



# Green Impact Partners

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As At and For the Three Months Ended March 31, 2023 and 2022  
(UNAUDITED)

May 19, 2023

**GREEN IMPACT PARTNERS INC.**

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

*(Unaudited)**(Thousands of Canadian dollars)*

	Note	March 31, 2023	December 31, 2022
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		995	2,692
Trade and other receivables	5	16,388	17,433
Inventory		1,962	2,065
Risk management contracts	6	-	429
Other current assets	5	4,235	3,123
<b>Total Current Assets</b>		<b>23,580</b>	<b>25,742</b>
Property, plant and equipment	7	124,160	194,267
Investment in joint venture	4,8	27,019	-
Long-term investments		2,878	2,803
Intangible assets		1,661	1,695
Risk management contracts	6	-	329
Deferred income tax assets		2,810	2,141
<b>Total Assets</b>		<b>182,108</b>	<b>226,977</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	5	24,617	21,031
Current portion of long-term debt	9	264	348
Other current liabilities	10	8,593	8,477
<b>Total Current Liabilities</b>		<b>33,474</b>	<b>29,856</b>
Long-term debt	9	27,798	66,057
Other long-term liabilities	10	1,919	1,893
Asset retirement obligation		8,671	8,160
Deferred income tax liabilities		3,309	3,341
<b>Total Liabilities</b>		<b>75,171</b>	<b>109,307</b>
<b>Shareholders' Equity</b>			
Share capital	11	107,449	107,449
Contributed surplus	13	3,254	1,903
Accumulated other comprehensive income		826	2,096
Deficit		(18,312)	(7,581)
<b>Total Shareholders' Equity</b>		<b>93,217</b>	<b>103,867</b>
Non-controlling interests	14	13,720	13,803
<b>Total Liabilities and Shareholders' Equity</b>		<b>182,108</b>	<b>226,977</b>

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

Approved by the Board of Directors of Green Impact Partners Inc.

(signed) "Geeta Sankappanavar"  
**GEETA SANKAPPANAVAR, DIRECTOR**

(signed) "Jesse Douglas"  
**JESSE DOUGLAS, DIRECTOR & CEO**



## GREEN IMPACT PARTNERS INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

FOR THE THREE MONTHS ENDED MARCH 31,

(Unaudited)

(Thousands of Canadian dollars)

	Note	2023	2022
Revenue		38,498	44,787
Direct costs		37,382	42,413
<b>Gross Margin</b>		<b>1,116</b>	<b>2,374</b>
<b>Operating Expenses:</b>			
Depreciation and amortization	7	1,264	1,305
Salaries and wages		806	416
Selling, general and administration		835	752
		<b>2,905</b>	<b>2,473</b>
<b>Loss from Operations</b>		<b>(1,789)</b>	<b>(99)</b>
<b>Non-Operating Expense (Income):</b>			
Unrealized gain on risk management contracts	6	(555)	-
Equity loss from joint venture	8	553	-
Finance costs	9	610	386
Share-based compensation	13	1,351	121
Gain on sale of interest in subsidiary	4	(10,142)	-
Realized loss on foreign exchange		2	-
		<b>(8,181)</b>	<b>507</b>
<b>Income (Loss) Before Income Tax</b>		<b>6,392</b>	<b>(606)</b>
<b>Income Tax:</b>			
Current tax expense		2,601	11
Deferred tax recovery		(701)	(88)
		<b>1,900</b>	<b>(77)</b>
<b>Net Income (Loss)</b>		<b>4,492</b>	<b>(529)</b>
<b>Net Income (Loss) Attributable to:</b>			
Shareholders of the Company		4,492	(545)
Non-controlling interest	14	-	16
		4,492	(529)
Currency translation adjustment		235	(446)
<b>Comprehensive income (loss)</b>		<b>4,727</b>	<b>(975)</b>
<b>Comprehensive Income (Loss) Attributable to:</b>			
Shareholders of the Company		4,716	(982)
Non-controlling interest	14	11	7
		4,727	(975)
<b>Net Income (Loss) per Common Share:</b>			
Basic	12	0.22	(0.03)
Fully diluted	12	0.22	(0.03)

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



**GREEN IMPACT PARTNERS INC.**

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31,

(Unaudited)

(Thousands of Canadian dollars)

	Note	2023	2022
<b>OPERATING ACTIVITIES</b>			
Net income (loss) including non-controlling interest		4,492	(529)
Items not affecting cash:			
Depreciation and amortization		1,264	1,305
Deferred income tax recovery		(701)	(88)
Share-based compensation		1,351	386
Unrealized gain on risk management contracts		(555)	-
Equity loss from joint venture		553	-
Gain on sale of interest in subsidiary		(10,142)	-
Finance costs		610	121
<b>Funds from operations</b>		<b>(3,128)</b>	<b>1,195</b>
Changes in non-cash operating working capital		3,761	(1,135)
<b>Cash from operations</b>		<b>633</b>	<b>60</b>
<b>INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment	7	(8,113)	(13,643)
Acquisition of non-controlling interest	4	(15,222)	-
Proceeds on sale of interest in subsidiary (net of working capital sold)	4	21,471	-
Additions to long-term investments		(75)	-
Changes in non-cash investing working capital		(137)	4,885
<b>Cash used in investing activities</b>		<b>(2,076)</b>	<b>(8,758)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from of debt		322	8,205
Interest paid on long-term debt		(507)	(26)
Dividends paid to non-controlling interest		(83)	-
Treasury shares acquired	11	-	(2,559)
<b>Cash from (used in) financing activities</b>		<b>(268)</b>	<b>5,620</b>
<b>Impact of foreign currency translation on cash</b>		<b>14</b>	<b>17</b>
<b>Decrease in cash and equivalents</b>		<b>(1,697)</b>	<b>(3,061)</b>
Cash & cash equivalents, beginning of period		2,692	4,498
<b>Cash and cash equivalents, end of period</b>		<b>995</b>	<b>1,437</b>

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

**GREEN IMPACT PARTNERS INC.**

## CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

FOR THE THREE MONTHS ENDED MARCH 31,

*(Unaudited)*

(Thousands of Canadian dollars)

	Note	2023	2022
<b>SHARE CAPITAL</b>			
Balance, beginning of period		107,449	112,856
Treasury shares acquired	11	-	(2,559)
<b>Balance, end of period</b>		<b>107,449</b>	<b>110,297</b>
<b>CONTRIBUTED SURPLUS</b>			
Balance, beginning of period		1,903	36
Share-based compensation	13	1,351	386
<b>Balance, end of period</b>		<b>3,254</b>	<b>422</b>
<b>ACCUMULATED OTHER COMPREHENSIVE LOSS</b>			
Balance, beginning of period		2,097	293
Reclassification on sale of interest in subsidiary	4	(1,506)	-
Currency translation adjustment		235	(446)
<b>Balance, end of period</b>		<b>826</b>	<b>(153)</b>
<b>RETAINED EARNINGS</b>			
Balance, beginning of period		(7,582)	1,759
Purchase of non-controlling interest	4	(15,222)	-
Net loss attributable to shareholders' of the Company		4,492	(545)
<b>Balance, end of period</b>		<b>(18,312)</b>	<b>1,214</b>
<b>Total Shareholders' Equity</b>		<b>93,217</b>	<b>111,780</b>

The accompanying Notes are an integral part of these condensed consolidated interim financial statements



## **GREEN IMPACT PARTNERS INC.**

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2023 and 2022

*(Unaudited)*

*(All tabular amounts presented in thousands of Canadian dollars except share amounts)*

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## **1. DESCRIPTION OF THE BUSINESS**

Green Impact Partners Inc. (“GIP” or the “Company”) was incorporated on May 2, 2011, under the British Columbia Business Corporations Act. The Company’s common shares are traded on the TSX Venture Exchange under the symbol “GIP”. The Company’s registered address is 666 Burrard St. #2500, Vancouver, British Columbia, V6C 2X8.

The Company is a clean energy company with an operating portfolio of water and solids treatment and recycling facilities in North America. The Company also has a portfolio of renewable natural gas (“RNG”) and clean energy development projects.

## **2. BASIS OF PRESENTATION**

### ***a) Statement of Compliance***

These consolidated interim financial statements (the “financial statements”) have been prepared by management using accounting policies consistent with International Financial Reporting Standards (“IFRS”) and in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board. The financial statements do not include all the information required for full annual statements and should be read in conjunction with the audited annual consolidated financial statements of the Company for the years ended December 31, 2022 and 2021.

These financial statements were approved by the Company’s Board of Directors on May 19, 2023.

### ***b) Basis of Measurement***

These consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments, which have been measured at fair value. All values are rounded to the nearest thousand dollar, except where otherwise indicated.

These consolidated financial statements are presented in Canadian dollars which is the presentation currency of the Company and its subsidiaries. The functional currency of the Company and its subsidiaries is Canadian dollars except for three subsidiaries which have a functional currency of US dollars.

The accounting policies and significant accounting judgments, estimates, and assumptions used in these unaudited interim condensed consolidated financial statements are consistent with those described in Notes 3, 4 and 5 of the Company’s audited consolidated financial statements for the years ended December 31, 2022 and 2021.

## **3. SIGNIFICANT ESTIMATES AND JUDGMENTS**

The timely preparation of the Company’s financial statements requires management to make judgments, estimates and assumptions that affect the reported assets, liabilities, revenues, expenses, gains, losses, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The estimates and underlying assumptions are reviewed by management on an ongoing basis, with any adjustments recognized in the period in which the estimate is revised.

The key estimates and judgments concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of



## GREEN IMPACT PARTNERS INC.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2023 and 2022

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assets and liabilities include those related to the determination of cash generating units, depreciation and amortization, recoverability of assets, asset retirement obligations and accretion, other provisions and contingent liabilities, inventories, deferred income taxes, provision for expected credit losses, fair value of financial instruments, purchase price equations, and net investments in foreign subsidiaries. Readers are cautioned that the preceding list is not exhaustive and other items may also be affected by estimates and judgments.

#### 4. FINANCING AND SALE TRANSACTION

On February 21, 2023, the Company announced it had selected Amber Infrastructure Group (“Amber”) as a strategic partner on its GreenGas Colorado RNG project (“GreenGas”), its RNG project located in Iowa (“Iowa RNG”) and its large-scale bio-fuel facility in Calgary, Alberta (“Future Energy Park”), representing up to \$545 million in total investment for a 50% project-level equity interest in each facility (the “Transaction”).

As part of the Transaction, the Company executed a strategic partnering agreement with Amber whereby Amber has agreed to purchase 50% of the equity in Future Energy Park and Iowa RNG for aggregate consideration of up to \$485 million, subject to certain conditions including, but not limited to, the completion of material project and partnership documents, the close of non-recourse project debt financing, minimum economic returns, and other customary conditions of transactions of this nature. The strategic partnering agreement also outlines a framework for GIP and Amber to continue to partner on future opportunities over the next two years under similar terms and conditions by giving Amber a first right to provide equity if the parties mutually agree to investment terms.

During the three months ended March 31, 2023, the Company transferred all assets and liabilities from the development corporation, Future Energy Development Corp. (“FEP Dev Corp”) to a newly formed Future Energy Park Limited Partnership (“FEP LP”). FEP LP Class A units are currently 100% held by GIP, with 50% expected to be held by Amber Infrastructure in accordance with the strategic partnering agreement. The Class B units are held by FEP Dev Corp. and entitle the holders to a carried interest in the net distributions of FEP LP and hold no other rights.

Prior to the Transaction, on February 21, 2023, the Company, through its wholly owned subsidiary Green Impact Partners U.S. Inc. (“GIP US”), purchased all units held by its minority partner in GreenGas for \$15.2 million (US \$11.2 million). As GreenGas was controlled by the Company prior to the acquisition of this non-controlling interest, \$15.2 million was recorded in retained earnings, representing the difference between the cash consideration and the carrying value of the non-controlling interest at the date of purchase, which was \$nil.

Subsequently, on February 23, 2023 (the “Closing Date”), the Company sold 50% of its interest held by GIP US in GreenGas to Amber for proceeds of \$59.7 million (US \$43.9 million). The first instalment of \$38.7 million (US \$28.5 million) was paid upon the Closing Date, with \$20.9 million (US \$15.5 million) to be paid upon the potential future completion of a third-party sale of GreenGas Colorado investment tax credits (the “Contingent Consideration”). As a result of this transaction, Amber and GIP US entered into an amended and restated operating agreement and exercise joint control over GreenGas. The Contingent Consideration was not included within the proceeds on sale used to determine the gain on sale of GreenGas for the current period.



## GREEN IMPACT PARTNERS INC.

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The net assets that were sold to Amber as part of the Transaction as well as the calculation of the gain on sale is summarized below:

<b>Gross Net Assets:</b>	
Cash	16,330
Other current assets	8
Risk management contracts	1,323
Assets under construction	77,982
Current liabilities	(1,354)
Long-term debt, net of deferred financing costs	(38,650)
<b>Total Gross Net Assets</b>	<b>55,639</b>
Ownership interest disposed of	50%
<b>Net Assets Disposed of</b>	<b>27,819</b>
Gross Proceeds	38,743
Transaction costs	(2,288)
Reclassification of prior cumulative translation adjustments	1,506
<b>Gain on Sale of Interest in Subsidiary</b>	<b>10,142</b>

Effective on the Closing Date, the Company no longer controls GreenGas and is now a 50% partner in a joint venture with Amber. In prior periods, given the control relationship, GreenGas was consolidated for financial statement purposes. The results of operations from the period of January 1, 2023 to the Closing Date are presented within the consolidated statements of operating income and statements of cash flows for the three months ended March 31, 2023. As at the Closing Date and for all future periods, the Company's 50% portion of the net assets of GreenGas are presented as an investment in joint venture on the statement of financial position. The Company's portion of the results of operations from the Closing Date to March 31, 2023 have been reflected as a change in the carrying value of the investment in joint venture.

## 5. FINANCIAL RISK MANAGEMENT

### a) Accounts receivable and other current assets

	March 31, 2023	December 31, 2022
Trade receivables	2,652	3,254
Other receivables	13,736	14,179
	<b>16,388</b>	<b>17,433</b>
<b>Aged trade receivables</b>		
Current (<30 days)	1,899	2,119
31-60 days	157	525
61-90 days	70	100
>90 days	526	510
	<b>2,652</b>	<b>3,254</b>

Other receivables represent amounts accrued on energy product optimization services, which is collected in the month following the associated sale of energy products and is therefore all current. The entire balance was collected subsequent to March 31, 2023.





## GREEN IMPACT PARTNERS INC.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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#### Other current assets

The composition of other current assets is as follows:

	March 31, 2023	December 31, 2022
Prepaid expenses	3,399	2,171
Short-term promissory note	836	952
	<b>4,235</b>	<b>3,123</b>

There were two short-term promissory notes outstanding at March 31, 2023 representing payments made in relation to pre-development RNG projects. The payments were made by way of promissory notes that are to remain outstanding while definitive agreement negotiations between the Company and the developers proceed. The intent of the definitive agreements is to provide the Company the opportunity to invest future equity into the project.

Of the \$3.4 million in prepaid expenses, approximately \$2.0 million of those expenses relate to costs associated with the Transaction outlined in note 4. These costs are being deferred until the close of the sale to Amber of an equity interest in Future Energy Park.

#### a) Liquidity risk and capital management

The following are undiscounted contractual maturities of financial liabilities, including estimated interest as at March 31, 2023:

	Total	< 1 Year	1-3 Years	4-5 Years	After 5 Years
AP and accrued liabilities	24,617	24,617	-	-	-
Other current liabilities	8,593	8,593	-	-	-
Long-term debt	27,452	104	27,348	-	-
Other long-term liabilities	2,149	-	2,149	-	-
Lease obligations	228	150	78	-	-
<b>Total financial liabilities</b>	<b>63,039</b>	<b>33,464</b>	<b>29,575</b>	-	-

The Company's objectives when managing capital are to: (i) ensure the Company has the financial capacity to execute on its strategy to increase market share through organic growth or strategic acquisitions; (ii) maintain financial flexibility to meet financial commitments and maintain the confidence of shareholders, creditors and the market; and (iii) optimize the use of capital to provide an appropriate return on investment to shareholders.

The Company's overall capital management strategy remained unchanged from prior periods. The Company has established criteria for sound financial management and manages the capital structure based on current economic conditions, risk characteristics of underlying assets and planned capital and liquidity requirements. Total capitalization is maintained or adjusted by drawing on existing credit facilities, issuing new debt and through the disposal of underperforming assets, when required. Management considers the Company's current assets less current liabilities, long-term debt and shareholders' equity as the components of capital to be managed.



## GREEN IMPACT PARTNERS INC.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2023 and 2022

(Unaudited)

(All tabular amounts presented in thousands of Canadian dollars except share amounts)

	March 31, 2023	December 31, 2022
Current assets	23,580	25,742
Current liabilities	(33,474)	(29,856)
Long-term debt	27,798	66,057
Other long-term liabilities	1,919	1,893
Shareholders' equity	93,217	103,867
	<b>113,040</b>	<b>167,703</b>

#### b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Company manages exposure through its normal operating and financing activities. The Company is exposed to interest rate risk primarily through short-term and long-term borrowings with floating interest rates, as described in more detail in note 10. Other borrowings have fixed interest rates and would only be subject to interest rate fluctuations as refinancing is required.

## 6. RISK MANAGEMENT CONTRACTS

In order to mitigate the exposure to variable interest rates on the term loan for GreenGas (Note 9), the Company entered into an interest rate swap with the lender of the term loan. The swap has a notional amount of US \$37.9 million, a fixed rate of 7.35%, a start date of June 30, 2023, and terminates on June 30, 2029. Prior to the Closing Date described in note 4, the Company consolidated the financial results of GreenGas and did not apply hedge accounting to account for this financial instrument and therefore the swap was marked to market each reporting period with any unrealized gains and losses being recognized in earnings or losses. From the Closing Date to March 31, 2023 and for future periods, any changes in the fair value of the swap will be recognized through investment in joint venture.

The following summarizes the changes in the fair value of risk management contracts for the three months ended March 31, 2023:

Risk Management Contracts	
<b>Ending Balance, December 31, 2022</b>	<b>758</b>
Unrealized gain from December 31, 2022 to February 23, 2023 (close)	555
Translation adjustment	10
<b>Ending Balance, February 23, 2023 (pre-close)</b>	<b>1,323</b>
Disposal of interest in subsidiary	(1,323)
<b>Ending Balance, March 31, 2023</b>	<b>-</b>



## GREEN IMPACT PARTNERS INC.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2023 and 2022

(Unaudited)

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## 7. PROPERTY, PLANT AND EQUIPMENT

Net Book Value	General Plant & Processing Equipment	Land	Assets Under Construction	Total Property, Plant & Equipment
<b>Balance, December 31, 2022</b>	<b>39,838</b>	<b>21,601</b>	<b>132,828</b>	<b>194,267</b>
Additions	457	-	7,656	8,113
Changes in asset retirement obligation asset	441	-	-	441
Capitalization of borrowing costs	-	-	142	142
Disposal of interest in subsidiary (note 4)	-	-	(77,982)	(77,982)
Depreciation	(1,233)	-	-	(1,233)
Foreign currency translation	(2)	-	414	412
<b>Balance, March 31, 2023</b>	<b>39,501</b>	<b>21,601</b>	<b>63,058</b>	<b>124,160</b>

### **Capitalization of G&A, Share-based payments and borrowing costs**

A total of \$0.2 million in G&A expenditures have been capitalized and included in property, plant, and equipment ("PP&E") additions for the three months ended March 31, 2023 (2022 - \$0.2 million), respectively. No amounts related to share-based compensation expense have been capitalized to PP&E to date.

At March 31, 2023 there were no indicators of impairment of PP&E.

### **Assets under construction**

Assets under construction consist of PP&E for projects that are in the development phase and/or under construction. None of these projects were in operation as at March 31, 2023 and therefore no depreciation has been recorded to date.

The Company's two major and advanced RNG projects within assets under construction include GreenGas and Future Energy Park. The Company has also made investments in other earlier stage RNG projects, including Iowa RNG and other similar projects throughout North America. The following is a summary of amounts recorded in assets under construction by major project for the three months ended March 31, 2023:

	GreenGas Colorado	Future Energy Park	Other RNG Projects	Total Assets under Construction
<b>Balance, December 31, 2022</b>	<b>76,072</b>	<b>45,576</b>	<b>11,180</b>	<b>132,828</b>
Additions	1,347	4,394	1,915	7,656
Capitalization of borrowing costs	-	142	-	142
Foreign currency translation	563	-	(149)	414
Disposal of interest in subsidiary (note 4)	(77,982)	-	-	(77,982)
<b>Balance, March 31, 2023</b>	<b>-</b>	<b>50,112</b>	<b>12,946</b>	<b>63,058</b>

At March 31, 2023 there were no indicators of impairment of assets under construction.



## GREEN IMPACT PARTNERS INC.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2023 and 2022

(Unaudited)

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## 8. INVESTMENT IN JOINT VENTURE

The investment in joint venture represents the Company's 50% interest in the GreenGas Colorado LLC joint venture.

The following is a summary of changes in investment in joint venture for the three months ended March 31, 2023:

<b>Balance, December 31, 2022</b>	-
Initial recognition of investment in joint venture (note 4)	27,820
Company's portion of loss from operations from February 23 to March 31	(553)
Currency translation adjustment	(248)
<b>Balance, March 31, 2023</b>	<b>27,019</b>

The details of the net assets of the GreenGas joint venture along with the Company's portion is presented below:

	March 31, 2023
<b>Net Assets:</b>	
Cash	17,761
Other current assets	8
Risk management contracts	224
Assets under construction	87,337
Current liabilities	(8,233)
Long-term debt, net of deferred financing costs	(43,060)
Total Net Assets	54,037
GIP's ownership %	<b>50%</b>
<b>Investment in Joint Venture</b>	<b>27,019</b>

## 9. LONG TERM DEBT

	US\$ Denominated		Canadian \$ Amount	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Corporate credit facility	n/a	n/a	27,854	27,488
Construction and term loan	-	30,335	-	41,089
Other term debt	100	127	136	172
Lease obligations	76	88	214	254
	<b>176</b>	<b>30,550</b>	<b>28,204</b>	69,003
Deferred financing costs	-	(1,787)	(142)	(2,598)
<b>Total long-term debt</b>	<b>176</b>	<b>28,763</b>	<b>28,062</b>	<b>66,405</b>
Current portion			264	348
Long-term portion			27,798	66,057
<b>Total long-term debt</b>			<b>28,062</b>	<b>66,405</b>



## GREEN IMPACT PARTNERS INC.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2023 and 2022

*(Unaudited)*

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#### **Corporate credit facility**

On January 11, 2022, the Company entered into a \$30 million two-year committed, revolving credit facility (the "Facility") with a Canadian Schedule 1 bank to be used for general corporate purposes. The Facility is secured by a fixed and floating charge on all the assets of the Company with specific exclusions for GreenGas Colorado, Future Energy Park and its solid recycling business, Aloha Glass Recycling. Borrowings under the Facility bear interest at Canadian bank prime or US base rate, plus an applicable margin. The margins range from 75 basis points ("bps") to 175 bps depending on the Company's debt to tangible net worth as calculated on an annual basis. The undrawn portion of the Facility is subject to a standby fee in the range of 15 bps to 45 bps. The Facility also provides for the issuances of letters of credit with an interest rate ranging from 225 bps to 325 bps.

In December 2022, the \$30 million credit facility was renewed for another two-year committed period. The pricing grid remains unchanged from that described above, however, the financial covenants were amended to the following (all capitalized terms are as described in the Credit Agreement governing the Facility"):

- i. The Debt to Tangible Net Worth Ratio shall at all times be less than 3.00:1.00;
- ii. The Tangible Net Worth Shall at the end of each fiscal year be not less than \$81.8 million; and
- iii. Cash Flow Coverage Ratio shall, as at the end of each fiscal year, be greater than 1.25:1.00, as determined pursuant to the internally prepared consolidated financial statements of the Company's main operating subsidiary.

At December 31, 2022 and March 31, 2023, the Company was in compliance with all debt covenants associated with the Facility.

#### **Construction and term loan**

The Company, through a previously wholly owned subsidiary, was party to a USD denominated construction and term loan agreement ("the Project Facility") with a major US bank for the purposes of project financing GreenGas Colorado. The Project Facility allows for maximum borrowings up to \$51.3 million (US\$37.9 million). The Project Facility is secured against the assets of GreenGas Colorado and is non-recourse to other GIP subsidiaries and the parent entity. Borrowings under the Project Facility are provided by way of construction advances based on the progression of construction and spending. Once construction is complete, subject to certain conditions, the construction portion of the Project Facility converts to a term loan ("Conversion Date"). Subject to the Conversion Date occurring on or prior to June 30, 2023, the term loan then matures and expires ("Maturity Date") on the sixth (6th) anniversary of the Conversion Date.

As a result of the Transaction outlined in note 4, the Company no longer consolidates the subsidiary that is party to the Project Facility and this is now reflected on the statement of financial position within investment in joint venture.



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### Deferred financing costs

The following is a summary of changes in deferred financing costs for the three months ended March 31, 2023:

	Corporate Credit Facility	GreenGas Construction Facility	Total Deferred Financing Costs
<b>Balance, December 31, 2022</b>	<b>177</b>	<b>2,421</b>	<b>2,598</b>
New costs incurred	-	-	-
Amortization	(35)	-	(35)
Disposal of interest in subsidiary (note 4)	-	(2,421)	(2,421)
<b>Balance, March 31, 2023</b>	<b>142</b>	<b>-</b>	<b>142</b>

## 10. OTHER LONG-TERM LIABILITIES

The changes in other long-term liabilities and the balance that remains outstanding at March 31, 2023, are summarized below:

	Other Current Liabilities	Other Long-term Liabilities
<b>Balance, December 31, 2022</b>	<b>8,478</b>	<b>1,893</b>
Accretion	116	26
Foreign currency translation	(1)	-
<b>Balance, March 31, 2023</b>	<b>8,593</b>	<b>1,919</b>

The total undiscounted value of other current liabilities and other long-term liabilities is \$8.6 million and \$2.1 million, respectively, at both March 31, 2023 and December 31, 2022.

## 11. SHAREHOLDERS EQUITY

### Authorized Share Capital

Unlimited Class A Voting Common Shares

	Number of Shares (#)	\$ Amount (000's)
<b>Balance, December 31, 2022</b>	<b>20,300,005</b>	<b>107,449</b>
<b>Balance, March 31, 2023</b>	<b>20,300,005</b>	<b>107,449</b>

### Acquisition of Treasury Shares

Treasury shares are purchased and held by the Company for the purpose of, inter alia, issuing shares to officers, directors and employees under the Company's existing Share Unit Plan, which was approved by shareholders on November 19, 2021. During the three months ended March 31, 2023, the Company acquired no common shares as treasury shares. At March 31, 2023, the Company is holding 876,485 treasury shares (December 31, 2022 – 876,485).



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### 12. INCOME/LOSS PER SHARE

Three Months Ended	March 31, 2023 (# of shares)	March 31, 2022 (# of shares)
<u>Weighted average number of common shares outstanding:</u>		
Basic	20,300,005	20,300,005
Fully diluted	20,607,500	20,466,312

### 13. SHARE-BASED COMPENSATION

#### Share Unit Plans

The Company has two Share Unit Plans that it utilizes to provide long-term incentive compensation to employees:

Restricted Share Units ("RSU")  
Performance Share Units ("PSU")

In both plans, the unit awards represent a fixed number of share awards that vest evenly over a period of three years. Upon vesting of the RSUs, at the option of the Company, the plan participant receives either a cash payment based on the fair value of the underlying share awards plus all dividends accrued since the grant date or an equivalent number of GIP common shares less applicable tax withholdings. The Company currently intends to settle all RSU awards with GIP common shares. Upon vesting of the PSUs, the plan participant receives an equivalent number of GIP common shares less applicable tax withholdings. Share units are settled and retired upon vesting on each of the three-year anniversaries from grant date.

The changes in both outstanding RSUs and PSUs for the three months ended March 31, 2023 are summarized in the table below:

Restricted Share Units	Share Unit (#)
<b>Balance, December 31, 2022</b>	<b>476,856</b>
Granted	-
Vested and settled	-
Forfeited	(496)
<b>Balance, March 31, 2023</b>	<b>476,360</b>

Performance Share Units	Share Unit (#)
<b>Balance, December 31, 2022</b>	<b>-</b>
Granted	407,682
Vested and settled	-
Forfeited	(1,093)
<b>Balance, March 31, 2023</b>	<b>406,589</b>

The grant date fair value of each RSU and PSU granted for the period was based on the closing trading price on the date preceding the date of grant. This fair value will be recognized as share-based



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compensation expense on the condensed consolidated interim statement of income (loss) and comprehensive income (loss) on a straight-line basis over the three-year vesting period. The Company recognized share-based compensation expense of \$0.9 million in aggregate for both Share Unit Plans for the three months ended March 31, 2023 (March 31, 2022 - \$0.03 million). The total remaining fair value of all outstanding RSUs and PSUs to be recognized as share-based compensation expense in future periods is \$4.1 million.

#### Stock Option Plan

The changes in Stock Options outstanding at March 31, 2023, including new grants and forfeitures, are summarized below:

Stock Options	Options Granted (#)	Weighted Average Exercise Price (\$)	Remaining Term (years)
<b>Balance, December 31, 2022</b>	<b>925,820</b>	<b>\$6.12</b>	<b>7.2</b>
Granted	628,880	\$9.15	7.9
Exercised	-	-	-
Forfeited	(3,021)	\$8.41	7.5
<b>Ending Balance, March 31, 2023</b>	<b>1,551,679</b>	<b>\$7.35</b>	<b>7.3</b>
<b>Exercisable at March 31, 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>

The fair value of the stock options granted during the period was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions and resulting values:

<b>Fair value of stock options granted (weighted average)</b>	<b>\$5.11</b>
Risk-free interest rate	3.37%
Estimated hold period prior to exercise	8.0 years
Expected volatility	47%
Weighted average forfeiture rate	6.1%
Dividend per share	\$nil

The grant date fair value will be recognized as share-based compensation expense on the condensed consolidated interim statement of income (loss) and comprehensive income (loss) on a straight-line basis over the three-year period leading up to the cliff vesting date. The Company recognized share-based compensation expense of \$0.5 million relating to the Stock Option Plan for the three months ended March 31, 2023 (March 31, 2022 - \$0.1). The total remaining fair value of all outstanding stocks options to be recognized in future periods is \$4.3 million.

#### 14. NON-CONTROLLING INTERESTS

At March 31, 2023, GIP controlled, by way of either ownership of voting shares or control over the Board of Directors and/or management committees, two subsidiaries in which the Company does not own 100% of the issued and outstanding shares:

- 1) Future Energy Development Corp. ("FEDC"); and
- 2) Aloha Glass Recycling Inc. ("AGR").





## GREEN IMPACT PARTNERS INC.

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As it was determined that GIP controlled these entities, 100% of the financial position and operating results from each of the subsidiaries has been included in the condensed consolidated interim financial statements with a non-controlling interest recorded as a separate component of equity related to the portion of these subsidiaries owned by minority interests.

The following is a summary of the changes in non-controlling interests for the three months ended March 31, 2023:

	FEDC	AGR	Consolidated Total
<b>Balance, December 31, 2022</b>	<b>13,016</b>	<b>787</b>	<b>13,803</b>
Dividends paid to non-controlling interest	-	(83)	(83)
Non-controlling interest share of net income/(loss)	(15)	15	-
<b>Balance, March 31, 2023</b>	<b>13,001</b>	<b>719</b>	<b>13,720</b>

## 15. FINANCE COSTS

	March 31, 2023	March 31, 2022
Interest on long-term debt	504	26
Amortization of deferred financing costs	36	27
Accretion on asset retirement obligation	70	68
	<b>610</b>	<b>121</b>

## 16. SEGMENT REPORTING

The Company currently operates as a water and industrial service provider and a clean energy producer, which forms its two reporting segments – Water and Solids Treatment and Recycling and Clean Energy Production. The Water and Solids Treatment and Recycling segment consists of water, waste and solids disposal and recycling services as well as other marketing operations. The Water and Solids Treatment and Recycling segment spans a range of industries including agriculture, forestry, government, midstream companies, public infrastructure, oil and gas production companies, potash and utilities. The Clean Energy Production segment is currently comprised of multiple pre-production renewable energy projects. Given that all energy projects are pre-production, no revenue and operating expenses have been realized or incurred. Only construction and initial development investments have been made to date and as such the segment is reported below for the Clean Energy Production Segment. The renewable energy projects range from various forms of RNG to biofuel production.

Below is information for the Company's operating segments for the three months ended March 31, 2023 and 2022.

### Assets and Liabilities

March 31, 2023	Water & Solids Treatment & Recycling	Clean Energy Production	Corporate	Total
Property, plant and equipment	71,495	52,665	-	124,160
Total assets	107,674	60,743	13,691	182,108
Total liabilities	25,793	22,547	26,831	75,171

**GREEN IMPACT PARTNERS INC.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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<b>March 31, 2022</b>	<b>Water &amp; Solids Treatment &amp; Recycling</b>	<b>Clean Energy Production</b>	<b>Corporate</b>	<b>Total</b>
Property, plant and equipment	78,713	77,253	-	<b>155,966</b>
Total assets	108,732	77,369	5,071	<b>191,172</b>
Total liabilities	35,809	21,449	9,323	<b>66,581</b>

**Operating Results**

<b>Three Months Ended Mar 31, 2023</b>	<b>Water &amp; Solids Treatment &amp; Recycling</b>	<b>Clean Energy Production</b>	<b>Corporate</b>	<b>Total</b>
Revenue	38,498	-	-	<b>38,498</b>
Depreciation and amortization	1,258	-	6	<b>1,264</b>
Other operating expense	37,628	52	1,343	<b>39,023</b>
Non-operating expense (income)	(476)	(9,547)	1,842	<b>(8,181)</b>
<b>Earnings (Loss) before tax</b>	<b>88</b>	<b>9,495</b>	<b>(3,191)</b>	<b>6,392</b>

<b>Three Months Ended Mar 31, 2022</b>	<b>Water &amp; Solids Treatment &amp; Recycling</b>	<b>Clean Energy Production</b>	<b>Corporate</b>	<b>Total</b>
Revenue	44,787	-	-	<b>44,787</b>
Depreciation and amortization	1,305	-	-	<b>1,305</b>
Other operating expense	42,702	-	879	<b>43,581</b>
Non-operating expense (income)	74	-	432	<b>507</b>
<b>Earnings (Loss) before tax</b>	<b>706</b>	<b>-</b>	<b>(1,311)</b>	<b>(606)</b>