Green Impact Partners

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As At and For the Three and Six Months Ended June 30, 2023 and 2022

(UNAUDITED)

August 24, 2023

GREEN IMPACT PARTNERS INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Thousands of Canadian dollars)

	Note	June 30, 2023	December 31, 2022
ASSETS			
Current Assets			
Cash and cash equivalents		791	2,692
Trade and other receivables	5	14,920	17,433
Inventory		1,213	2,065
Risk management contracts	6	-	429
Other current assets	5	5,239	3,123
Total Current Assets		**22,163**	**25,742**
Property, plant and equipment	7	127,707	194,267
Investment in joint venture	4,8	27,015	-
Long-term investments		2,903	2,803
Intangible assets		1,560	1,695
Risk management contracts	6	-	329
Deferred income tax assets		2,905	2,141
Total Assets		**184,253**	**226,977**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities	5	21,388	21,031
Current portion of long-term debt	9	202	348
Other current liabilities	10	8,583	8,477
Total Current Liabilities		**30,173**	**29,856**
Long-term debt	9	18,653	66,057
Other long-term liabilities	10	1,945	1,893
Asset retirement obligation		8,614	8,160
Deferred income tax liabilities		3,556	3,341
Total Liabilities		**62,941**	**109,307**
Shareholders' Equity			
Share capital	11	117,723	107,449
Contributed surplus	13	3,964	1,903
Accumulated other comprehensive income		366	2,096
Deficit		(14,476)	(7,581)
Total Shareholders' Equity		**107,577**	**103,867**
Non-controlling interests		13,735	13,803
Total Liabilities and Shareholders' Equity		**184,253**	**226,977**

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 AND SIX MONTHS ENDED JUNE 30,
(Unaudited)
(Thousands of Canadian dollars)

	Note	Three Months Ended 2023	2022	Six Months Ended 2023	2022
Revenue	14	39,132	68,885	77,630	113,672
Direct costs	14	37,331	67,999	74,712	110,414
Gross Margin		**1,801**	**886**	**2,918**	**3,258**
Operating Expenses					
Depreciation and amortization	7	1,267	1,616	2,532	2,921
Salaries and wages	16	547	409	1,353	825
Selling, general and administration		1,330	1,179	2,165	1,929
		3,144	**3,204**	**6,050**	**5,675**
Loss from Operations		**(1,343)**	**(2,318)**	**(3,132)**	**(2,417)**
Non-Operating Expense (Income)					
Finance costs	15	620	229	1,230	350
Unrealized (gain) loss on risk management contracts	6	-	796	(555)	796
Share-based compensation	13	1,230	661	2,581	1,046
Equity (earnings) loss from joint venture		(585)	-	(31)	-
Gain on sale of interest in subsidiary		-	-	(10,142)	-
Management fee	4	(6,745)	-	(6,745)	-
Unrealized (gain) loss on foreign exchange		226	-	226	-
Realized (gain) loss on foreign exchange		35	10	38	10
		(5,219)	**1,696**	**(13,398)**	**2,202**
Income (loss) before income tax		**3,876**	**(4,014)**	**10,266**	**(4,619)**
Income Tax					
Current tax expense (recovery)		(228)	22	2,373	34
Deferred tax expense (recovery)		251	(551)	(450)	(639)
		23	**(529)**	**1,923**	**(605)**
Net Income (loss)		**3,853**	**(3,485)**	**8,343**	**(4,014)**
Net Income (loss) Attributable to:					
Shareholders of the Company		3,838	(3,493)	8,328	(4,039)
Non-controlling interest		15	8	15	25
		3,853	(3,485)	8,343	(4,014)
Currency translation adjustment		(460)	1,317	(226)	871
Comprehensive income (loss)		**3,393**	**(2,168)**	**8,117**	**(3,143)**
Comprehensive Income (Loss) Attributable to:					
Shareholders of the Company		3,404	(2,219)	8,117	(3,200)
Non-controlling interest		(11)	51	0	57
		3,393	**(2,168)**	**8,117**	**(3,143)**
Net Income (Loss) per Share					
Basic	12	0.19	(0.17)	0.41	(0.20)
Diluted		0.18	(0.17)	0.40	(0.20)

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 SIX MONTHS ENDED JUNE 30,
(Unaudited)
(Thousands of Canadian dollars)

	Note	2023	2022
OPERATING ACTIVITIES			
Net income (loss) including non-controlling interest		8,343	(4,014)
Items not affecting cash:			
Depreciation and amortization		2,532	2,921
Deferred income tax recovery		(450)	(639)
Share-based compensation		2,581	1,046
Unrealized (gain) loss on risk management contracts		(555)	796
Equity (earnings) loss from joint venture		(31)	-
Gain on sale of interest in subsidiary		(10,142)	-
Unrealized (gain) loss on foreign exchange		226	-
Finance costs		1,230	350
Funds from operations		**3,734**	**460**
Asset retirement expenditures		-	(352)
Changes in non-cash operating working capital		3,585	1,427
Cash from operations		**7,319**	**1,535**
INVESTING ACTIVITIES			
Additions to property, plant and equipment	7	(13,150)	(34,141)
Acquisition of non-controlling interest	4	(15,222)	-
Additions to long-term investments		(100)	-
Proceeds from disposal of interest in subsidiary		21,471	-
Settlement of assumed liabilities		-	(418)
Changes in non-cash investing working capital		(1,979)	-
Cash used in investing activities		**(8,980)**	**(34,559)**
FINANCING ACTIVITIES			
Proceeds (Repayment) of long-term debt		(8,886)	35,301
Interest on long-term debt		(1,021)	(152)
Shares acquired from treasury	11	-	(3,710)
Proceeds from the issuance of equity, net of issuance costs		9,770	-
Cash costs associated with share-based compensation		(124)	-
Dividends paid to non-controlling interest		(83)	-
Funds received from non-controlling interest		-	1,029
Cash from (used in) financing activities		**(344)**	**32,468**
Impact of foreign currency translation on cash		**104**	**216**
Increase (decrease) in cash and equivalents		**(1,901)**	**(340)**
Cash & cash equivalents, beginning of period		2,692	4,498
Cash and cash equivalents, end of period		**791**	**4,158**

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 SIX MONTHS ENDED JUNE 30,
(Unaudited)
(Thousands of Canadian dollars)

	Note	2023	2022
SHARE CAPITAL			
Balance, beginning of period		107,449	112,856
Treasury shares acquired	11	-	(3,710)
Vesting of share units		520	-
Issuance of shares		10,000	-
Share issue costs, net of tax		(122)	-
Settlement of restricted share units tax remittances		(124)	-
Balance, end of period		**117,723**	**109,146**
CONTRIBUTED SURPLUS			
Balance, beginning of period		1,903	36
Share-based compensation	13	2,581	1,046
Vesting of share units		(520)	-
Balance, end of period		**3,964**	**1,082**
ACCUMULATED OTHER COMPRENSIVE LOSS			
Balance, beginning of period		2,097	293
Reclassification on sale of interest in subsidiary	4	(1,506)	-
Currency translation adjustment		(225)	871
Balance, end of period		**366**	**1,164**
RETAINED EARNINGS			
Balance, beginning of period		(7,582)	1,759
Purchase of non-controlling interest	4	(15,222)	-
Net loss attributable to shareholders' of the Company		8,328	(4,038)
Balance, end of period		**(14,476)**	**(2,279)**
Total Shareholders' Equity		**107,577**	**109,113**

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

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 August 24, 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 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.

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 $20.5 million (US $15.5 million) to be paid upon the potential future completion of a third-party sale of GreenGas 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.

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:

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

Gross Net Assets:	
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)
Total Gross Net Assets	55,639
Ownership interest disposed of	**50%**
Net Assets Disposed of	**27,819**
Gross Proceeds	**38,743**
Transaction costs	**(2,288)**
Reclassification of prior cumulative translation adjustments	**1,506**
Gain on Sale of Interest in Subsidiary	**10,142**

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 and six months ended June 30, 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 June 30, 2023 have been reflected as a change in the carrying value of the investment in joint venture. Upon Closing of the Transaction, $6.7 million (US $5.0 million) of the first instalment proceeds was invested into GreenGas for the purpose of being paid to the Company as a Management Fee upon the achievement of certain project performance milestones. All of those milestones were achieved during the three months ended June 30, 2023, and as a result, the management fee was paid to the Company.

5. FINANCIAL RISK MANAGEMENT

a) Accounts receivable and other current assets

	June 30, 2023	December 31, 2022
Trade receivables	3,473	3,254
Other receivables	11,447	14,179
	14,920	**17,433**
Aged trade receivables		
Current (<30 days)	2,371	2,119
31-60 days	389	525
61-90 days	115	100
>90 days	598	510
	3,473	**3,254**

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

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 June 30, 2023.

Other current assets

The composition of other current assets is as follows:

	June 30, 2023	December 31, 2022
Prepaid expenses	4,383	2,171
Short-term promissory note	856	952
	5,239	**3,123**

There were two short-term promissory notes outstanding at June 30, 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 $4.4 million in prepaid expenses, approximately $2.5 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 June 30, 2023:

	Total	< 1 Year	1-3 Years	4-5 Years	After 5 Years
AP and accrued liabilities	**21,388**	21,388	-	-	-
Other current liabilities	**8,583**	8,583	-	-	-
Long-term debt	**18,687**	79	18,608	-	-
Other long-term liabilities	**2,147**	-	2,147	-	-
Lease liabilities	**181**	131	50	-	-
Total financial liabilities	**50,986**	**30,181**	**20,805**	-	-

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.

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

	June 30, 2023	December 31, 2022
Current assets	22,163	25,742
Current liabilities	(30,173)	(29,856)
Long-term debt	18,653	66,057
Other long-term liabilities	1,945	1,893
Shareholders' equity	107,577	103,867
	120,165	**167,703**

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 9. 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 June 30, 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 six months ended June 30, 2023:

Risk Management Contracts	
Ending Balance, December 31, 2022	**758**
Unrealized gain from December 31, 2022 to February 23, 2023 (close)	555
Translation adjustment	10
Ending Balance, February 23, 2023 (pre-close)	**1,323**
Disposal of interest in subsidiary	(1,323)
Ending Balance, June 30, 2023	**-**

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

7. PROPERTY, PLANT AND EQUIPMENT

Net Book Value	General Plant & Processing Equipment	Land	Assets Under Construction	Total Property, Plant & Equipment
Balance, December 31, 2022	**39,838**	**21,601**	**132,828**	**194,267**
Additions	497	-	12,653	13,150
Changes in Asset Retirement Obligation Asset	314	-	-	314
Depreciation	(2,434)	-	-	(2,434)
Capitalization of borrowing costs	-	-	142	142
Disposal of assets of subsidiary	-	-	(77,982)	(77,982)
Impact of foreign currency translation	(57)	-	307	250
Balance, June 30, 2023	**38,158**	**21,601**	**67,948**	**127,707**

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

A total of $0.3 million and $0.5 million in G&A expenditures have been capitalized and included in property, plant, and equipment ("PP&E") additions for the three and six months ended June 30, 2023 (2022 - $0.3 million and $0.5 million), respectively. No amounts related to share-based compensation expense have been capitalized to PP&E to date.

At June 30, 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 June 30, 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 six months ended June 30, 2023:

	GreenGas Colorado	Future Energy Park	Other RNG Projects	Total Assets under Construction
Balance, December 31, 2022	**76,072**	**45,576**	**11,180**	**132,828**
Additions	1,347	8,729	2,577	12,653
Acquisitions	-	-	-	-
Capitalization of borrowing costs	-	142	-	142
Disposal of assets of subsidiary	(77,982)	-	-	(77,982)
Foreign Currency Translation	563	-	(256)	307
Balance, June 30, 2023	**-**	**54,447**	**13,501**	**67,948**

At June 30, 2023 there were no indicators of impairment of assets under construction.

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

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 six months ended June 30, 2023:

Balance, December 31, 2022	-
Initial recognition of investment in joint venture (note 4)	27,820
Company's portion of loss from operations from February 23 to June 30	(31)
Currency translation adjustment	(774)
Balance, June 30, 2023	**27,015**

The tables below provide summarized financial information (presented at 100 percent) for the joint venture:

Statement of Financial Position	**June 30, 2023**
Current assets	11,243
Non-current assets	87,640
Total Assets	**98,883**
Current liabilities	375
Non-current liabilities	44,478
Total liabilities	**44,853**
Total Net Assets	54,030
GIP' ownership %	50%
Investment in Joint Venture	**27,015**

Net Income (loss) and Comprehensive Income (loss)	**Three months ended June 30, 2023**	**Six months ended June 30, 2023**
Revenue	-	-
Non-operating expenses (income)	(1,169)	62
Net Income (loss)	**1,169**	**(62)**
GIP' ownership %	50%	50%
Equity (earnings) loss from joint venture	**585**	**(31)**

At June 30, 2023, the Company had accounts receivable of $0.3 million from the GreenGas joint venture and accounts payable of $0.01 million to the GreenGas joint venture.

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

9. LONG TERM DEBT

	US$ Denominated		Canadian $ Amount	
	June 30, 2023	**December 31, 2022**	**June 30, 2023**	**December 31, 2022**
Corporate credit facility	n/a	n/a	18,691	27,488
Construction and term loan	-	30,335	-	41,089
Other term debt	73	127	97	172
Lease liabilities	64	88	172	254
	137	**30,550**	**18,960**	69,003
Deferred financing costs	-	(1,787)	(105)	(2,598)
Total long-term debt	**137**	**28,763**	**18,855**	**66,405**
Current portion			202	348
Long-term portion			18,653	66,057
Total long-term debt			**18,855**	**66,405**

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 June 30, 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. The Project Facility allows for maximum borrowings up to $50.0 million (US$37.9 million). The Project Facility is secured against the assets of GreenGas 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").. During Q2 2023, the Project Facility was amended to deem the Conversion Date to have occurred on July 1, 2023. Subject to meeting certain customary conditions by September 30, 2023 related to final project completion, the term loan then matures and expires ("Maturity Date") on July 1, 2029.

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

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.

Deferred financing costs
The following is a summary of changes in deferred financing costs for the six months ended June 30, 2023:

	Corporate Credit Facility	GreenGas Construction Facility	Total Deferred Financing Costs
Balance, December 31, 2022	**177**	**2,421**	**2,598**
New costs incurred	-	-	-
Amortization	(72)	-	(72)
Disposal of interest in subsidiary (note 4)	-	(2,421)	(2,421)
Balance, June 30, 2023	**105**	**-**	**105**

10. OTHER LONG-TERM LIABILITIES

The changes in other long-term liabilities and the balance that remains outstanding at June 30, 2023, are summarized below:

	Other Current Liabilities	Other Long-term Liabilities
Balance, December 31, 2022	**8,478**	**1,893**
Accretion	116	53
Foreign currency translation	(11)	(1)
Balance, June 30, 2023	**8,583**	**1,945**

The total undiscounted value of other current liabilities and other long-term liabilities is $8.6 million and $2.1 million, respectively, at June 30, 2023 and December 31, 2022.

11. SHAREHOLDERS EQUITY

Authorized Share Capital
Unlimited Class A Voting Common Shares

	Number of Shares (#)	$ Amount (000's)
Balance, December 31, 2022	**20,300,005**	**107,449**
Balance, June 30, 2023	**21,300,005**	**117,723**

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 and six months ended June 30, 2023, the Company acquired no common shares as treasury shares. At June 30, 2023, the Company is holding 797,880 treasury shares (December 31, 2022 – 876,485).

Private Placement
On June 26, 2023, the Company closed a non-brokered private placement of 1,000,000 common shares in the capital of the company at a price of $10.00 per share for gross proceeds of $10.0 million less share issue costs of $0.1 million, net of tax effect.

12. NET INCOME (LOSS) PER SHARE

	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	2023	2022
Net income (loss) attributable to shareholders of the Company ('000s)				
	3,853	(2,219)	8,343	(3,200)
Weighted average number of shares Outstanding:				
Basic	20,354,950	20,300,005	20,327,629	20,300,005
Diluted	20,925,510	20,300,005	20,898,189	20,300,005
Net income (loss) per share:				
Basic	0.19	(0.17)	0.41	(0.20)
Diluted	0.18	(0.17)	0.40	(0.20)

Basic earnings per share is calculated by dividing the net earnings for the period by the weighted average number of common shares outstanding during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive common shares related to the Company's share-based compensation plans. The number of shares included is computed using the treasury stock method. As these awards can be exchanged for common shares of the company, they are considered potentially dilutive and are included in the calculation of the company's diluted net earnings per share if they have a dilutive impact in the period.

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

In the case of a net loss, the dilutive effect of share-based options and warrants is excluded from calculation of diluted per-share amounts because they are anti-dilutive for the periods presented.

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 six months ended June 30, 2023 are summarized in the table below:

Restricted Share Units	Share Unit (#)
Balance, December 31, 2022	**476,856**
Granted	-
Vested and settled	(78,605)
Forfeited	(496)
Balance, June 30, 2023	**397,755**

Performance Share Units	Share Unit (#)
Balance, December 31, 2022	**-**
Granted	413,396
Vested and settled	-
Forfeited	(1,639)
Balance, June 30, 2023	**411,757**

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 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 $0.8 million and $1.7 million in aggregate for both Share Unit Plans for the three and six months ended June 30, 2023, respectively (June 30, 2022 - $0.5 million and $0.8 million). The total remaining fair value of all outstanding RSUs and PSUs to be recognized as share-based compensation expense in future periods is $3.4 million.

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

Stock Option Plan

The changes in Stock Options outstanding at June 30, 2023, including new grants and forfeitures, are summarized below:

Stock Options	Options Granted (#)	Weighted Average Exercise Price ($)	Remaining Term (years)
Balance, December 31, 2022	**925,820**	**$6.12**	**7.2**
Granted	628,880	$9.15	7.7
Exercised	-	$0.00	0.0
Forfeited	(3,999)	$8.59	7.1
Ending Balance, June 30, 2023	**1,550,701**	**$7.34**	**7.1**
Exercisable at June 30, 2023	308,252	$6.12	6.7

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:

Fair value of stock options granted (weighted average)	**$5.11**
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 $0.4 million and $0.9 million relating to the Stock Option Plan for the three and six months ended June 30, 2023, respectively (June 30, 2022 - $0.2 million and $0.3 million). The total remaining fair value of all outstanding stocks options to be recognized in future periods is $3.8 million.

14. REVENUE AND DIRECT COSTS

As described in note 3 to the Company's annual financial statements, GIP's services that generate revenue include water and solids recycling management, disposal services and energy product optimization services.

The Company's revenue generated from the water and solids recycling management and disposal services division includes waste water processing and disposal, custom treating, as well as domestic and industrial solids waste handling, recycling and disposal.

All of these services are provided on a fee for service basis and normally on a per unit basis but in some cases at a flat rate or hourly basis. Method of charge and rates vary based on type of product, type of service and location. The Company operates six facilities throughout western Canada and one in the United States that provide these services.

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

Revenue and gross profit from the Company's energy product optimization services is generated through the sale of hydrocarbon products, which have been blended with an additive that improves the quality of the finished product that is sold to third parties for a profit.

The blending process is performed at two Company operated and pipeline connected facilities in western Canada. Third parties transport raw hydrocarbon volumes into the Company's facilities for transportation to market. Once accepted at the facilities, the Company temporarily takes custody of these third-party volumes while it is processed and blended. As a result, per IFRS, the Company is required to record these third-party volumes received as direct costs. Therefore, energy product optimization direct costs represent the cost of the raw hydrocarbons that the Company takes custody of, transportation tariffs and the costs of the blending product.

Revenue, Direct Costs and Gross Profit	Energy Product Optimization	Fee for Service	Total
For the three months ended June 30, 2023			
Revenue	33,841	5,291	**39,132**
Direct Costs	32,745	4,586	**37,331**
Gross Profit	1,096	705	**1,801**
For the six months ended June 30, 2023			
Revenue	68,139	9,491	**77,630**
Direct Costs	65,889	8,823	**74,712**
Gross Profit	2,250	668	**2,918**

Revenue, Direct Costs and Gross Profit	Energy Product Optimization	Fee for Service	Total
For the three months ended June 30, 2022			
Revenue	63,844	5,041	**68,885**
Direct Costs	63,323	4,676	**67,999**
Gross Profit	521	365	**886**
For the six months ended June 30, 2022			
Revenue	103,631	10,041	**113,672**
Direct Costs	101,497	8,917	**110,414**
Gross Profit	2,134	1,124	**3,258**

The Company had three customers that comprised greater than 10% of revenue which were 29%, 19% and 14%, respectively (2022 – 33%, 16%, 11%, respectively). These revenues related to the energy product optimization segment. The entire balance of any accounts receivable owing from these customers was collected subsequent to June 30, 2023.

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

Direct Costs	Three Months Ended June 2023	2022	Six Months Ended June 2023	2022
Energy product optimization	32,745	63,323	65,889	101,497
Fuel, Chemicals, Supplies, Materials	1,359	1,436	2,623	2,834
Utilities	425	372	1,094	855
Repairs & Maintenance	251	277	441	411
Operational Personnel Costs	1,358	1,356	2,654	2,631
Treatment & Disposal Costs	655	607	955	1,148
Other Direct Costs	538	628	1,056	1,038
Total Direct Costs	**37,331**	**67,999**	**74,712**	**110,414**

15. FINANCE COSTS

	Three Months Ended June 2023	2022	Six Months Ended June 2023	2022
Interest on long-term debt	514	126	1,018	151
Amortization of debt issue costs	36	34	72	62
Accretion on asset retirement obligations	70	69	140	137
	620	**229**	**1,230**	**350**

16. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel are persons who have the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management includes all directors and executive officers of the Company. The table below summarizes all key management personnel compensation included in the consolidated financial statements for the three and six months ended June 30, 2023 and 2022.

	Three Months Ended June 2023	2022	Six Months Ended June 2023	2022
Short-term compensation	289	269	1,790	538
Share-based compensation	50	1,425	3,090	1,425
	339	**1,694**	**4,880**	**1,963**

(1) *Short-term compensation includes annual salaries, management bonuses and employee benefits provided to key management personnel as well as directors' fees.*
(2) *Based on the grant date fair value of the applicable awards. The fair value of options granted is estimated at the date of grant using a Black-Scholes Option- Pricing Model. The total share-based payment of options issued in 2023 and 2022 is based on a fair value of $5.11 and $3.30 per option, respectively and $9.15 and $7.05 per share unit, respectively.*

17. 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.

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

Below is information for the Company's operating segments for the three and six months ended June 30, 2023 and 2022.

Assets and Liabilities

June 30, 2023	Water & Solids Treatment & Recycling	Clean Energy Production	Corporate	Total
Property, plant and equipment	70,141	57,566	-	**127,707**
Total assets	98,600	67,438	18,215	**184,253**
Total liabilities	22,410	22,899	17,632	**62,941**

June 30, 2022	Water & Solids Treatment & Recycling	Clean Energy Production	Corporate	Total
Property, plant and equipment	73,613	99,518	-	**173,131**
Total assets	104,792	102,920	4,768	**212,480**
Total liabilities	34,450	45,349	9,719	**89,518**

Operating Results

Three Months Ended June 30, 2023	Water & Solids Treatment & Recycling	Clean Energy Production	Corporate	Total
Revenue	39,132	-	-	**39,132**
Depreciation and amortization	1,261	-	6	**1,267**
Other operating expense	37,600	21	1,587	**39,208**
Non-operating expense (income)	2	(6,906)	1,685	**(5,219)**
Earnings (Loss) before tax	269	6,885	(3,278)	**3,876**

Six Months Ended June 2023	Water & Solids Treatment & Recycling	Clean Energy Production	Corporate	Total
Revenue	77,630	-	-	**77,630**
Depreciation and amortization	2,519	-	13	**2,532**
Other operating expense	75,229	73	2,928	**78,230**
Non-operating expense (income)	(474)	(16,452)	3,528	**(13,398)**
Earnings (Loss) before tax	356	16,379	(6,469)	**10,266**

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

Three Months Ended June 30, 2022	Water & Solids Treatment & Recycling	Clean Energy Production	Corporate	Total
Revenue	68,885	-	-	**68,885**
Depreciation and amortization	1,616	-	-	**1,616**
Other operating expense	68,271	-	1,316	**69,587**
Non-operating expense (income)	75	800	821	**1,696**
Earnings (Loss) before tax	**(1,077)**	**(800)**	**(2,137)**	**(4,014)**

Six Months Ended June 30, 2022	Water & Solids Treatment & Recycling	Clean Energy Production	Corporate	Total
Revenue	113,672	-	-	**113,672**
Depreciation and amortization	2,921	-	-	**2,921**
Other operating expense	110,973	-	2,195	**113,168**
Non-operating expense (income)	149	800	1,253	**2,202**
Earnings (Loss) before tax	**(371)**	**(800)**	**(3,448)**	**(4,619)**