded by the Company as of December 31, 2025 and 2024.

### Other Current Assets

Other current assets primarily consist of deferred equity issuance costs and prepaid expenses.

As of December 31, 2024, the Company had $470 of deferred equity issuance costs in connection with the Company's issuance of shares of its Class A common stock to Cottonmouth in January 2025. There were no deferred equity issuance costs as of December 31, 2025, as the deferred equity issuance costs were recorded within additional paid-in capital for the year ended December 31, 2025 as a reduction to the proceeds received from the issuance of the Class A common stock to Cottonmouth. See Note 3 for further information.

### Fair Value of Financial Instruments

The fair value of the Company's assets and liabilities, which qualify as financial instruments under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, "Fair Value Measurements and Disclosures" ("ASC 820"), approximates the carrying amounts represented in the consolidated balance sheets, primarily due to their short-term nature. The fair values of cash, restricted cash, cash equivalents, receivables, prepaid expenses, accounts payable and accrued expenses are estimated to approximate their respective carrying values as of December 31, 2025 and 2024 due to the short-term maturities of such instruments.

In determining fair value, the valuation techniques consistent with the market approach, income approach and cost approach shall be used to measure fair value. ASC 820 establishes a fair value hierarchy for inputs, which represent the assumptions used by the buyer and seller in pricing the asset or liability. These inputs are further defined as observable and unobservable inputs. Observable inputs are those that the buyer and seller would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company's assumptions about the inputs that the buyer and seller would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 — Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuation adjustments and block discounts are not being applied. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 — Valuations based on (i) quoted prices in active markets for similar assets and liabilities, (ii) quoted prices in markets that are not active for identical or similar assets, (iii) inputs other than quoted prices for the assets or liabilities, or (iv) inputs that are derived principally from or corroborated by market through correlation or other means.

Level 3 — Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

**Net Loss Per Share of Common Stock**

Subsequent to the Business Combination, the Company's capital structure is comprised of shares of Class A common stock and shares of Class C common stock, par value $0.0001 per share (the "Class C common stock"). Public stockholders, the Sponsor, and the investors in the private offering of shares of Class A common stock hold shares of Class A common stock and Warrants (as defined below), and Holdings owns shares of Class C common stock and Class C units of OpCo (the "Class C OpCo Units"). Holders of Class C OpCo Units, other than Verde Clean Fuels, have the right, subject to certain limitations, to exchange all or a portion of its Class C OpCo Units and a corresponding number of shares of Class C common stock for, at OpCo's election, (i) shares of Class A common stock on a one-for-one basis, subject to adjustment for stock splits, stock dividends, reorganizations, recapitalizations and the like, or (ii) an equivalent amount of cash. Each share of Class C common stock represents the right to cast one vote per share at the Verde Clean Fuels level and carries no economic rights, including rights to dividends or distributions upon liquidation. Thus, shares of Class C common stock are not participating securities per ASC 260, "Earnings Per Share". As the shares of Class A common stock represent the only participating securities, the application of the two-class method is not required.

Basic net loss per share is computed by dividing net loss attributable to Class A common stockholders by the weighted average number of shares of Class A common stock outstanding for the same period. Diluted loss per share of Class A common stock is computed by dividing net loss attributable to Class A common stockholders by the weighted-average number of shares of Class A common stock outstanding adjusted to give effect to potentially dilutive securities.

Antidilutive instruments, including outstanding warrants, stock options, certain restricted stock units ("RSUs") and Sponsor earn out shares, were excluded from diluted earnings per share for the years ended December 31, 2025 and 2024 because the inclusion of such instruments would be anti-dilutive. As a result, diluted net loss per share of common stock is the same as basic net loss per share of common stock for all periods presented.

**Warrants**

The Company accounts for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant's specific terms and the applicable authoritative guidance in ASC 480, "Distinguishing Liabilities from Equity" ("ASC 480") and ASC 815, "Derivatives and Hedging" ("ASC 815"). The Company's assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, whether they meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Company's own common stock and whether the warrant holders could potentially require "net cash settlement" in a circumstance outside of the Company's control, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent quarterly period-end date while the warrants are outstanding.

For issued or modified warrants that meet all of the criteria for equity classification, they are recorded as a component of additional paid-in capital at the time of issuance. For issued or modified warrants that do not meet all the criteria for equity classification, they are recorded at their initial fair value on the date of issuance and are subject to remeasurement each balance sheet date with changes in the estimated fair value of the warrants to be recognized as a non-cash gain or loss in the consolidated statements of operations. See Note 10 for further information.

**Income Taxes**

The Company follows the asset and liability method of accounting for income taxes under ASC 740, "Income Taxes" ("ASC 740"). Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that included the enactment date. The Company has elected to use the outside basis approach to measure the deferred tax assets or liabilities based on its investment in its subsidiaries without regard to the underlying assets or liabilities. In assessing the realizability of deferred tax assets, management considered whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

ASC 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. There were no unrecognized tax benefits and no amounts accrued for interest and penalties as of December 31, 2025 and 2024. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position. The Company is subject to income tax examinations by major taxing authorities since inception.

**Property, Plant and Equipment**

Property, plant and equipment are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful life of the related asset. The estimated useful lives of assets are as follows:

| | |
|---|---|
| Computers, office equipment and hardware | 3 – 5 years |
| Furniture and fixtures | 7 years |
| Machinery and equipment | 7 years |
| Leasehold improvements | Shorter of the lease term (including estimated renewals) or the estimated useful lives of the improvement |

Project development and construction costs are capitalized as construction in progress assets to the extent that they are directly identifiable and once the project is determined to be probable. Depreciation expense is not recorded for construction in progress assets until construction is completed and the assets are placed into service. Cost reimbursements from project participants related to construction in progress assets are recorded as an offset to the construction in progress assets.

Upon entry into the JDA with Cottonmouth, the Company determined that the Permian Basin Project (as defined in Note 3) was probable and began capitalizing associated directly identifiable costs as construction in progress assets, net of costs reimbursable to the Company by Cottonmouth in accordance with the JDA. See Notes 3, 5, and 14 for further information.

Maintenance and repairs are charged to expense as incurred, and improvements that increase the useful life of the asset are capitalized.

When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is recorded in the consolidated statements of operations in the period realized.

**Indefinite-Lived Intangible Assets**

The Company's intangible assets consist of its intellectual property and patented technology associated with its patented STG+® process technology. These assets are considered to be indefinite-lived intangible assets and, as such, are not subject to amortization.

**Impairments**

*Long-Lived Assets*

The Company evaluates the carrying value of long-lived assets when indicators of impairment exist. The carrying value of a long-lived asset is considered impaired when the estimated separately identifiable, undiscounted cash flows from such asset are less than the carrying value of the asset. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the long-lived asset. Fair value is determined primarily using the estimated cash flows discounted at a rate commensurate with the risk involved. See Notes 4, 5 and 14 for further information.

*Intangible Assets*

A qualitative assessment of indefinite-lived intangible assets is performed in order to determine whether further impairment testing is necessary. In performing this analysis, macroeconomic conditions, industry and market conditions are considered in addition to current and forecasted financial performance, entity-specific events and changes in the composition or carrying amount of net assets. Following our analysis of qualitative impairment indicators, intellectual property is tested for impairment using certain valuation methods, such as the discounted cash flow or relief-from-royalty methods. If the fair value of an indefinite-lived intangible asset is less than its carrying amount, an impairment loss is recognized equal to the difference. See Note 4 for further information.

**Leases**

The Company accounts for leases under ASC 842, “Leases” (“ASC 842”). The core principle of this standard is that a lessee should recognize the assets and liabilities that arise from leases by recognizing a liability to make lease payments (the lease liability) and a right-of-use asset (“ROU asset”) representing the lessee’s right to use, or control the use of, the underlying asset for the lease term. In accordance with the guidance of ASC 842, leases are classified as finance or operating leases, and both types of leases are recognized in the consolidated balance sheets.

Certain lease arrangements may contain renewal options. Renewal options are included in the expected lease term only if they are reasonably certain of being exercised by the Company.

The Company elected the practical expedient to not separate non-lease components from lease components for real estate lease arrangements. The Company combines the lease and non-lease component into a single accounting unit and accounts for the unit under ASC 842 where lease and non-lease components are included in the classification of the lease and the calculation of the ROU asset and lease liability. In addition, the Company has elected the practical expedient to not apply lease recognition requirements to leases with a term of one year or less. Under this expedient, lease costs are not capitalized; rather, are expensed on a straight-line basis over the lease term. The Company’s leases do not contain residual value guarantees or material restrictions or covenants.

The Company determines if an arrangement is, or contains, a lease at contract inception based on whether that contract conveys the right to control the use of an identified asset in exchange for consideration for a period of time. Leases are classified as either finance or operating. This classification dictates whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. For all lease arrangements with a term of greater than 12 months, the Company presents at the commencement date: a lease liability, which is a lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis; and a ROU asset, which is an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term.

The Company uses either the rate implicit in the lease, if readily determinable, or the Company’s incremental borrowing rate for a period comparable to the lease term in order to calculate the net present value of the lease liability. The incremental borrowing rate represents the rate that would approximate the rate to borrow funds on a collateralized basis over a similar term and in a similar economic environment.

**Other Current Liabilities**

Other current liabilities primarily consist of deferred income and deposits associated with a sublease arrangement.

**Emerging Growth Company Accounting Election**

The Company is an “emerging growth company,” as defined in Section 2(a) of the Securities Act of 1933, as amended (the “Securities Act”), as modified by the Jumpstart our Business Startups Act of 2012, (the “JOBS Act”), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

Additionally, section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect not to take advantage of the extended transition period and comply with the requirements that apply to non-emerging growth companies, and any such election to not take advantage of the extended transition period is irrevocable. The Company expects to be an emerging growth company through 2026. Prior to the Business Combination, CENAQ elected to irrevocably opt out of the extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company will adopt the new or revised standard when those standards are effective for public registrants.

**Equity-Based Compensation**

The Company applies ASC 718, "Compensation — Stock Compensation" ("ASC 718"), in accounting for its unit and share-based compensation arrangements.

*Unit-Based Compensation*

Service-based units compensation cost is measured at the grant date based on the fair value of the equity instruments awarded and is recognized over the period during which an employee is required to provide service in exchange for the award, or the requisite service period, which is usually the vesting period. Performance-based unit compensation cost is measured at the grant date based on the fair value of the equity instruments awarded and is expensed over the requisite service period, based on the probability of achieving the performance goal, with changes in expectations recognized as an adjustment to earnings in the period of the change. If the performance goal is not met, no unit-based compensation expense is recognized and any previously recognized unit-based compensation expense is reversed. Forfeitures of service-based and performance-based units are recognized upon the time of occurrence.

*Equity-Based Awards*

In March 2023, the Company authorized and approved the Verde Clean Fuels, Inc. 2023 Omnibus Incentive Plan (the "2023 Plan"), which authorizes certain shares that may be granted under the 2023 Plan in connection with equity-based compensation awards. Under the terms of the 2023 Plan, the Company may, from time to time, grant stock options and/or RSUs to certain employees, officers, and non-employee directors. In addition to stock options and RSUs, the 2023 Plan authorizes for the future potential grant of stock appreciation rights, restricted stock, performance awards, stock awards, dividend equivalents, other stock-based awards, cash awards, and substitute awards to certain employees (including executive officers), consultants and non-employee directors, and is intended to align the interests of the Company's service providers with those of the stockholders.

Stock options represent the contingent right of award holders to purchase shares of the Company's Class A common stock at a stated price for a limited time. Stock options granted to employees and officers will generally vest at a rate of 25% on each of the first, second, third and fourth anniversaries of the date of grant, subject to continued service through the vesting dates. Stock options granted to non-employee directors will generally vest 100% on the first anniversary of the date of grant, subject to continued service through the vesting date. Forfeitures are recognized as they occur.

The Company estimates the fair value of stock options on the date of grant using the Black-Scholes model and the fair value of RSUs on the date of grant based on the value of the stock price on that date. The cost of awarded equity instruments is recognized based on each instrument's grant-date fair value over the period during which the grantee is required to provide service in exchange for the award. Equity-based compensation is recorded as a general and administrative expense in the consolidated statements of operations.

The determination of fair value of stock options requires significant judgment and the use of estimates, particularly with regard to Black-Scholes assumptions. The key assumptions for the Black-Scholes model include the expected term, risk-free interest rate, volatility, and dividend yield. The Company estimates the key assumptions for the Black-Scholes model as follows:

- expected term is based on peer benchmarking and expectations;
- risk-free interest rate is based on U.S. Treasury yield curve rates with maturities similar to the expected term; and
- volatility is based on the volatility of various publicly traded peer companies.

The Company currently uses an expected dividend yield of zero. The Company also assesses whether or not a discount for lack of marketability is applied based on certain liquidity factors.

RSUs represent an unsecured right to receive one share of the Company's Class A common stock equal to the per share value of the Class A common stock on the settlement date. RSUs have a zero-exercise price and vest over time in whole after the first anniversary of the date of grant subject to continuous service through the vesting date.

See Note 9 for further information.

**Noncontrolling Interest**

Following the Business Combination, holders of Class A common stock own a direct controlling interest in the results of the Company, while Holdings own an economic interest in the Company, which is presented as noncontrolling interest ("NCI"). NCI is classified as permanent equity within the consolidated balance sheets. Income or loss is attributed to NCI based on their contractual distribution rights and the relative percentages of equity interests held during the period. The Company's equity attributable to NCI and the Class A common stockholders are rebalanced to reflect changes in ownership, as applicable.

**Recent Accounting Standards**

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" ("ASU 2023-09"). ASU 2023-09 requires public entities, on an annual basis, to provide: a tabular rate reconciliation (using both percentages and reporting currency amounts) of (1) the reported income tax expense (or benefit) from continuing operations, to (2) the product of the income (or loss) from continuing operations before income taxes and the applicable statutory federal (national) income tax rate of the jurisdiction (country) of domicile using specific categories, and separate disclosure for any reconciling items within certain categories that are equal to or greater than a specified quantitative threshold. For each annual period presented, ASU 2023-09 also requires all reporting entities to disclose the year-to-date amount of income taxes paid (net of refunds received) disaggregated by federal (national), state, and foreign. It also requires additional disaggregated information on income taxes paid (net of refunds received) to an individual jurisdiction equal to or greater than 5% of total income taxes paid (net of refunds received). ASU 2023-09 is effective for public entities for fiscal years beginning after December 15, 2024. ASU 2023-09 is to be applied on a prospective basis with the option to apply the standard retrospectively. Early adoption is permitted. The Company adopted ASU 2023-09 for the year ended December 31, 2025, and the required disclosures are included in Note 12.

In November 2024, the FASB issued ASU 2024-03, "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40) – Disaggregation of Income Statement Expenses" ("ASU 2024-03"), which requires additional disclosure about specified categories of expenses included in relevant expense captions presented on the income statement. The amendments are effective for annual periods beginning after December 15, 2026, and for interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The amendments may be applied either prospectively or retrospectively. The Company is currently evaluating the impact that ASU 2024-03 will have on its disclosures.

The Company considers the applicability and impact of all ASUs issued by the FASB. There are no other accounting pronouncements which have been issued but are not yet effective that would have a material impact on the consolidated financial statements when adopted.

**NOTE 3 – COTTONMOUTH AND PERMIAN BASIN PROJECT**

**Overview**

Cottonmouth is the Company’s second largest stockholder. and is a wholly-owned subsidiary of Diamondback, an independent oil and natural gas company headquartered in Midland, Texas, focused on the acquisition, development, exploration and exploitation of unconventional, onshore oil and natural gas reserves in the Permian Basin in West Texas. See Note 1 for further information.

**Initial Investment**

In connection with the Closing of the Business Combination, the Company issued and sold to Cottonmouth 2,000,000 shares of its Class A common stock in a private placement for an aggregate purchase price of $20,000 and entered into an equity participation right agreement, dated as of February 13, 2023 (“Existing Equity Participation Right Agreement”), by and among the Company and Cottonmouth, pursuant to which Verde granted Cottonmouth the right to participate and jointly develop natural gas-to-gasoline plants in the Permian Basin utilizing Verde’s STG+® technology and associated natural gas from Diamondback’s operations.

**Permian Basin Project**

In February 2024, Verde and Cottonmouth entered into a JDA related to the proposed development, construction, and operation of a natural gas-to-gasoline plant in the Permian Basin utilizing Verde’s STG+® technology and associated natural gas from Diamondback’s operations (the “Permian Basin Project”). The JDA frames the contracts contemplated to be entered into between the parties and outlines the conditions precedent for the parties to enter into definitive documents and achieve final investment decision (“FID”) to proceed with the Permian Basin Project. The JDA conditions precedent include finalizing applicable project contracts, obtaining necessary permits, obtaining project financing on terms satisfactory to each party, and receiving FID by each party.

In June 2024, the Company entered into a contract with Chemex Global, LLC (“Chemex”), a Shaw Group company (“Shaw”), for a front-end engineering and design (“FEED”) study related to the Permian Basin Project. In connection with entering into the JDA and the commencement of the FEED study, the Company began to incur development costs with respect to the project. Under the terms of the JDA, 65% of the approved development costs incurred by the Company (which include costs associated with the FEED study) are reimbursed by Cottonmouth. The FEED study was completed in December 2025.

On February 6, 2026, the Company announced the suspension of development of the Permian Basin Project primarily as a result of changing market conditions driven by increasing demand for natural gas in the Permian Basin. For the year ended December 31, 2025, the Company recorded an impairment of property, plant and equipment of $3,936, which represented the full value of the Company's construction in progress assets. See Notes 4, 5, 7 and 14 for further information.

**Second Investment**

In December 2024, the Company entered into a Class A common stock purchase agreement (the “Purchase Agreement”) with Cottonmouth pursuant to which the Company agreed to issue and sell to Cottonmouth in a private placement an aggregate of 12,500,000 shares of its Class A common stock at a price of $4.00 per share for an aggregate purchase price of $50,000 (the “PIPE Investment”). Closing of the PIPE Investment occurred on January 29, 2025.

In connection with the closing of the PIPE Investment, on January 29, 2025, (i) Cottonmouth and the Company amended the Existing Equity Participation Right Agreement to remove certain preemptive rights with respect to the Company’s equity securities granted to Cottonmouth under the Existing Equity Participation Right Agreement and (ii) the Company entered into a second amended and restated registration rights agreement with Cottonmouth and the other parties thereto, which amended and restated that certain amended and restated registration rights agreement, dated February 15, 2023, by and among the Company and certain stockholders named therein (the “Existing Registration Rights Agreement”), to add Cottonmouth as a party to the Existing Registration Rights Agreement.

Additionally, in connection with the consummation of the transactions contemplated by the Purchase Agreement, the Company amended and restated its fourth amended and restated certificate of incorporation (the “Restated Charter”). In accordance with the Restated Charter, effective January 29, 2025, the Company (i) increased the number of authorized shares of Class C common stock from 25,000,000 to 26,000,000 and (ii) increased the size of its Board of Directors from seven to eight and to provide Cottonmouth with certain director designation and Board observer rights. The Restated Charter was approved and recommended by the Board prior to stockholder action by written consent.

**NOTE 4 – IMPAIRMENTS**

*Long-Lived Assets*

As of December 31, 2025, the Company evaluated the recoverability of its construction in progress (“CIP”) assets associated with the Permian Basin Project as a result of changing market conditions driven by increasing demand for natural gas in the Permian Basin. The Company determined that such factors that ultimately led to the suspension of the Permian Basin Project in February 2026 were present as of December 31, 2025. The Company further determined that the carrying value of its CIP assets related to the Permian Basin Project were not likely to be recoverable. The Company determined the fair value of its CIP assets using a Level 3 non-recurring fair value measurement based on the Company’s estimate of the assets’ remaining fair value, considering the suspension of the Permian Basin Project and the limited alternative use of the underlying assets. Accordingly, for the year ended December 31, 2025, the Company recorded an impairment of $3,936, representing 100% of the carrying value of its CIP assets, reducing the carrying value of such assets to zero as of December 31, 2025. See Notes 3, 5, and 14 for additional detail.

*Intangible Assets*

As of December 31, 2025, the Company also evaluated the recoverability its intellectual property (“IP”) intangible assets in light of changing market conditions driven by increasing demand for natural gas in the Permian Basin. The Company determined that changing market conditions related to natural gas in the Permian Basin were specific to a particular feedstock and region whereas its IP assets that support the STG+® technology can be applied to produce fully finished liquid fuels from diverse feedstocks in various regions where low-value or stranded feedstocks may be present. The Company further determined that the fair value of its IP assets exceeded its carrying value and did not record an impairment.

## NOTE 5 – PROPERTY, PLANT AND EQUIPMENT

The Company's major classes of property, plant and equipment are as follows:

| | As of December 31, | |
|---|---|---|
| ***(in thousands)*** | **2025** | **2024** |
| Construction in progress, net | $ — | $ 1,029 |
| Computers, office equipment and hardware | 42 | 34 |
| Furniture and fixtures | 47 | 47 |
| Machinery and equipment | 44 | 44 |
| Property, plant and equipment | 133 | 1,154 |
| Less: accumulated depreciation | 71 | 58 |
| Property, plant and equipment, net | $ 62 | $ 1,096 |

For the year ended December 31, 2025, the Company recorded an impairment for the full value of its CIP assets. Prior to the impairment, the Company's CIP assets were comprised of capitalized development costs (which include costs associated with the FEED study) related to the Permian Basin Project, net of costs reimbursable by Cottonmouth in accordance with the JDA. See Notes 4, 7 and 14 for further information.

Depreciation expense was $16 and $13 for the years ended December 31, 2025 and 2024, respectively. Depreciation expense of $14 and $2 is included in general and administrative and research and development expense, respectively, for the year ended December 31, 2025. Depreciation expense of $10 and $3 is included in general and administrative and research and development expense, respectively, for the year ended December 31, 2024.

## NOTE 6 - ACCRUED LIABILITIES

The Company’s accrued liabilities are as follows:

| *(in thousands)* | As of December 31, 2025 | | As of December 31, 2024 | |
|---|---|---|---|---|
| Accrued compensation | $ | 468 | $ | 331 |
| Accrued construction in progress | | 9 | | - |
| Accrued legal fees | | 261 | | 468 |
| Accrued professional fees | | 120 | | 68 |
| Accrued excise tax liability | | - | | 978 |
| Other accrued expenses | | 48 | | 62 |
| Total accrued liabilities | $ | 906 | $ | 1,907 |

**Inflation Reduction Act of 2022**

On August 16, 2022, the Inflation Reduction Act of 2022 (the "IR Act") was signed into federal law. The IR Act provides for, among other things, a new U.S. federal 1% excise tax on certain repurchases of stock occurring on or after January 1, 2023. The excise tax is imposed on the repurchasing corporation itself, not its stockholders from which shares are repurchased. The amount of the excise tax is generally 1% of the fair market value of the shares repurchased at the time of the repurchase. The amount of repurchases applicable to the excise tax can be reduced by the fair market value of any issuances at the time of issuance that occurred during the year, as well as certain exceptions provided by the U.S. Department of the Treasury.

As of December 31, 2024, the Company had recorded an accrual for an excise tax liability of $978. During the year ended December 31, 2024, the Company reduced the estimated excise tax liability by $610, which was recorded as an increase to additional paid in capital within stockholders' equity upon finalization of the calculation of the amount owed and ultimate submission of the excise tax return filed.

During the year ended December 31, 2025, the accrued excise tax liability was paid in full.

**NOTE 7 – RELATED PARTY TRANSACTIONS**

**Holdings**

The Company has a related party relationship with Holdings whereby Holdings holds a majority ownership in the Company via voting shares and has control of its Board of Directors. Further, Holdings possesses 3,500,000 earn out shares. The Holdings equity compensation instruments consist of 1,000 authorized and issuable Series A Incentive Units (the "Series A Incentive Units") and 1,000 authorized and issuable Founder Incentive Units (the "Founder Incentive Units"). Certain of the Company's management hold Series A Incentive Units and Founder Incentive Units that entitle them to participate in the earnings of and distributions by Holdings after a specified return to the Series A Preferred Unit holders. See Notes 1, 9, 11 and 14 for further information.

**Cottonmouth**

The Company has a related party relationship with Cottonmouth due to its ownership interest in the Company's Class A common stock. See Notes 1 and 3 for further information.

**Shaw**

In June 2024, the Company entered into a contract with Chemex, a Shaw company, for a FEED study related to the Permian Basin Project. Also in June 2024, the parent organization of Holdings, through a separate subsidiary, made an unrelated preferred equity investment in Shaw and, in connection with the investment, Jonathan Siegler, a Company director, was appointed as a director of Shaw. The FEED study was completed in December 2025; however, the Permian Basin Project was suspended in February 2026. See Notes 3, 5 and 14 for further information.

**Five Star Clean Fuels**

A subsidiary of the Company is a party to a letter agreement with Five Star Clean Fuels LLC, formerly known as Arb Clean Fuels Management LLC ("Five Star Clean Fuels"). The letter agreement purports to grant Five Star Clean Fuels certain non-exclusive rights to utilize the STG+® technology and reflects an intent to enter into mutually acceptable to be negotiated agreements related to a potential site in Odessa, Texas. Martijn Dekker, a Company director, is an officer and director of Five Star Clean Fuels and his affiliate has an ownership interest in Five Star Clean Fuels. See Note 14 for further information.

**Promissory Note**

On February 15, 2023, the Company entered into a promissory note with the Sponsor for $410 (the “Promissory Note”). The Promissory Note canceled and superseded all prior promissory notes. The Promissory Note was non-interest bearing and the entire principal balance of the Promissory Note was payable on or before February 15, 2024 in cash or shares at the Company’s election. On February 15, 2024, the Company settled the Promissory Note through the issuance of shares of its Class A common stock at a conversion price of $10.00 per share. As a result, during the year ended December 31, 2024, 2024, the Company issued 40,961 shares of its Class A common stock and recorded an increase to additional paid-in capital of $410.

**NOTE 8 – COMMITMENTS AND CONTINGENCIES**

**Leases**

The Company leases its office in Houston, Texas and its office and demonstration plant in Hillsborough, New Jersey. The Company's lease for its office in Houston is through February 2027 and its lease for its office and demonstration plant in Hillsborough, New Jersey is through April 2026. Subsequent to the year ended December 31, 2025, the Company extended its lease for its office and demonstration plant in Hillsborough, New Jersey for an additional year through April 2027. See Notes 1 and 13 for further information.

For the years ended December 31, 2025 and 2024, the Company determined that the rent portion of such leases qualified as an operating lease under ASC 842.

For the years ended December 31, 2025 and 2024, the Company had expenses related to its operating leases as follows:

| *(in thousands)* | **Statements of Operations** | **For The Year Ended December 31,** | |
|---|---|---|---|
| **Lease Cost** | **Classification** | **2025** | **2024** |
| Operating lease cost | General and administrative expense | $ 377 | $ 336 |
| Variable lease cost | General and administrative expense | 189 | 170 |
| Total operating lease cost | | $ 566 | $ 506 |

As of December 31, 2025, maturities of the Company’s operating leases are as follows:

| (in thousands)<br>Maturity of lease liabilities | Operating Leases |
|---|---|
| 2026 | $ 178 |
| 2027 | 12 |
| Total future minimum lease payments | 190 |
| Less: interest | (4) |
| Present value of lease liabilities | $ 186 |

For the years ended December 31, 2025 and 2024, supplemental information related to the Company's operating lease arrangements are as follows:

| (in thousands) | For The Year Ended December 31, | |
|---|---|---|
| Operating lease – supplemental information | 2025 | 2024 |
| ROU assets obtained in exchange for operating lease | $ 309 | $ 353 |
| Weighted average remaining lease term – operating leases | 0.7 years | 1.4 years |
| Discount rate – operating leases | 7.50% | 7.50% |

**Commitments**

As of December 31, 2025 and 2024, the Company had restricted cash of $100.

**Contingencies**

As of December 31, 2025 and 2024, the Company was not party to any litigation and has not recorded any contingent liabilities. Subsequent to December 31, 2025, Five Star Clean Fuels filed an original petition against the Company seeking a declaratory judgment that a letter agreement between a subsidiary of the Company and a predecessor of Five Star Clean Fuels constituted a binding contract that effectuates a grant to Five Star Clean Fuels of certain non-exclusive rights to utilize the STG+® technology. See Note 14 for further information.

**NOTE 9 – STOCKHOLDERS' EQUITY**

**Earn Out Consideration**

Earn out shares potentially issuable as part of the Business Combination are recorded within stockholders' equity as the instruments are deemed to be indexed to the Company's common stock and meet the equity classification criteria under ASC 815. Earn out shares contain market conditions for vesting and were awarded to eligible stockholders, as described further below, and not to current employees.

As consideration for the contribution of the equity interests in Intermediate, Holdings received earn out consideration ("Holdings earn out") of 3,500,000 shares of Class C common stock and a corresponding number of Class C OpCo Units subject to vesting with the achievement of separate market conditions. One half of the Holdings earn out shares will meet the market condition when the volume-weighted average share price ("VWAP") of the Class A common stock is greater than or equal to $15.00 for any 20 trading days within any period of 30 consecutive trading days within five years of the Closing Date. The second half will vest when the VWAP of the Class A common stock is greater than or equal to $18.00 over the same measurement period.

Additionally, the Sponsor received earn out consideration ("Sponsor earn out" and, together with Holdings earn out, the "Earn Out Equity") of 3,234,375 shares of Class A common stock subject to forfeiture which will no longer be subject to forfeiture with the achievement of separate market conditions (the "Sponsor Shares"). One half of the Sponsor earn out will no longer be subject to forfeiture if the VWAP of Class A common stock is greater than or equal to $15.00 for any 20 trading days within any period of 30 consecutive trading days within five years of the Closing Date. The second half will no longer be subject to forfeiture when the VWAP of the Class A common stock is greater than or equal to $18.00 over the same measurement period.

Notwithstanding the foregoing, the shares of Earn Out Equity will vest in the event of a sale of the Company at a price that is equal to or greater than the applicable trigger price payable to the buyer of the Company. The Earn Out Equity was issued in connection with the Business Combination on February 15, 2023. Holdings earn out shares are neither issued nor outstanding as of December 31, 2025 as the performance requirements for vesting were not achieved. All Sponsor Shares granted in connection with the Business Combination were issued and outstanding as of December 31, 2025 and 2024.

Sponsor Shares subject to forfeiture pursuant to the above terms that do not vest in accordance with such terms shall be forfeited.

Based on the trading price of the Company's Class A common stock, the market conditions were not met and no shares of Earn Out Equity were vested as of December 31, 2025.

**Share-based Compensation**

The Company records compensation expense related to share-based compensation arrangements within general and administrative expenses. The total compensation expense incurred related to the Company's equity-based compensation plans was $2,185 and $1,354 for the years ended December 31, 2025 and 2024, respectively.

No related income tax benefits were recognized during the years ended December 31, 2025 and 2024.

**Stock Options**

On June 2, 2025, the Company awarded additional stock options to certain employees and officers and to non-employee directors, consistent with the terms of the 2023 Plan. The stock options granted in 2025 have an exercise price of $4.76 per share and will expire 7 years from the date of grant. Stock options granted to employees and executive officers will vest at a rate of 25% on each of the first, second, third and fourth anniversaries of the date of grant, subject to continued service through the vesting dates. Stock options granted to non-employee directors will vest one year from the date of grant, subject to continued service through the vesting date.

The fair value of stock options granted during 2025 was $1.43 per option for options granted to both employees and officers and to non-employee directors. The fair value of stock options granted in 2025 was determined using the following assumptions as of the grant date:

| | |
|---|---|
| Risk-free interest rate | 4.5 % |
| Expected term | 3.5 years |
| Volatility | 40 % |
| Dividend yield | zero |
| Discount for lack of marketability | zero |

During the year ended December 31, 2025, the Company had changes in stock options as follows:

| | Number of options | | Weighted average exercise price per share | Weighted average remaining contractual life (years) |
|---|---|---|---|---|
| Outstanding as of December 31, 2024 | 3,387,638 | $ | 7.82 | 5.7 |
| Granted | 2,726,306 | $ | 4.76 | 7.0 |
| Exercised | - | | - | - |
| Forfeited / expired | (192,288) | $ | 5.99 | - |
| Outstanding as of December 31, 2025 | 5,921,656 | $ | 6.47 | 5.6 |
| Unvested as of December 31, 2025 | 4,483,397 | $ | 5.93 | 5.9 |
| Exercisable as of December 31, 2025 | 820,253 | $ | 5.99 | 5.4 |

As of December 31, 2025, there were 4,927,397 options granted to employees and officers outstanding, of which 3,929,700 were unvested, and 994,259 options granted to non-employee directors outstanding, of which 553,697 were unvested. See Notes 2 and 11 for further information.

As of December 31, 2025, unrecognized compensation expense related to unvested stock options was $4,848, and the remaining compensation cost is expected to be recognized over a weighted-average period of 1.78 years. There was no cash received from the exercise of stock options for the years ended December 31, 2025 and 2024. There was no intrinsic value for all stock option awards as of December 31, 2025.

**RSUs**

In April 2023, the Company granted 141,656 RSUs to non-employee directors. In April 2024, all of the previously granted RSUs vested. In May 2024, the Company settled 120,824 of the vested RSUs through issuance of 120,824 shares of Class A common stock. As of December 31, 2025, the Company has not yet settled 20,832 of the vested RSUs, as the awardee elected to defer receipt. The Company includes the vested and deferred RSUs within weighted-average shares outstanding for the computation of basic and diluted loss per share.

RSU compensation expense was $— and $198,125 for the years ended December 31, 2025 and 2024, respectively.

See Notes 2 and 11 for further information.

**Incentive Units**

Prior to Closing, certain subsidiaries of the Company, including Intermediate, were wholly owned subsidiaries of Holdings. Holdings, which was outside of the Business Combination perimeter, had entered into several compensation-related arrangements with certain of Intermediate's management and employees. Compensation costs associated with those arrangements were allocated by Holdings to Intermediate as the employees were rendering services to Intermediate. However, the ultimate contractual obligation related to these awards, including any future settlement, rested and continues to rest with Holdings.

The Holdings equity compensation instruments consist of 1,000 Series A Incentive Units and 1,000 Founder Incentive Units. The Series A Incentive Unit holders are entitled to participate in the earnings of and distributions by Holdings after a specified return threshold to the Series A Preferred Unit holders has been achieved. The Founder Incentive Unit holders are entitled to receive a certain aggregate distribution amount by Holdings after a specified aggregate distribution amount has been received by the Series A Preferred Unit holders. The Series A Incentive Units were deemed to be service-based awards and the Founder Incentive Units were deemed to be performance-based awards.

On August 7, 2020, Holdings issued 800 Series A Incentive Units and 1,000 Founder Incentive Units to certain of Intermediate's management and employees in compensation for their services. In August 2022, certain amendments were made to the Series A Incentive Units and Founder Incentive Units whereby such units would become fully vested upon completion of the Business Combination.

In connection with the Closing of the Business Combination, all of the outstanding and unvested Series A Incentive Units and Founder Incentive Units became fully vested. For the year ended December 31, 2023, the Company accelerated the remaining share-based payment expense for the Series A Incentive Units and recorded such expense in general and administrative expenses. For the years ended December 31, 2025, 2024 and 2023, the Company did not record additional share-based compensation expense for the Founder Incentive Units as certain conditions had not been met. The Company continues to evaluate the conditions related to the Founder Incentive Units. As of December 31, 2025, such conditions continue to not have been met.

See Notes 7 and 14 for further information.

**NOTE 10 – WARRANTS**

There were 15,383,263 warrants outstanding as of December 31, 2025 (the "Warrants"). Each Warrant entitles the registered holder to purchase one share of Class A common stock at a price of $11.50 per share, subject to adjustment as discussed below. However, no Warrants will be exercisable for cash unless there is an effective and current registration statement covering the shares of Class A common stock issuable upon exercise of the Warrants and a current prospectus relating to such shares of Class A common stock. Notwithstanding the foregoing, if a registration statement covering the shares of Class A common stock issuable upon exercise of the Warrants is not effective within a specified period following the consummation of the Business Combination, Warrant holders may, until such time as there is an effective registration statement and during any period when we shall have failed to maintain an effective registration statement, exercise Warrants on a cashless basis pursuant to the exemption provided by Section 3(a)(9) of the Securities Act, provided that such exemption is available. If that exemption, or another exemption, is not available, holders will not be able to exercise their Warrants on a cashless basis. In the event of such cashless exercise, each holder would pay the exercise price by surrendering the Warrants for that number of shares of Class A common stock equal to the quotient obtained by dividing (x) the product of the number of shares of Class A common stock underlying the Warrants, multiplied by the difference between the exercise price of the Warrants and the "fair market value" (defined below) by (y) the fair market value. The "fair market value" for this purpose will mean the average reported last sale price of the shares of Class A common stock for the five trading days ending on the trading day prior to the date of exercise. The Warrants will expire on February 15, 2028, at 5:00 p.m., New York City time, or earlier upon redemption or liquidation.

The Company may call the Warrants for redemption, in whole and not in part, at a price of $0.01 per warrant:

- at any time after the Warrants become exercisable;
- upon not less than 30 days' prior written notice of redemption to each Warrant holder;
- if, and only if, the reported last sale price of the shares of Class A common stock equals or exceeds $18.00 per share (as adjusted for stock splits, stock dividends, reorganizations and recapitalizations), for any 20 trading days within a 30-trading day period commencing at any time after the Warrants become exercisable and ending on the third business day prior to the notice of redemption to Warrant holders; and
- if, and only if, there is a current registration statement in effect with respect to the shares of Class A common stock underlying such Warrants.

If and when the Warrants become redeemable by the Company, the Company may exercise its redemption right even if it is unable to register or qualify the underlying securities for sale under all applicable state securities laws.

No Warrants were exercised during the years ended December 31, 2025 and 2024.

**NOTE 11 – LOSS PER SHARE**

**Loss per share**

The following table sets forth the computation of net loss used to compute basic net loss per share of Class A common stock:

| (in thousands, except share and per share amounts) | For The Year Ended December 31, 2025 | 2024 |
|---|---|---|
| Net loss attributable to Verde Clean Fuels, Inc. | $ (6,958) | $ (3,334) |
| Basic weighted-average shares outstanding | 17,842,927 | 6,286,033 |
| Dilutive effect of share-based awards | - | - |
| Diluted weighted-average shares outstanding | 17,842,927 | 6,286,033 |
| Basic loss per share | $ (0.39) | $ (0.53) |
| Diluted loss per share | $ (0.39) | $ (0.53) |

The Company's Warrants, Sponsor earn out shares and stock options could have the most significant impact on diluted shares should the instruments represent dilutive instruments. However, securities that could potentially be dilutive are excluded from the computation of diluted earnings per share when a loss from continuing operations exists or when the exercise price exceeds the average closing price of the Company's Class A common stock during the period, because their inclusion would result in an anti-dilutive effect on per share amounts.

As of December 31, 2025, the Company has not yet settled 20,832 of the vested RSUs, as the awardee elected to defer receipt. The Company includes the vested and deferred RSUs within weighted-average shares outstanding for the computation of basic and diluted loss per share. See Note 9 for further information.

The following amounts were not included in the calculation of net loss per diluted share for the periods presented because their effects were anti-dilutive:

| | As of December 31, 2025 | 2024 |
|---|---|---|
| Warrants | 15,383,263 | 15,383,263 |
| Sponsor earn out shares (1) | 3,234,375 | 3,234,375 |
| Stock options | 5,921,656 | 3,387,638 |
| Total anti-dilutive instruments | 24,539,294 | 22,005,276 |

(1) Excludes 3,500,000 Class C earn out shares convertible into shares of Class A common stock. Shares of Class C common stock are not participating securities; thus, the application of the two-class method is not required. See Note 9 for further information.

**Noncontrolling Interests**

As of December 31, 2024, the ownership interests of the Class A common stockholders and the NCI were 29.80% and 70.20%, respectively. As of December 31, 2025, the ownership interests of the Class A common stockholders and the NCI were 49.49% and 50.51%, respectively. The change in ownership interests was due to the issuance of Class A common stock to Cottonmouth during the year ended December 31, 2025. See Note 3 for further information.

**NOTE 12 – INCOME TAX**

As of December 31, 2025, the Company holds 49.49% of the economic interest in OpCo, which is treated as a partnership for U.S. federal income tax purposes. As a partnership, OpCo generally is not subject to U.S. federal income tax under current U.S. tax laws. The Company is subject to U.S. federal income taxes, in addition to state and local income taxes, with respect to its distributive share of the net taxable income (loss) and any related tax credits of OpCo.

The components of the Company's income tax expense are as follows:

| (in thousands) | For The Year Ended December 31, 2025 | 2024 |
|---|---|---|
| **Current:** | | |
| Federal | $ 74 | $ 50 |
| State | 32 | 1 |
| Total current | 106 | 51 |
| **Deferred:** | | |
| Federal | — | — |
| State | — | — |
| Total deferred | — | — |
| Total income tax expense | $ 106 | $ 51 |

The Company’s effective tax rate was (0.8)% for the year ended December 31, 2025 and was (0.5)% for the year ended December 31, 2024. The effective income tax rates for each period differed significantly from the statutory rate primarily due to the losses allocated to NCI and the recognition of a valuation allowance as a result of the Company’s tax structure.

For the year ended December 31, 2025, a reconciliation of income tax expense following adoption of ASU 2023-09 is as follows:

| | For The Year Ended December 31, 2025 | |
|---|---|---|
| *(in thousands)* | Amount | Rate |
| Tax provision at statutory rate | $ (2,946) | 21.00 % |
| State taxes, net of federal benefit | 25 | (0.17)% |
| Valuation allowance | 1,737 | (12.38)% |
| Nontaxable or nondeductible items: | | |
| Non-controlling interests | 1,507 | (10.74)% |
| Other adjustments: | | |
| Share-based compensation | (218) | 1.55 % |
| Other items | 1 | (0.02)% |
| Income tax expense | $ 106 | (0.76)% |

For the year ended December 31, 2025, the amounts of cash paid for income taxes were as follows:

| *(in thousands)* | For The Year Ended December 31, 2025 |
|---|---|
| U.S. Federal | $ 137 |
| U.S. State | 55 |
| Income tax cash payments | $ 192 |

For the year ended December 31, 2024, a reconciliation of income tax expense prior to the adoption of ASU 2023-09 is as follows:

| *(in thousands)* | For The Year Ended December 31, 2024 |
|---|---|
| Computed tax (21%) | $ (2,197) |
| Income tax benefits attributable to noncontrolling interests | 1,509 |
| Change in tax basis of OpCo | 1,555 |
| Change in valuation allowance | (755) |
| Other items | (61) |
| Income tax expense | $ 51 |

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Noncurrent deferred tax assets (liabilities) were as follows:

| (in thousands) | As of December 31, 2025 | 2024 |
|---|---|---|
| *Deferred tax liabilities:* | | |
| Total deferred tax liabilities | $ — | $ — |
| *Deferred tax assets:* | | |
| Intangible assets | $ 197 | $ 193 |
| Stock-based compensation | 316 | 99 |
| Investment in OpCo | 9,407 | 7,891 |
| Net operating losses | 1 | — |
| Total deferred tax assets | 9,921 | 8,183 |
| Valuation allowance | (9,921) | (8,183) |
| Total net deferred tax assets | $ — | $ — |

The Company has assessed the realizability of its net deferred tax assets and that analysis has considered the relevant positive and negative evidence available to determine whether it is more likely than not that some portion or all of the deferred tax assets will be realized. As of December 31, 2025, the Company has maintained a full valuation allowance against its deferred tax assets, which will be maintained until there is sufficient evidence to support the reversal of all or some portion of the allowance.

The Company's income tax filings will be subject to audit by various taxing jurisdictions. The Company will monitor the status of U.S. Federal, state and local income tax returns that may be subject to audit in future periods. No U.S. Federal, state and local income tax returns are currently under examination by the respective taxing authorities.

On July 4, 2025, the "One Big, Beautiful Bill Act" ("OBBB Act") was signed into federal law. The OBBB Act included multiple provisions applicable to U.S. income tax for businesses, including bonus depreciation for qualified tangible property, immediate expensing of research expenditures, and updates to the calculation of disallowed interest. For the year ended December 31, 2025, the Company recognized the provisions of the OBBB Act in determining its income tax expense, including immediate expensing of research expenditures.

**Tax Receivable Agreement**

On the Closing Date, in connection with the consummation of the Business Combination and as contemplated by the Business Combination Agreement, the Company entered into a tax receivable agreement (the "Tax Receivable Agreement") with Holdings (together with its permitted transferees, the "TRA Holders," and each a "TRA Holder") and the Agent (as defined in the Tax Receivable Agreement). Pursuant to the Tax Receivable Agreement, the Company is required to pay each TRA Holder 85% of the amount of realized tax benefit, if any, in U.S. federal, state and local income and franchise tax that the Company actually realizes (computed using certain simplifying assumptions) or is deemed to realize in certain circumstances in periods after the Closing Date as a result of, as applicable to each such TRA Holder, (i) certain increases in tax basis that occur as a result of the Company's acquisition (or deemed acquisition for U.S. federal income tax purposes) of all or a portion of such TRA Holder's Class C OpCo Units pursuant to the exercise of the OpCo Exchange Right, a Mandatory Exchange or the Call Right (each as defined in the Amended and Restated LLC Agreement of OpCo) and (ii) imputed interest deemed to be paid by the Company as a result of, and additional tax basis arising from, any payments the Company makes under the Tax Receivable Agreement. The Company will retain the benefit of the remaining 15% of these net cash savings. The Tax Receivable Agreement contains a payment cap of $50,000, which applies only to certain payments required to be made in connection with the occurrence of a change of control. The payment cap would not be reduced or offset by any amounts previously paid under the Tax Receivable Agreement or any amounts that are required to be paid (but have not yet been paid) for the year in which the change of control occurs or any prior years.

As of December 31, 2025 and 2024, the Company did not record a tax receivable liability.

**NOTE 13 - SEGMENT INFORMATION**

Operating segments are defined as components of an entity for which separate financial information is available and that is regularly reviewed by its Chief Operating Decision Maker ("CODM") in deciding how to allocate resources to an individual segment and in assessing performance. The Company's CODM is its CEO. The Company has determined that it operates in one operating segment, as the CODM reviews financial information presented on a combined basis for purposes of making operating decisions, allocating resources, and evaluating financial performance. The Company's segment reporting is consistent with its internal reporting to its CODM.

The operating loss of the segment is the same as the Company's consolidated operating loss as reported in the consolidated statements of operations. The measure of segment assets is reported in the Company's consolidated balance sheets as total assets.

The following table presents information about the Company's significant expenses. A significant segment expense is an expense that is significant to the segment considering qualitative and quantitative factors, regularly provided or easily computed from information regularly provided to the CODM and is included in the reported measure of segment profit or loss. The Company's significant expenses are aggregated and presented as general and administrative and research and development financial statement line items in the consolidated statements of operations. Other segment items represent the difference between reported significant segment expenses and consolidated operating loss.

For the years ended December 31, 2025 and 2024, the Company's operating loss by significant segment expenses were as follows:

| | **For The Year Ended December 31,** | |
|---|---|---|
| *(in thousands)* | **2025** | **2024** |
| Outside services | $ 4,253 | $ 4,948 |
| Employee compensation-related | 3,308 | 2,632 |
| Insurance | 1,066 | 1,395 |
| Share-based compensation | 2,185 | 1,354 |
| Rent, property and office | 1,307 | 888 |
| Other segment items (1) | 399 | 440 |
| Impairment of property, plant and equipment | 3,936 | — |
| Total operating loss | $ 16,454 | $ 11,657 |

(1) Other segment items primarily include depreciation and amortization, meals, travel, and conference expense, and franchise taxes.

**NOTE 14 – SUBSEQUENT EVENTS**

On February 6, 2026, the Company announced the suspension of development of the Permian Basin Project primarily as a result of changing market conditions driven by increasing demand for natural gas in the Permian Basin. See Notes 3, 4 and 5 for further information.

On February 18, 2026, the Company announced a revised strategy to deploy its innovative and proprietary liquid fuels processing technology through capital-lite opportunities. The shift in strategy is intended to identify the most effective pathways to commercialize the STG+® technology with a disciplined approach to capital allocation. Related to its revised strategy, the Company has implemented and intends to continue implementing aggressive cost savings initiatives targeting a 50% reduction in costs in 2026 as compared to 2025. In connection with this initiative, the Company's Board of Directors has created a Restructuring Committee and appointed director Jonathan Siegler as the sole member of that committee. The Restructuring Committee's mandate includes overseeing all aspects of the Company's revised strategy and evaluation of strategic alternatives while ensuring the Company remains fully NASDAQ-compliant. In connection with its cost savings initiatives, the Company is streamlining its Board of Directors. Related thereto, current directors Martijn Dekker and Dail St. Claire will not be standing for re-election at the end of their term. See Note 7 for further information.

On February 27, 2026, Five Star Clean Fuels filed an original petition against the Company seeking a declaratory judgment that a letter agreement between a subsidiary of the Company and a predecessor of Five Star Clean Fuels constituted a binding contract that effectuates a grant to Five Star Clean Fuels of certain non-exclusive rights to utilize the STG+®

technology. The petition primarily seeks non-monetary relief other than court costs and attorney fees. The Company intends to defend its position against the claim. At this time, the Company is unable to reasonably estimate a possible financial loss or range of financial loss, if any, that may be incurred to resolve this matter. See Note 7 for further information.

On March 20, 2026, the Company announced the appointment of George Burdette as Chief Executive Officer ("CEO") and engagement of Roth Capital Partners ("Roth") as financial advisor to assist the Company in evaluating strategic alternatives. These announcements are part of the Company's continued advancement of its previously announced restructuring and cost reduction initiatives. Mr. Burdette succeeds Ernie Miller who is stepping down from his role as CEO to pursue another opportunity. Mr. Miller will remain with the Company as a senior advisor. Mr. Burdette, who has served as the Company's Chief Financial Officer ("CFO") since October 2024, will also continue in that role. See Notes 7 and 9 for further information.

Also subsequent to the year ended December 31, 2025, the Company extended its lease for its office and demonstration plant in Hillsborough, New Jersey for an additional year through April 2027. See Notes 1 and 8 for further information.

**ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.**

None.

**ITEM 9A. Controls and Procedures.**

*Evaluation of Disclosure Controls and Procedures*

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in Company reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

As required by Rules 13a-15 and 15d-15 under the Exchange Act, our Chief Executive Officer and Chief Financial Officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2025. Based upon their evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were effective as of the end of the period covered by this Annual Report.

*Limitations of the Effectiveness of Control*

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations of any control system, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected.

*Management's Report on Internal Controls Over Financial Reporting*

As required by SEC rules and regulations implementing Section 404 of the Sarbanes-Oxley Act, our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our consolidated financial statements for external reporting purposes in accordance with U.S. GAAP. Our internal control over financial reporting includes those policies and procedures that:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of our Company,

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with U.S. GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors, and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect errors or misstatements in our financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree or compliance with the policies or procedures may deteriorate. Management assessed the effectiveness of our internal control over financial reporting at December 31, 2025. In making these assessments, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control — Integrated Framework (2013). Based on our assessments and those criteria, management determined that its internal controls over financial reporting as of December 31, 2025 were effective.

This Annual Report does not include an attestation report of our independent registered public accounting firm due to our status as an emerging growth company under the JOBS Act.

*Changes in Internal Control over Financial Reporting*

There has been no change in our internal control over financial reporting, during the most recently completed fiscal quarter, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**ITEM 9B. Other Information.**

None.

**ITEM 9C. Disclosure Regarding Foreign Jurisdictions That Prevent Inspections.**

Not applicable.

## PART III

### ITEM 10. Directors, Executive Officers and Corporate Governance

**Code of Business Conduct and Ethics**

Our board adopted a Code of Business Conduct and Ethics on February 15, 2023 (the "Code of Ethics") that applies to all of our directors, officers and employees, including our principal executive officer, principal financial officer and principal accounting officer, which is available on our website. Our Code of Ethics is a "code of ethics," as defined in Item 406(b) of Regulation S-K. We will make any legally required disclosures regarding amendments to, or waivers of, provisions of our code of ethics on our website at www.verdecleanfuels.com.

**Insider Trading Policy**

We have adopted an Insider Trading Policy governing the purchase, sale and/or other dispositions of our securities by our directors, officers and employees. A copy of the Insider Trading Policy is filed as an exhibit to this Annual Report.

**Limitation on Liability and Indemnification Matters**

Our charter contains provisions that limit the liability of our directors for damages to the fullest extent permitted by Delaware law. Consequently, our directors will not be personally liable to us or our stockholders for damages as a result of an act or failure to act in his or her capacity as a director, unless:

- the presumption that directors are acting in good faith, on an informed basis, and with a view to the interests of Verde Clean Fuels has been rebutted; and
- it is proven that the director's act or failure to act constituted a breach of his or her fiduciary duties as a director and such breach involved intentional misconduct, fraud or a knowing violation of law.

The remaining information required by Item 10 is incorporated herein by reference from our Definitive Proxy Statement for the 2026 Annual Meeting of Stockholders ("2026 Proxy") to be filed pursuant to Regulation 14A within 120 days after the close of the fiscal year ended December 31, 2025.

### ITEM 11. Executive Compensation

The information required by Item 11 is incorporated herein by reference from our 2026 Proxy to be filed pursuant to Regulation 14A within 120 days after the close of the fiscal year ended December 31, 2025.

### ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by Item 12 is incorporated herein by reference from our 2026 Proxy to be filed pursuant to Regulation 14A within 120 days after the close of the fiscal year ended December 31, 2025.

### ITEM 13. Certain Relationships and Related Transactions, and Director Independence

The information required by Item 13 is incorporated herein by reference from our 2026 Proxy to be filed pursuant to Regulation 14A within 120 days after the close of the fiscal year ended December 31, 2025.

### ITEM 14. Principal Accountant Fees and Services.

The Company's independent registered public accounting firm is Deloitte & Touche LLP, PCAOB ID: 34

The information required by Item 14 is incorporated herein by reference from our 2026 Proxy to be filed pursuant to Regulation 14A within 120 days after the close of the fiscal year ended December 31, 2025.

## PART IV

### ITEM 15. Exhibits, Consolidated Financial Statement Schedules

(A) The following documents are filed as part of this Annual Report:

(1) Consolidated Financial Statements:

See Item 8. Financial Statements and Supplementary Data.

(2) Consolidated Financial Statement Schedules:

None.

(3) Exhibits

The following is a list of exhibits filed as part of this Annual Report:

| | | Incorporated by Reference | | | | |
|---|---|---|---|---|---|---|
| Exhibit No. | Description | Form | File No. | Exhibit | Filing Date | Filed/Furnished Herewith |
| 2.1† | Business Combination Agreement, dated as of August 12, 2022, by and among the Company, CENAQ, Holdings, OpCo and Sponsor. | 8-K | 001-40743 | 2.1 | 8/12/2022 | |
| 2.2 | Amendment No. 1 to the Business Combination Agreement, dated December 21, 2022 by and among CENAQ, OpCo, Holdings, Intermediate and Sponsor. | 8-K | 001-40743 | 2.2 | 2/21/2023 | |
| 3.1 | Fifth Amended and Restated Certificate of Incorporation of Verde Clean Fuels, Inc. | 8-K | 001-40743 | 3.1 | 1/29/2025 | |
| 3.2 | Certificate of Correction to Fifth Amended and Restated Certificate of Incorporation of Verde Clean Fuels, Inc. | 8-K | 001-40743 | 3.1 | 4/7/2025 | |
| 3.3 | Amended and Restated Bylaws of Verde Clean Fuels, Inc. | 8-K | 001-40743 | 3.2 | 2/21/2023 | |
| 4.1 | Specimen Unit Certificate. | S-1 | 333-253695 | 4.1 | 8/6/2021 | |
| 4.2 | Specimen Class A Common Stock Certificate. | S-1 | 333-253695 | 4.2 | 8/6/2021 | |
| 4.3 | Specimen Warrant Certificate. | S-1 | 333-253695 | 4.3 | 8/6/2021 | |
| 4.4 | Warrant Agreement between Continental Stock Transfer & Trust Company and CENAQ Energy Corp., dated August 17, 2021. | 8-K | 001-40743 | 4.4 | 8/17/2021 | |
| 4.5 | Description of Securities of Verde Clean Fuels, Inc. | 10-K | 001-40743 | 4.5 | 3/28/2025 | |
| 10.1 | Form of Verde Clean Fuels Indemnification Agreement. | 8-K | 001-40743 | 10.1 | 2/21/2023 | |
| 10.2 | 2023 Omnibus Incentive Plan. | 8-K | 001-40743 | 10.2 | 2/21/2023 | |

| Exhibit No. | Description | Incorporated by Reference | | | | Filed/Furnished Herewith |
|---|---|---|---|---|---|---|
| | | Form | File No. | Exhibit | Filing Date | |
| 10.3 | Form of Non-Employee Director Stock Option Grant Notice and Award Agreement. | 10-Q | 001-40743 | 10.1 | 8/13/2024 | |
| 10.4 | Letter Agreement, dated as of August 12, 2021, by and among CENAQ Energy Corp. and its officers and directors and CENAQ Sponsor, LLC. | 8-K | 001-40743 | 10.1 | 8/17/2021 | |
| 10.5 | Amendment No. 1 to Sponsor Letter Agreement, dated as of October 26, 2022, by and among CENAQ Energy Corp. and its officers and directors and CENAQ Sponsor, LLC. | 8-K | 001-40743 | 10.9 | 2/21/2023 | |
| 10.6 | Amendment No. 2 to Sponsor Letter Agreement, dated as of February 14, 2023, by and among CENAQ Energy Corp. and its officers and directors and CENAQ Sponsor, LLC. | 8-K | 001-40743 | 10.10 | 2/21/2023 | |
| 10.7 | Sponsor Agreement, dated as of August 12, 2022, by and among the Company, CENAQ, Holdings and Sponsor. | 8-K | 001-40743 | 10.1 | 8/12/2022 | |
| 10.8 | Underwriters Letter, dated as of August 12, 2022, by and among Intermediate, CENAQ, Holdings and the underwriters. | 8-K | 001-40743 | 10.2 | 8/12/2022 | |
| 10.9 | Form of Subscription Agreement. | 8-K | 001-40743 | 10.3 | 8/12/2022 | |
| 10.10 | Tax Receivable Agreement, dated February 15, 2023, by and among Verde Clean Fuels, Inc. and the persons named therein. | 8-K | 001-40743 | 10.5 | 2/21/2023 | |
| 10.11 | A&R Registration Rights Agreement, dated February 15, 2023, by and among Verde Clean Fuels, Inc. and the persons named therein. | 8-K | 001-40743 | 10.6 | 2/21/2023 | |
| 10.12 | OpCo A&R LLC Agreement, including any Certificates of Designations. | 8-K | 001-40743 | 10.7 | 2/21/2023 | |
| 10.13 | Lock-Up Agreement, dated as of August 12, 2022. | 8-K | 001-40743 | 10.5 | 8/12/2022 | |
| 10.14 | Equity Participation Right Agreement, dated as of February 13, 2023, by and among CENAQ, OpCo and Cottonmouth. | 8-K | 001-40743 | 10.4 | 2/14/2023 | |
| 10.15 | Lease Agreement, dated as of March 1, 2011, by and between Hillsborough Park, L.L.C. and Primus Green Energy (the "Lease Agreement"). | 10-K | 001-40743 | 10.13 | 3/31/2023 | |
| 10.16 | First Amendment to the Lease Agreement, dated as of June 16, 2015, by and between Hillsborough Park, L.L.C. and Primus Green Energy. | 10-K | 001-40743 | 10.14 | 3/31/2023 | |

| Exhibit No. | Description | Incorporated by Reference: Form | File No. | Exhibit | Filing Date | Filed/Furnished Herewith |
|---|---|---|---|---|---|---|
| 10.17 | Second Amendment to the Lease Agreement, dated as of December 24, 2018, by and between Hillsborough Park, L.L.C. and Primus Green Energy. | 10-K | 001-40743 | 10.15 | 3/31/2023 | |
| 10.18 | Third Amendment to the Lease Agreement, dated as of December, 2019 by and between Hillsborough Park, L.L.C. and Primus Green Energy. | 10-K | 001-40743 | 10.16 | 3/31/2023 | |
| 10.19 | Fourth Amendment to the Lease Agreement, dated as of December 29, 2020, by and between Hillsborough Park, L.L.C. and Bluescape Clean Fuels, LLC. | 10-K | 001-40743 | 10.17 | 3/31/2023 | |
| 10.20 | Fifth Amendment to the Lease Agreement, dated as of December 20, 2021, by and between Hillsborough Park, L.L.C. and Bluescape Clean Fuels, LLC. | 10-K | 001-40743 | 10.18 | 3/31/2023 | |
| 10.21 | Sixth Amendment to the Lease Agreement, dated as of January 4, 2023, by and between Hillsborough Park, L.L.C. and Bluescape Clean Fuels, LLC. | 10-K | 001-40743 | 10.19 | 3/31/2023 | |
| 10.22 | Promissory Note, dated February 15, 2023, issued to the CENAQ Sponsor by Verde Clean Fuels. | 10-K | 001-40743 | 10.20 | 3/31/2023 | |
| 10.23 | Employment Agreement, dated as of April 12, 2023 by and between the Company and Ernest B. Miller. | 8-K | 001-40743 | 10.1 | 4/17/2023 | |
| 10.24 | Employment Agreement, dated as of April 12, 2023 by and between the Company and John Doyle. | 8-K | 001-40743 | 10.2 | 4/17/2023 | |
| 10.25 | Seventh Amendment to the Lease Agreement, dated as of January 10, 2024, by and between Hillsborough Park, L.L.C. and Bluescape Clean Fuels, LLC | 10-K | 001-40743 | 10.22 | 3/28/2024 | |
| 10.26 | Joint Development Agreement dated as of February 6, 2024, by and between the Company and Cottonmouth. | 10-K | 001-40743 | 10.26 | 3/28/2025 | |
| 10.27 | Employment Agreement, dated as of September 30, 2024 by and between the Company and George W. Burdette III. | 8-K | 001-40743 | 10.1 | 9/30/2024 | |
| 10.28 | Class A Common Stock Purchase Agreement dated as of December 18, 2024, by and between the Company and Cottonmouth. | 8-K | 001-40743 | 10.1 | 12/19/2024 | |
| 10.29 | Eighth Amendment to the Lease Agreement, dated January 6, 2025, by and between Hillsborough Park, L.L.C., and Bluescape Clean Fuels, LLC | 10-K | 001-40743 | 10.29 | 3/28/2025 | |

| Exhibit No. | Description | Incorporated by Reference Form | File No. | Exhibit | Filing Date | Filed/Furnished Herewith |
|---|---|---|---|---|---|---|
| 10.30 | Amendment No. 1 to the Equity Participation Right Agreement dated as of January 29, 2025, by and among the Company, OpCo and Cottonmouth. | 8-K | 001-40743 | 10.1 | 1/29/2025 | |
| 10.31 | Second Amended and Restated Registration Rights Agreement dated January 29, 2025, by and among Verde and the persons named therein. | 8-K | 001-40743 | 10.1 | 1/29/2025 | |
| 10.32 | Ninth Amendment to the Lease Agreement, dated January 23, 2026, by and between Hillsborough Park, L.L.C., and Bluescape Clean Fuels, LLC | | | | | X |
| 19.1 | Insider Trading Policy. | 10-K | 001-40743 | 19.1 | 3/28/2024 | |
| 21.1 | List of subsidiaries. | 8-K | 001-40743 | 21.1 | 2/21/2023 | |
| 23.1 | Consent of Deloitte & Touche LLP, independent registered public accounting firm. | | | | | X |
| 24.1 | Power of Attorney (included on signature pages of this Annual Report on Form 10-K). | | | | | X |
| 31.1 | Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | | | | | X |
| 31.2 | Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | | | | | X |
| 32.1 | Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. | | | | | X |
| 32.2 | Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. | | | | | X |
| 97.1 | Policy Relating to Recovery of Erroneously Awarded Compensation. | 10-K | 001-40743 | 97.1 | 3/28/2024 | |
| 101.INS | Inline XBRL Instance Document. | | | | | X |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document. | | | | | X |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document. | | | | | X |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document. | | | | | X |

| Exhibit No. | Description | Incorporated by Reference Form | File No. | Exhibit | Filing Date | Filed/Furnished Herewith |
|---|---|---|---|---|---|---|
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document. | | | | | X |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document. | | | | | X |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101). | | | | | |

† Schedules and exhibits to this Exhibit omitted pursuant to Regulation S-K Item 601(b)(2). The Company agrees to furnish supplementally a copy of any omitted schedule or exhibit to the SEC upon request.

**ITEM 16. Form 10-K Summary**

None.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

| | |
|---|---|
| March 27, 2026 | **Verde Clean Fuels, Inc.** |
| | By: /s/ George Burdette |
| | Name: George Burdette |
| | Title: Chief Executive Officer<br>(Principal Executive Officer) |
| March 27, 2026 | |
| | By: /s/ George Burdette |
| | Name: George Burdette |
| | Title: Chief Financial Officer<br>(Principal Financial Officer) |

## POWER OF ATTORNEY

Each person whose individual signature appears below hereby authorizes and appoints George Burdette as his or her true and lawful attorney-in-fact and agent to act in his or her name, place and stead and to execute in the name and on behalf of each person, individually and in each capacity stated below, and to file any and all amendments to this Annual Report on Form 10-K and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing, ratifying and confirming all that said attorneys-in-fact and agents or any of them or their or his or her substitute or substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| Name | Position | Date |
|---|---|---|
| /s/ George Burdette<br>George Burdette | Chief Executive Officer<br>*(Principal Executive Officer)* | March 27, 2026 |
| /s/ George Burdette<br>George Burdette | Chief Financial Officer<br>*(Principal Financial Officer and Principal Accounting Officer)* | March 27, 2026 |
| /s/ Ron Hulme<br>Ron Hulme | Chairman of the Board | March 27, 2026 |
| /s/ Johnny Dossey<br>Johnny Dossey | Director | March 27, 2026 |
| /s/ Curtis Hébert, Jr.<br>Curtis Hébert, Jr. | Director | March 27, 2026 |
| /s/ Duncan Palmer<br>Duncan Palmer | Director | March 27, 2026 |
| /s/ Jonathan Siegler<br>Jonathan Siegler | Director | March 27, 2026 |
| /s/ Dail St. Claire<br>Dail St. Claire | Director | March 27, 2026 |
| /s/ Graham van’t Hoff<br>Graham van’t Hoff | Director | March 27, 2026 |