GBC AG
Investment Research

Zefiro Methane Corp.[*5a,11]

Significant increase in turnover compared with the previous quarter – order book points to growth prospects

Industry: environmental services
Focus: well plugging and monitoring, carbon credits
Founded: 2018 (Caden Capital Corp.) 1970 (Plants & Goodwin)

Employees: approx. 150
Headquarters: Bradford (Pennsylvania); Vancouver (Registered Office)
Board of Directors: C. Flax, C. Loeffler, J. Sun, D. Heald, H. Moawalla

Zefiro Methane Corp. is a publicly traded environmental services company with its operational focus in the United States. It offers integrated services for the identification, measurement, and reduction of methane emissions from abandoned, orphaned, and improperly sealed oil and gas wells. Its service portfolio includes, in particular, methane measurements, technical planning, well abandonment, cementing, wireline, and transportation services, as well as the development and marketing of carbon credits. Operational activities are primarily carried out through the subsidiaries Plants & Goodwin and Appalachian Well Surveys. While Plants & Goodwin has more than 50 years of experience in the abandonment of oil and gas wells, Appalachian Well Surveys provides complementary technical services. In addition to government-funded orphan well programs, the company serves private energy producers and infrastructure operators.

in millions of USD	FY 24/25	FY 25/26	FY 26/27e	FY 27/28e	FY 28/29e
Revenue	32.41	42.49	57.92	66.85	75.21
EBITDA	-4.75	0.60	10.02	12.22	15.04
EBIT	-8.53	-2.75	6.31	8.21	11.33
Net income	-10.76	-3.55	4.21	5.77	8.31
Earnings per share	-0.15	-0.04	0.04	0.05	0.08
Dividend per share	0.00	0.00	0.00	0.00	0.00
EV/Revenue	1.97	1.50	1.10	0.96	0.85
EV/EBITDA	neg.	106.06	6.38	5.23	4.25
EV/EBIT	neg.	neg.	10.13	7.79	5.64
P/E	neg.	neg.	12.16	8.87	6.16
P/B	65.27	7.10			

Investment Case

- **Positive operational trend:** Revenue in the core business rose by 2.8 per cent in Q1 2026/27; sequential revenue growth of 30.7 per cent.
- **Viking integration is progressing:** Increasing utilisation of the acquired fleet is supporting revenue growth and geographical expansion.
- **Significantly expanded order book:** Government well-plugging projects worth around USD 40 million ensure high revenue visibility through to 2029.
- **Operating profitability improved:** Adjusted EBITDA back in positive territory compared with the previous quarter; further margin increases expected as utilisation rises.
- **Additional potential from carbon credits:** New certification methodology could enable the resumption of high-margin carbon credit revenue.
- **Financial flexibility strengthened:** Successful capital raising improves liquidity; price target raised slightly to USD 1.47, BUY rating confirmed.

Rating: Buy
Price Target: 1.47 USD (1.34 EUR*)
*(1.00 USD = 0.91 EUR; 16.11.2026; 12:21 UTC)

Share Information and Key Data



Price as of 17.11.26 (closing)	0.43 USD
Ticker (Bloomberg)	ZEFIF:US
ISIN (Germany)	CA98926D1069
WKN (Germany)	A3DVHU
Number of shares (in millions)	119.0
Market cap (in millions USD)	51.17
EV (in millions of USD)	63.93
Stock exchange	Frankfurt, CBOE
End of fiscal year	June 30
Accounting standards	IFRS

Financial Calendar

latest by 14/02/27	Q2 26/27
latest by 15/05/27	Q3 26/27

Analysts

Cosmin Filker (filker@gbc-ag.de)
Matthias Greiffenberger (greiffenberger@gbc-ag.de)

Latest GBC Research

Date: Publication / Price Target in USD / Rating
28.10.2026 / RS / 1.42 / BUY
13.10.2026 / RS / 1.50 / BUY
21.07.2026 / RS / 1.50 / BUY
** The research reports listed above can be viewed at www.gbc-ag.de

Completion: 18.11.2026 (0:30 pm)
First distribution: 18.11.2026 (1:15 pm)

Validity of the price target: max. until 30.06.2027

* List of potential conflicts of interest on p. 6

IMPORTANT NOTE:
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Note in accordance with MiFID II regulations for research on 'minor non-monetary benefits': In GBC AG's assessment, this research meets the criteria for classification as a 'minor non-monetary benefit'. Further information on this can be found in the disclosure under '§1 Research under MiFID II'.

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BUSINESS DEVELOPMENT Q1 2026/27

P&L in USDm	q1 2024/25	q1 2025/26	q1 2026/27
Revenue	10.01	12.14	12.15
EBITDA-adjusted*1	N/A	2.76	0.13
EBITDA	-0.12	2.58	-0.67
EAT	-1.64	0.63	-2.43

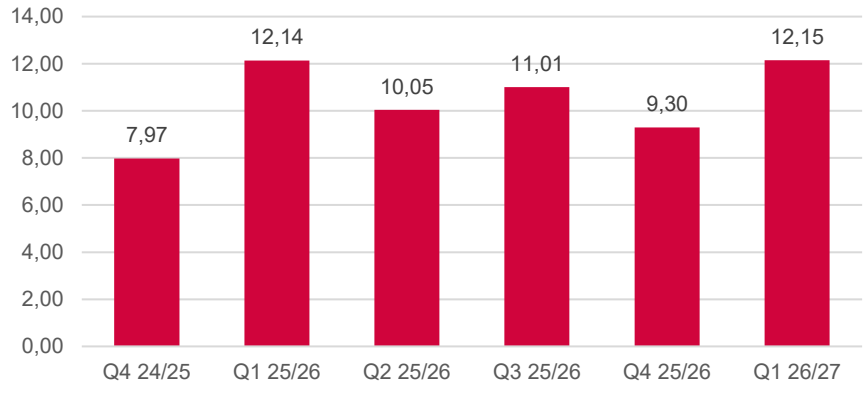
*Sources: Zefiro Methane Corp.; GBC AG; *1according to the company's figures*

Revenue and Earnings Performance q1 2026/27

Zefiro Methane Corp. (Zefiro) has made a positive start to the 2026/27 financial year in terms of revenue. In the first quarter of 2026/27, revenue amounted to USD 12.15 million (previous year: USD 12.14 million), which was on a par with the previous year; however, revenue from the sale of carbon credits, which amounted to USD 0.32 million in the previous year's figure, must be taken into account. On an adjusted basis, revenue from the core business therefore increased by 2.8%. This was driven by the increasing utilisation of the Viking fleet, which was acquired in May 2026 and is being progressively integrated into operations, enabling project assignments in the US states of Indiana and Michigan for the first time. In August and September 2026 alone, the acquired fleet generated revenue of around USD 1.5 million.

The operational growth trajectory is even more evident when compared with the previous fourth quarter of 2025/26, in which Zefiro had generated revenue of USD 9.30 million. By contrast, the current quarterly revenue represents a significant increase of 30.7% and also marks the highest-revenue quarter in the company's history.

Quarterly revenue (in millions of US dollars)



Sources: Zefiro Methane Corp.; GBC AG

Owing to the higher staff and operating costs associated with the expansion of operational capacity, the gross margin fell to 20.4% in the first quarter of 26/27 (previous year: 37.8%), resulting in a decline in gross profit to USD 2.48 million (previous year: USD 4.59 million). In addition to the acquisition of the Viking fleet, this was also driven by additional personnel hired to execute new customer contracts, as well as increased expenditure on fuel, equipment hire and maintenance. Furthermore, high-margin revenue from carbon credit sales was absent. However, compared with the immediately preceding fourth quarter of 2025/26 (18.6%), the

gross margin improved by 1.8 percentage points, indicating increasing utilisation of the expanded operational capacity.

The higher costs were also reflected in the trend in adjusted EBITDA, which, at USD 0.13 million, was also below the previous year's figure of USD 2.76 million. Compared with the fourth quarter of 2025/26, in which an adjusted EBITDA of around USD -0.60 million had been reported, the company did, however, returned to positive adjusted EBITDA.

Forecasts

P&L in USDm	FY 2025/26	FY 2026/27e	FY 2027/28e	FY 2028/29e
Revenue	42.49	57.92	66.85	75.21
EBITDA	0.60	10.02	12.22	15.04
EBIT	-2.75	6.31	8.21	11.33
Net income	-3.55	4.21	5.77	8.31

Source: GBC AG

This positive operational performance is underpinned by a significantly expanded order book. According to the company, it now has a portfolio of government-funded well-plugging projects worth around USD 40 million, some of which are scheduled for completion by June 2029. This includes, amongst other things, a major contract worth USD 11.5 million secured in September 2026. Furthermore, the company has concluded seven new master service agreements with private-sector clients, made possible by the acquisition of the Viking fleet. Overall, the significantly expanded project pipeline offers high revenue visibility for the coming financial years and lays the foundation for increased utilisation of existing operational capacity.

Management is now focusing on executing its existing project pipeline and increasing the utilisation of existing capacities, which should also improve profitability. The improvement in profitability is expected to be further supported by the carbon credits division. As Zefiro announced on 2 November 2026, the Orphaned Well Plugging Protocol (OWP) – developed by the certification organisation Isometric, with the company having contributed both financially and technically to its development – is nearing finalisation. The new set of rules is intended to enable the generation of carbon credits through the permanent decommissioning of orphaned oil and gas wells. Once it has been finally adopted, this could therefore generate additional revenue from the sale of carbon credits.

The company significantly strengthened its financial flexibility through the capital increase successfully completed after the balance sheet date (30 September 2026). As part of the transaction, cash and cash equivalents amounting to approximately CAD 4.70 million (approx. USD 3.35 million) were raised. As at the balance sheet date, cash and cash equivalents had stood at just USD 0.50 million. The capital raising has therefore significantly improved the company's liquidity position.

Although the underlying assumptions of our DCF valuation model has not changed, our price target has risen slightly to USD 1.47 (previously: USD 1.42) due to changes in the valuation of outstanding options and warrants (Black-Scholes model). Based on a converted price target of CAD 2.10 (USD 1 = CAD 1.43) or €1.34 (USD 1 = EUR 0.91), we maintain our 'BUY' rating.

APPENDIX

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The expected return, based on the determined price target and including expected dividend payments over the relevant time horizon, is at least +10 %.

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