



# Green Impact Partners

## CONSOLIDATED FINANCIAL STATEMENTS

As At and For the Years Ended December 31, 2023 and 2022

April 28, 2024

## **MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING**

The management of Green Impact Partners Inc. (the “Company”) is responsible for the preparation of the financial statements. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and include certain estimates that reflect management’s best estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

Management has developed and maintains an extensive system of internal accounting controls that provide reasonable assurance that all transactions are accurately recorded, that the financial statements realistically report the Company’s operating and financial results, and that the Company’s assets are safeguarded. Management believes that this system of internal controls has operated effectively for the year ended December 31, 2023. The Company has effective disclosure controls and procedures to ensure timely and accurate disclosure of material information relating to the Company which complies with the requirements of Canadian securities legislation.

Deloitte LLP, an independent firm of chartered professional accountants, was appointed by a resolution of the Board of Directors to audit the financial statements of the Company and to provide an independent professional opinion. Deloitte LLP was appointed to hold such office until the next such annual meeting of the shareholders of the Company.

The Board of Directors, through its Audit Committee, has reviewed the financial statements including notes thereto with management and Deloitte LLP. The members of the Audit Committee are composed of independent directors who are not employees of the Company. The Board of Directors has approved the information contained in the financial statements based on the recommendation of the Audit Committee.

**(signed) “Geeta Sankappanavar”**

GEETA SANKAPPANAVAR, DIRECTOR

April 28, 2024  
Calgary, Alberta

**(signed) “Jesse Douglas”**

JESSE DOUGLAS, DIRECTOR and CHIEF  
EXECUTIVE OFFICER

## Independent Auditor's Report

To the Shareholders and Board of Directors of Green Impact Partners Inc.

### Opinion

We have audited the consolidated financial statements of Green Impact Partners Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of income (loss) and comprehensive income (loss), equity and cash flow for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

#### ***Revenue Recognition - Refer to Notes 3 and 25 of the financial statements***

##### *Key Audit Matter Description*

The Company primarily generates revenue from its portfolio of water and solids treatment and recycling facilities in North America. Revenue is recognized when the performance obligations associated with the sale of these products and services are satisfied, which is at the point in time when the products are delivered to and title passes to the customer, or in the period the services are rendered, in accordance with the applicable arrangements.

Revenue is a key audit matter due to the significant audit effort required in performing audit procedures related to the Company's revenue recognition.

#### *How the Key Audit Matter Was Addressed in the Audit*

To test revenue recognition our audit procedures included among others, on a sample basis, identifying the performance obligation and evaluating revenue recognition by obtaining and inspecting a combination of the following audit evidence: external confirmations, invoices, bill of lading/shipping documents and cash receipts.

### Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences

of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is David Langlois.

/s/ Deloitte LLP

Chartered Professional Accountants

Calgary, Alberta

April 28, 2024

**GREEN IMPACT PARTNERS INC.**

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

*(Thousands of Canadian dollars)*

	Note	December 31, 2023	December 31, 2022
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		1,615	2,692
Accounts receivable	7	13,660	17,433
Inventory		857	2,065
Risk management contracts		-	429
Other current assets	8	4,927	3,123
<b>Total Current Assets</b>		<b>21,059</b>	<b>25,742</b>
Property, plant and equipment	9	136,655	194,267
Investment in joint venture	10	26,182	-
Long-term investments	11	2,709	2,803
Intangible assets	12	1,461	1,695
Risk management contracts		-	329
Deferred income tax assets	20	446	2,141
<b>Total Assets</b>		<b>188,512</b>	<b>226,977</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities		19,214	21,031
Current portion of long-term debt	13	269	348
Other current liabilities	14	8,583	8,477
<b>Total Current Liabilities</b>		<b>28,066</b>	<b>29,856</b>
Long-term debt	13	28,945	66,057
Other long-term liabilities	14	2,001	1,893
Asset retirement obligation	15	8,868	8,160
Deferred income tax liabilities	20	3,761	3,341
<b>Total Liabilities</b>		<b>71,641</b>	<b>109,307</b>
<b>Shareholders' Equity</b>			
Share capital	16	118,211	107,449
Contributed surplus	18	6,062	1,903
Accumulated other comprehensive income		389	2,096
Retained earnings (deficit)		(21,480)	(7,581)
<b>Total Shareholders' Equity</b>		<b>103,182</b>	<b>103,867</b>
Non-controlling interests	19	13,689	13,803
<b>Total Shareholders' Equity and Non-Controlling Interest</b>		<b>116,871</b>	<b>117,670</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>188,512</b>	<b>226,977</b>

The accompanying notes are an integral part of these consolidated 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 and CEO**



## GREEN IMPACT PARTNERS INC.

CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)  
FOR THE YEARS ENDED DECEMBER 31,  
(Thousands of Canadian dollars)

	Note	2023	2022
Revenue	25	161,162	213,738
Direct costs	25	153,512	208,337
<b>Gross Margin</b>		<b>7,650</b>	<b>5,401</b>
<b>Operating Expenses:</b>			
Depreciation and amortization	9,12	5,090	5,458
Salaries and wages	24	2,624	1,751
Selling, general and administration		4,668	3,655
		<b>12,382</b>	<b>10,864</b>
<b>Loss from Operations</b>		<b>(4,732)</b>	<b>(5,463)</b>
<b>Non-Operating Expense (Income):</b>			
Finance costs	21	2,485	1,086
Share-based compensation	18	5,258	2,446
Impairment loss		-	3,001
Unrealized (gain) loss on risk management contracts	6	(555)	(774)
Unrealized (gain) loss on foreign exchange		462	(878)
Realized (gain) loss on foreign exchange		13	(2)
Equity loss from joint venture	10	784	-
Gain on sale of interest in subsidiary	6	(10,142)	-
Management fee	6	(6,745)	-
		<b>(8,440)</b>	<b>4,879</b>
<b>Income (Loss) Before Income Tax</b>		<b>3,708</b>	<b>(10,342)</b>
<b>Income Tax:</b>			
Current tax expense	20	186	119
Deferred tax expense (recovery)	20	2,229	(1,100)
		<b>2,415</b>	<b>(981)</b>
<b>Net Income (Loss)</b>		<b>1,293</b>	<b>(9,361)</b>
<b>Net Income (Loss) Attributable to:</b>			
Shareholders of the Company		1,323	(9,340)
Non-controlling interest	19	(30)	(21)
		1,293	(9,361)
Currency translation adjustment		(201)	1,803
<b>Comprehensive Income (loss)</b>		<b>1,092</b>	<b>(7,558)</b>
<b>Comprehensive Income (Loss) Attributable to:</b>			
Shareholders of the Company		1,125	(7,608)
Non-controlling interest	19	(33)	50
		<b>1,092</b>	<b>(7,558)</b>
<b>Net Income (Loss) per Common Share:</b>			
Basic	17	0.06	(0.46)
Diluted	17	0.06	(0.46)

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





**GREEN IMPACT PARTNERS INC.**

CONSOLIDATED STATEMENTS OF CASH FLOW  
FOR THE YEARS ENDED DECEMBER 31,  
(Thousands of Canadian dollars)

	Note	2023	2022
<b>OPERATING ACTIVITIES</b>			
Net income (loss)		1,293	(9,361)
Items not affecting cash:			
Depreciation and amortization	9,12	5,090	5,458
Deferred income tax expense (recovery)	20	2,229	(1,100)
Share-based compensation	18	5,258	2,446
Impairment expense		-	3,001
Unrealized (gain) loss on risk management contracts	6	(555)	(774)
Equity loss from joint venture	10	784	-
Gain on sale of interest in subsidiary	6	(10,142)	-
Unrealized (gain) loss on foreign exchange		462	(878)
Finance costs	21	2,485	1,086
<b>Funds from (used in) operations</b>		<b>6,904</b>	<b>(122)</b>
Asset retirement expenditures	15	-	(352)
Changes in non-cash operating working capital		1,315	(2,045)
<b>Cash from (used in) operations</b>		<b>8,219</b>	<b>(2,519)</b>
<b>INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment	9	(23,966)	(52,927)
Acquisition of non-controlling interest	10	(15,222)	-
Additions to long-term investments	11	(100)	-
Settlement of assumed liabilities		-	(418)
Proceeds from disposal of interest in subsidiary	6	21,471	-
Changes in non-cash investing working capital		45	(2,216)
<b>Cash used in (from) investing activities</b>		<b>(17,772)</b>	<b>(55,561)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from long-term debt	13	967	61,462
Interest on long-term debt	13	(2,076)	(697)
Shares acquired from treasury		-	(5,986)
Proceeds from equity issuance, net of issuance costs	16	9,770	-
Cash costs associated with share-based compensation	18	(215)	-
Dividends paid to non-controlling interest		(83)	-
Funds received from non-controlling interest		-	1,029
<b>Cash from (used in) financing activities</b>		<b>8,363</b>	<b>55,808</b>
<b>Impact of foreign currency translation on cash</b>		<b>113</b>	<b>466</b>
<b>Increase (decrease) in cash and equivalents</b>		<b>(1,077)</b>	<b>(1,806)</b>
Cash and cash equivalents beginning of year		2,692	4,498
<b>Cash and cash equivalents end of year</b>		<b>1,615</b>	<b>2,692</b>

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



## GREEN IMPACT PARTNERS INC.

### CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Thousands of Canadian dollars)

	Notes	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Non-Controlling Interest	Total
<b>At December 31, 2021</b>		<b>112,856</b>	<b>36</b>	<b>293</b>	<b>1,759</b>	<b>12,795</b>	<b>127,739</b>
Net Income (loss)		-	-	-	(9,340)	(21)	(9,361)
Currency translation adjustment		-	-	1,803	-	-	1,803
Share-based compensation		-	2,446	-	-	-	2,446
Vesting of share units		579	(579)	-	-	-	-
Treasury shares acquired		(5,986)	-	-	-	-	(5,986)
Contributions from non-controlling interest		-	-	-	-	1,029	1,029
<b>At December 31, 2022</b>		<b>107,449</b>	<b>1,903</b>	<b>2,096</b>	<b>(7,581)</b>	<b>13,803</b>	<b>117,670</b>
Net Income (loss)		-	-	-	1,323	(30)	1,293
Purchase of non-controlling interest	10	-	-	-	(15,222)	-	(15,222)
Reclassification on sale of interest in subsidiary	6	-	-	(1,506)	-	-	(1,506)
Currency translation adjustment		-	-	(201)	-	-	(201)
Share-based compensation	18	-	5,258	-	-	-	5,258
Vesting of share units	18	1,099	(1,099)	-	-	-	-
Issuance of shares	16	10,000	-	-	-	-	10,000
Share issue costs, net of tax	16	(122)	-	-	-	-	(122)
Settlement of restricted share units, net of tax remittances	18	(215)	-	-	-	-	(215)
Dividends paid to non-controlling interest	19	-	-	-	-	(84)	(84)
<b>At December 31, 2023</b>		<b>118,211</b>	<b>6,062</b>	<b>389</b>	<b>(21,480)</b>	<b>13,689</b>	<b>116,871</b>

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



## **GREEN IMPACT PARTNERS INC.**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the years ended December 31, 2023 and 2022

*(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 focused on acquiring, developing, building and operating renewable natural gas (“RNG”) and clean bio-energy projects, and participates in a wide range of low-carbon opportunities during all stages of the project lifecycle (“Clean Energy Production”). In addition to its core focus, GIP has an infrastructure network located throughout western Canada and the United States that includes wastewater, hydrocarbon processing, disposal facilities, industrial landfill, recycling facilities, oil and water gathering pipelines, and oil terminals (“Water and Solids Recycling and Energy Product Optimization”).

### **2. BASIS OF PRESENTATION**

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

These consolidated annual financial statements (the “consolidated financial statements”) have been prepared by management using accounting policies consistent with International Financial Reporting Standards (“IFRS”).

These consolidated financial statements were approved by the Company’s Board of Directors on April 28, 2024.

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

These consolidated 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.

Direct costs in the consolidated statements of income (loss) and comprehensive income (loss) are presented as a combination of function and nature in conformity with industry practice. Depreciation and amortization expenses are presented on a separate line by their nature, while salaries and wages and selling, general and administrative expenses are presented on a functional basis. Significant or extraordinary expenses are presented by their nature and disclosed in the notes to the consolidated financial statements.

#### ***c) Management Judgments and Estimate Uncertainty***

The preparation of financial statements requires management to use judgments, estimates, and assumptions that affect the reported amounts of assets, liabilities, and the disclosure of contingencies at the date of the financial statements, and revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimated. Significant estimates and judgments used in the preparation of the consolidated financial statements are detailed in Note 5 “Significant Estimates and Judgments”.

### **3. MATERIAL ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by the Company and its subsidiaries.



## **GREEN IMPACT PARTNERS INC.**

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the years ended December 31, 2023 and 2022

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

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#### **a) Basis of Consolidation**

These consolidated financial statements comprise the financial statements of the Company and the subsidiary entities it controls. Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. In assessing control, substantive potential voting rights that currently are exercisable are considered together with the Company's control over the key decision-making governing bodies such as the Board of Directors and/or management committees of the subsidiary entities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Non-controlling interests ("NCIs") are initially measured at the proportionate share of the acquiree's identifiable net assets at the date of acquisition or other transaction through which NCIs arise and is presented as a separate balance sheet item outside of shareholder's equity. NCI is adjusted each period for the NCIs' proportionate share of net income or loss for the period. Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

When the Company loses control of a subsidiary, the gain or loss on disposal recognized in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any NCIs. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Company had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

#### **b) Currency**

The presentation currency and functional currency of the Company and its subsidiaries is Canadian dollars except the US entities, which use the US dollar as their functional currency as the primary economic environment in which those subsidiaries operate in is the U.S. Transactions in foreign currencies are initially recorded in the functional currency by applying the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange on the statement of financial position date. Any resulting exchange differences are included in the consolidated statements of income (loss) and comprehensive income (loss). Non-monetary assets and liabilities denominated in a foreign currency are measured at historical cost and are translated into the functional currency using the rates of exchange as at the dates of the initial transactions.

#### **c) Foreign subsidiary translation**

The accounts of non-Canadian functional currency subsidiaries of the Company are translated into the Company's presentation currency at period-end exchange rates for assets and liabilities and using the rates in effect at the date of the transaction for revenues and expenses. The resulting translation gains and losses related to the foreign operations of the Company are recognized as foreign currency translation adjustments in other comprehensive income ("OCI") in the consolidated statements of income (loss) and comprehensive income (loss).



## GREEN IMPACT PARTNERS INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the years ended December 31, 2023 and 2022

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The foreign currency translation adjustments accumulate in accumulated other comprehensive income (“AOCI”), which is a separate component of equity in the consolidated statements of financial position. These adjustments remain in equity until there is a disposal of the foreign operation. When the gain or loss on disposal is recognized, the cumulative amount of exchange differences relating to the foreign operation are reclassified from equity to net earnings.

If there is a disposal of a partial interest in a foreign operation that continues to be a subsidiary, a proportionate amount of the accumulated foreign currency translation adjustments will be allocated between controlling and NCI.

### **d) Business combinations**

The purchase method of accounting is used to account for acquisitions of businesses and assets that meet the definition of a business under IFRS. The cost of an acquisition is measured as the fair value of the assets given up, equity instruments issued, and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their acquisition date fair values. If the consideration of acquisition is less than the fair value of the net assets acquired, the difference is recognized immediately in statements of income (loss) and comprehensive income (loss). If the consideration of the acquisition is greater than the fair value of the net assets acquired, the difference is recognized as goodwill on the statements of financial position.

There is an option to apply a concentration test that permits a simplified assessment of whether an acquired set of activities and assets is in fact a business. The optional concentration test is met if substantially all the fair value of the assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. An entity may make such an election separately for each transaction or other event. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

### **e) Goodwill**

#### **Recognition and measurement**

Goodwill arising in a business combination is recognized as an asset and initially measured at cost, being the excess of the consideration transferred in the business combination over the Company’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If the Company’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in the consolidated statements of income (loss) and comprehensive income (loss).

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortized.

#### **Impairment of goodwill**

Goodwill impairment is assessed at least annually and is determined by assessing the recoverable amount of the cash generating unit (“CGU”) or group of CGUs to which the goodwill relates. Where the recoverable amount of the CGU or group of CGUs is less than the carrying amount, an impairment loss is recognized in the consolidated statements of income (loss) and comprehensive income (loss). The impairment loss is allocated first to reduce the carrying amount of any goodwill and then on a pro-rata basis to the other assets within the CGU. An impairment loss recognized for goodwill is permanent and is not reversed in a subsequent period.

The recoverable amount for CGUs with allocated goodwill is determined based on a value in use calculation



## GREEN IMPACT PARTNERS INC.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the years ended December 31, 2023 and 2022

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

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or fair value less costs of disposal. Value in use is calculated by discounting future cash flow projections that are based on the Company's internal cash flow estimates. These forecasts include estimates of the future cash flows expected to be derived from continued use of the asset and involve the use of various assumptions, the most significant of which are operating margin, inter-segment allocations, discount rates, and terminal growth and decline rates.

#### **f) Investments in associates and joint ventures**

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. Under the equity method, an investment in an associate or a joint venture is recognized initially in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Company's share of losses of an associate or a joint venture exceeds the Company's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate or joint venture), the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

The requirements of IAS 36 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Company's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Company reduces its ownership interest in an associate or a joint venture but the Company continues to use the equity method, the Company reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Company entity transacts with an associate or a joint venture of the Company, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Company's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Company.



## GREEN IMPACT PARTNERS INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the years ended December 31, 2023 and 2022

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

### g) Fair value measurement

Fair value is the price that would be received when selling an asset or paid to transfer a liability in an orderly transaction between market participants in its principal or most advantageous market at the measurement date.

All assets and liabilities for which value is measured or disclosed in the consolidated financial statements are further categorized using a three-level hierarchy that reflects the significance of the lowest level of input used to determine fair value:

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Pricing inputs other than quoted prices included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 inputs are based mainly on a market approach using observable inputs, such as price, time value and volatility factors.
- Level 3 – Valuations in this level are those that utilize inputs for the asset or liability that are not based on observable market data.

At each reporting date, the Company determines whether transfers have occurred between hierarchy levels by reassessing the level of classification for each financial asset and financial liability measured or disclosed at fair value in the consolidated financial statements. Assessment of the significance of a particular input used to determine the fair value measurement required management judgement and consequently may affect the placement within the hierarchy.

### h) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument.

All financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets are subsequently measured at amortized cost where a financial asset is held within a business model with the objective to collect contractual cash flows and the contractual cash flows arise on specified dates and are payments that consist solely of principal and interest on the principal amount outstanding. All other financial assets and equity investments are subsequently measured at fair value through profit or loss or other comprehensive income (“FVTPL” or “FVTOCI”).

All financial liabilities are subsequently measured at amortized cost.

The Company recognizes and measures existing financial instruments as follows:

Cash and cash equivalents	FVTPL
Account receivable	Amortized cost
Long-term investments	FVTOCI
Risk management contracts	FVTPL





## GREEN IMPACT PARTNERS INC.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the years ended December 31, 2023 and 2022

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

Accounts payable and accrued liabilities	Amortized cost
Other liabilities	Amortized cost
Long-term debt	Amortized cost

An impairment to financial assets is recognized when there are expected credit losses, measured as the present value of all cash shortfalls over the expected life of the financial instrument. All expected credit losses are recognized in profit or loss for all financial assets. Impairment is measured as either: i) 12-month expected credit losses; or ii) lifetime expected credit losses. The Company applies the simplified approach to recognize lifetime expected credit losses for its trade receivables and contract assets that are in scope of IFRS 15 and that do not have a significant financing component. The Company assesses the expected credit loss for trade receivables, contract assets and note receivables based on historical data adjusted for forward-looking information. The Company groups similar financial assets based on their nature, past-due status, size or industry of counterparty or geographic location. Management regularly reviews groupings to ensure the constituents of each group continue to share similar credit risk characteristics. Impairment gains or losses for all financial instruments are recognized with a corresponding adjustment to their carrying amount through a separate loss allowance account.

Financial assets are derecognized only when the contractual right to the cash flows from the asset expires, or when the asset and substantially all risks and rewards associated with the asset is transferred to another party. On derecognition of a financial asset measured at amortized cost, the difference between the carrying amount and the sum of the consideration receivable is recognized in profit or loss. Financial liabilities are only derecognized when all obligations are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, is recognized in profit or loss.

#### ***j) Cash and cash equivalents***

Cash and cash equivalents include cash on hand, term deposits, and similar-type instruments with an original maturity of three months or less at the time of purchase.

#### ***j) Inventories***

Inventory is primarily comprised of consumables, spare parts, and energy products. Consumables and spare parts inventory are measured at the lower of cost and net realizable value. Energy products are measured at the lower of cost and net realizable value on a weighted average cost basis. The cost of inventory includes all costs incurred in the normal course of business to bring each product to its present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less any expected selling costs.

#### ***k) Property, Plant and Equipment***

##### ***Recognition and measurement***

Property, plant and equipment is measured at cost less accumulated depreciation, depletion and accumulated impairment losses net of recoveries. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning liability, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Major maintenance programs (turnaround costs) are capitalized and amortized over the period to the next scheduled maintenance. The costs of day-to-day servicing of property, plant and equipment are recognized in the consolidated statements of income (loss) and comprehensive income (loss) as incurred.





## GREEN IMPACT PARTNERS INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the years ended December 31, 2023 and 2022

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

The cost of replacing part of an item of property, plant and equipment is capitalized if it is probable that future economic benefits will flow to the Company and its cost can be measured reliably.

An item of property, plant and equipment is derecognized upon disposal, replacement or when no future economic benefits are expected to arise from the continued use of the asset. Any gains or losses arising on the disposal or retirement of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item and are recognized in the consolidated statements of income (loss) and comprehensive income (loss).

### **Depreciation**

Depreciation is recognized to expense the cost of significant components of assets less their residual values over their useful lives, using either a straight-line or declining balance method depending on the specific nature of the item of property, plant and equipment. Depreciation methods, useful lives and residual values are reviewed on an annual basis and, if necessary, any changes would be accounted for prospectively.

The estimated useful lives of the Company's property, plant and equipment are as follows:

Land	Not depreciated	Not depreciated
Buildings	4%	Declining balance
Major facilities	20-30 years	Straight-line
Processing equipment and machinery	10%	Declining balance
Automotive	4 Years	Straight-line

### **Borrowing costs**

Borrowing costs incurred in connection with the borrowing of funds that are attributable to the acquisition, construction or production of a qualifying asset are capitalized when the assets take significant time to ready for use or sale. Other borrowing costs are expensed as incurred.

### **Impairment of property, plant and equipment**

Items of property, plant and equipment are assessed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Impairment losses are recognized for the amount by which the asset's carrying amount exceeds its recoverable amount and are recognized immediately in the consolidated statements of income (loss) and comprehensive income (loss).

The recoverable amount is the greater of:

- i) an asset's fair value less costs of disposal; and
- ii) its value in use.

Fair value is the price that would be expected to be received in a sale transaction less costs of disposal.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

The Company evaluates impairment losses for potential reversals, other than goodwill impairment, when events or changes in circumstances warrant such consideration. Reversals of impairment losses are evaluated and if deemed necessary are recognized immediately in the consolidated statements of income (loss) and comprehensive income (loss).



## GREEN IMPACT PARTNERS INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the years ended December 31, 2023 and 2022

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

### ***l) Intangible assets***

Intangible assets with finite useful lives that are acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at acquisition date, which is regarded as their cost. Subsequent to initial recognition, intangible assets are recorded at cost, less accumulated amortization, and accumulated impairment losses. Intangible assets with finite lives are amortized over the periods during which they are expected to generate benefits. Intangibles are amortized with the following estimated useful lives and amortization methods:

Customer Relationships	10 years	Straight-line
Non-Compete Agreements	3 to 5 Years	Straight-line

### ***m) Provisions and Contingent Liabilities***

Provisions are recognized when the Company has a present legal or constructive obligation because of past events, it is probable that an outflow of economic resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

A provision for onerous contracts is recognized when the expected economic benefits to be derived by the Company associated with a contract are lower than the unavoidable cost of meeting the obligations under the contract. The provision is measured at the lower of the expected cost of terminating the contract and the present value of the expected net cost of the remaining term of the contract. Before a provision is established, the Company first recognizes any impairment change on assets associated with the onerous contract.

A contingent liability is disclosed when there is a possible obligation arising from a past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly under its control, or when there is a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

### ***n) Revenue***

#### ***Fee for Service and Energy Product Optimization Services***

The Company enters into fee for service agreements and recognizes revenue when performance obligations have been fulfilled. The Company's fee for service operations includes water and solids recycling management and disposal services. The Company's energy product optimization services consist of the sale of oil, including that extracted from the recycling operations.

The Company's revenue generated from the water and solids recycling management and disposal services includes wastewater 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 eight facilities throughout western Canada and one in the United States that provide these services. Water and solids recycling management and disposal services revenue is recognized when the performance obligations are satisfied. A fee for service agreement with a customer defines the billing rates for each project. An agreement may be in the form of an oral agreement, sale invoice, or purchase order, as is customary within the industry. Performance obligations are considered satisfied when services are rendered.



## GREEN IMPACT PARTNERS INC.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the years ended December 31, 2023 and 2022

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

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The Company's energy product optimization services revenue is generated through the sale of hydrocarbon products, and revenue is recognized when control of the product transfers to the customer upon delivery. Third parties transport raw hydrocarbon volumes into the Company's facilities and once accepted at the facilities, the Company takes custody of these third-party volumes. Therefore, energy product optimization direct costs represent the cost of the raw hydrocarbons that the Company takes custody of, transportation tariffs and other direct and indirect costs directly associated with the sale of the hydrocarbon product.

#### ***o) Income Tax***

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statements of income (loss) and comprehensive income (loss) except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred-tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred-tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable that the related tax benefit will be realized.

#### ***p) Share-based Compensation***

The Company applies the fair-value method for valuing share option, restricted share unit and performance share unit grants. Under this method, compensation costs attributable to all share options, restricted share units and performance share units granted are measured at fair value at the grant date and expensed over the vesting period with a corresponding increase to contributed surplus. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options and units that vest. Upon the exercise of the share options, consideration received, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital. For share option grants, the Black-Scholes model is used to determine fair value while the grant date GIP common share trading price is used as the fair value for restricted share units and performance share units.

#### ***q) Earnings per Share***

Basic per-share information is calculated by dividing net income or loss attributable to shareholders by the weighted average number of common shares outstanding for the period. Diluted per-share information is calculating using the treasury-stock method, whereby any proceeds from the share options, share units, warrants or other dilutive instruments are assumed to be used to purchase common shares at the average market price during the period. The weighted average number of shares outstanding is then adjusted by the net change. In the case of a net loss, the dilutive effect of share-based options and warrants is excluded



## GREEN IMPACT PARTNERS INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the years ended December 31, 2023 and 2022

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

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from the calculation of diluted per-share amounts because they are anti-dilutive for the periods presented.

### **r) Government Grants**

Government grants are recognized when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received. If a grant is received before it is certain whether compliance with all conditions will be achieved, the grant is recognized as a deferred liability until such conditions are fulfilled. When the conditions of a grant relate to income or expense, it is recognized in the statements of income (loss) and comprehensive (loss) in the period in which the expenditures are incurred, or income is earned. When the conditions of a grant relate to an underlying asset, it is recognized as a reduction to the carrying amount of the related asset and amortized into income on a systematic basis over the expected useful life of the underlying asset through depreciation and amortization.

## **4. FUTURE ACCOUNTING PRONOUNCEMENTS**

The Company has adopted amendments to IAS 1 Presentation of Financial Statements regarding the disclosure of material accounting policies, effective January 1, 2023. This amendment was disclosure related and did not impact the Company's accounting policies.

### **Future Accounting Pronouncements**

Effective January 1, 2024, the Company plans to adopt the remaining amendments to IAS 1 Presentation of Financial Statements which was issued by the IASB in January 2021. The amendments further clarify the requirements for the presentation of liabilities as current or non-current in the consolidated statements of financial position.

In October 2022, the IASB issued Non-current Liabilities with Covenants which amended IAS 1 Presentation of Financial Statements. The amendments specify the classification and disclosure of a liability with covenants and is effective January 1, 2024.

These amendments are not expected to have a material impact on the Company's consolidated financial statements.

## **5. 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 most significant estimates and judgements contained in the consolidated financial statements are described below:

### **a) Identification of cash-generating units**

The Company's assets are aggregated into CGUs for the purpose of assessing impairment. The Company's assets are aggregated into CGUs which are the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The aggregation of assets in CGUs requires management judgment and is based on geographical proximity,



## GREEN IMPACT PARTNERS INC.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the years ended December 31, 2023 and 2022

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

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shared infrastructure, commodity type and similar exposure to market risk. The Company has identified the following CGUs:

- Solids Recycling and Disposal (United States)
- Solids Disposal (Canada)
- Western Canadian Integrated Infrastructure
- Swan Hills Terminal

#### **b) Impairment of property, plant and equipment**

In determining the recoverable amount of assets, in the absence of quoted market prices, estimates are made regarding the present value of future cash flows. Future cash flow estimates are based on several factors, including expected demand, customer activity in operating areas, input costs such as feedstock and fuel, service, labor, and other costs and well as commodity prices. Estimates are also made in determining the discount rate used to calculate the present value of future cash flows.

#### **c) Business combinations**

Accounting for business combinations requires management's judgement both in identifying the acquirer in the transaction for accounting purposes and in determining the fair value of the acquiree. The determination of fair value is estimated based on information available at the date of acquisition and requires assumptions and estimates to be made about future events. The assumptions and estimates with respect to determining fair value of property, plant and equipment ("PP&E") using a fair value less cost of disposal model generally requires significant judgment and includes forward price estimates, sales volume, industry activity, customer demand, future operating costs, required capital investment and discount rates. Assumptions are also required to determine the fair value of the asset retirement obligations, if any, the right of use assets and associated lease obligations, other deferred liabilities, and the long-term incentive compensation program.

Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets and liabilities, and goodwill (or net assets acquired in excess of purchase consideration). Future net income (loss) will be affected as the fair value on initial recognition impacts future depreciation and amortization, asset impairment or reversal, or goodwill impairment.

#### **d) Fair Value of Financial Instruments**

The estimated fair value of financial instruments is reliant upon numerous estimated variables including forward curves for prices, foreign exchange rates and interest rates, as well as volatility curves, and risk of non-performance. A change in any one of these factors could result in a change to the overall estimated valuation of the instrument.

Additionally, estimates must be made with respect to impairment of financial assets and the provision of expected credit losses recognized. In making an assessment as to whether financial assets are credit-impaired, the Company considers historically realized bad debts, any applicable public credit ratings, evidence of a debtor's present financial condition and whether a debtor has breached certain contracts, the probability that a debtor will, or has entered bankruptcy or other financial reorganization, changes in economic conditions that correlate to increased levels of default, the number of days a debtor is past due in making a contractual payment, and the term to maturity of the specified receivable.



## GREEN IMPACT PARTNERS INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the years ended December 31, 2023 and 2022

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

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### **e) Share-based payments**

All equity-settled, share-based awards issued by the Company are recorded at fair value using the Black-Scholes option-pricing model. In assessing the fair value of equity-based compensation, estimates must be made regarding the expected volatility in share price, option life, dividend yield, risk-free rate and estimated forfeitures at the initial grant date.

### **f) Asset retirement obligations**

The Company estimates future site restoration costs for its gathering, processing, disposal and storage facilities and terminals. In most instances, removal of assets occurs many years into the future. This requires judgement regarding abandonment and remediation dates, future environmental and regulatory legislation across various jurisdictions, the extent of reclamation activities required, estimated salvage values, future technologies in determining the removal cost and liability-specific discount rates to determine the present value of these cash flows.

### **g) Deferred tax assets and liabilities**

Deferred tax assets (if any) are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse and a judgment as to whether there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.

### **h) Revenue recognition**

To determine the timing and amount of revenue recognition, management must utilize significant judgments and estimates, which include: the nature and type of performance obligations under contract, the timing of when such performance obligations have been satisfied, the amount of any variable consideration associated with a revenue contract and whether such consideration is constrained or not reasonably estimable, and the contract term.

### **i) Going concern**

In determining the Company's ability to continue as a going concern significant judgments and estimates are used. Future cash flow estimates are based on several factors, including expected demand, customer activity in operating areas, input costs such as feedstock and fuel, service, labor, and other costs and well as commodity prices. In addition to operating cash flows the Company does forecast inflows from other sources including the proceeds from the sale of investment tax credits ("ITC"). The timing of these inflows does require judgment.

## **6. 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 (the "Colorado JV"), 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").





## GREEN IMPACT PARTNERS INC.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the years ended December 31, 2023 and 2022

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

As part of the Transaction, the Company executed a strategic partnering agreement with Amber whereby Amber has the exclusive right, until June 30, 2024, to provide all of the required equity in Future Energy Park and Iowa RNG for aggregate consideration of up to \$485 million in exchange for a 50% interest in each project. Amber's investment in each project is anticipated to be completed upon the close of project level debt financing for each project and is subject to meeting certain customary conditions including, but not limited to, project economics at such time continuing to meet Amber's targeted investment returns, and Amber's satisfaction of the terms and conditions of the material contracts and project level debt financing. The strategic partnering agreement also outlines a framework for GIP and Amber to continue to partner on future opportunities until February 23, 2025 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 the Colorado JV for \$15.2 million (US \$11.2 million). As the Colorado JV 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 the Colorado JV to Amber for gross proceeds of \$59.2 million (US \$43.9 million). The first instalment of a gross \$38.5 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 the Colorado JV investment tax credits (the "Deferred Consideration"). As a result of this transaction, Amber and GIP US entered into an amended and restated operating agreement and exercise joint control over the Colorado JV. The Deferred Consideration was not included within the proceeds on sale used to determine the gain on sale of the Colorado JV for the year ended December 31, 2023.

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	<b>50%</b>
<b>Net Assets Disposed of</b>	<b>27,819</b>
Gross Proceeds	<b>38,743</b>
Transaction costs	<b>(2,288)</b>
Reclassification of prior cumulative translation adjustments	<b>1,506</b>
<b>Gain on Sale of Interest in Subsidiary</b>	<b>10,142</b>

Effective on the Closing Date, the Company no longer controls the Colorado JV and is now a 50% partner in a joint venture with Amber. In prior periods, given the control relationship, the Colorado JV was



## GREEN IMPACT PARTNERS INC.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the years ended December 31, 2023 and 2022

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

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 income (loss) and comprehensive income (loss) and statements of cash flows for the year ended December 31, 2023. As at the Closing Date and for all future periods, the Company's 50% portion of the net assets of the Colorado JV 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 December 31, 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 the Colorado JV 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 year ended December 31, 2023, and as a result, the management fee was paid to the Company.

## 7. ACCOUNTS RECEIVABLE

The composition of accounts receivable is as follows:

	December 31, 2023	December 31, 2022
Trade receivables	12,896	16,933
Other receivables	764	500
	<b>13,660</b>	<b>17,433</b>
<b>Aged trade receivables</b>		
Current (<30 days)	11,569	15,798
31-60 days	348	525
61-90 days	137	100
>90 days	842	510
	<b>12,896</b>	<b>16,933</b>

## 8. OTHER CURRENT ASSETS

The composition of other current assets is as follows:

	December 31, 2023	December 31, 2022
Prepaid expenses	1,440	2,171
Deferred transaction costs <sup>(1)</sup>	3,173	-
Short-term promissory note	314	952
	<b>4,927</b>	<b>3,123</b>

<sup>(1)</sup> The deferred financing costs relate to the Transaction outlined in note 6, which are deferred until the closing of the sale of an equity interest in Future Energy Park to Amber.





## GREEN IMPACT PARTNERS INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the years ended December 31, 2023 and 2022

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

### 9. PROPERTY, PLANT AND EQUIPMENT

Cost	General Plant and Processing Equipment	Assets Under Construction	Total Property, Plant and Equipment
<b>Balance, December 31, 2021</b>	<b>83,238</b>	<b>72,609</b>	<b>155,847</b>
Additions	1,218	51,709	52,927
Changes in asset retirement obligation asset	(6,053)	-	(6,053)
Capitalization of borrowing costs	-	2,961	2,961
Acquisitions	-	1,611	1,611
Right of use additions	152	-	152
Impact of foreign currency translation	196	3,938	4,134
<b>Balance, December 31, 2022</b>	<b>78,751</b>	<b>132,828</b>	<b>211,579</b>
Additions	424	23,542	23,966
Right of use additions	507	-	507
Changes in asset retirement obligation asset	424	-	424
Capitalization of borrowing costs	-	142	142
Disposal of assets of subsidiary	-	(77,982)	(77,982)
Impact of foreign currency translation	(58)	287	229
<b>Balance, December 31, 2023</b>	<b>80,048</b>	<b>78,817</b>	<b>158,865</b>

Accumulated depreciation and impairment	General Plant and Processing Equipment	Assets Under Construction	Total Property, Plant and Equipment
<b>Balance, December 31, 2021</b>	<b>(12,052)</b>	-	<b>(12,052)</b>
Depreciation	(5,260)	-	(5,260)
<b>Balance, December 31, 2022</b>	<b>(17,312)</b>	-	<b>(17,312)</b>
Depreciation	(4,898)	-	(4,898)
<b>Balance, December 31, 2023</b>	<b>(22,210)</b>	-	<b>(22,210)</b>

Carrying values	General Plant and Processing Equipment	Assets Under Construction	Total Property, Plant and Equipment
<b>Balance, December 31, 2021</b>	<b>71,186</b>	<b>72,609</b>	<b>143,795</b>
<b>Balance, December 31, 2022</b>	<b>61,439</b>	<b>132,828</b>	<b>194,267</b>
<b>Balance, December 31, 2023</b>	<b>57,838</b>	<b>78,817</b>	<b>136,655</b>

#### 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 December 31, 2023 and therefore no depreciation has been recorded to date.



## GREEN IMPACT PARTNERS INC.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the years ended December 31, 2023 and 2022

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

The Company's major and advanced RNG project within assets under construction is Future Energy Park. The Company also has made investments in other earlier stage RNG projects in British Columbia, southern Alberta, Iowa and California. As discussed in Note 6 and Note 10, during the year ended December 31, 2023, the Company sold a 50% interest in the Colorado JV and no longer has control of the entity, but instead is considered a partner in the joint venture. As such, the assets under construction were sold to the partnership as part of the transaction. The following is a summary of amounts recorded in assets under construction by major project of the year ended December 31, 2023:

	Colorado JV	Future Energy Park	Other RNG Projects	Total Assets under Construction
<b>Balance, December 31, 2021</b>	<b>28,256</b>	<b>36,500</b>	<b>7,853</b>	<b>72,609</b>
Additions	41,552	8,517	1,640	51,709
Capitalization of borrowing costs	2,402	559	-	2,961
Acquisitions	-	-	1,611	1,611
Foreign currency translation	3,862	-	76	3,938
<b>Balance, December 31, 2022</b>	<b>76,072</b>	<b>45,576</b>	<b>11,180</b>	<b>132,828</b>
Additions	1,346	17,042	5,154	23,542
Capitalization of borrowing costs	-	142	-	142
Disposal of assets of subsidiary	(77,982)	-	-	(77,982)
Foreign currency translation	564	-	(277)	287
<b>Balance, December 31, 2023</b>	<b>-</b>	<b>62,760</b>	<b>16,057</b>	<b>78,817</b>

### Assessment of Impairment

At December 31, 2023, there were no indicators of impairment of property, plant, and equipment or assets under construction.

The Company performed its annual tests for goodwill impairment on December 31, 2022. During Q4 2022, it was determined that the Water & Solids Recycling & Energy Product Optimization segment was impaired as a result of the operating performance relative to the assumptions under which the assets were valued on acquisition and goodwill was recorded. A goodwill impairment expense of \$3.0 million was recorded which was equal to the total amount of goodwill allocated to this segment. The discount rate used was 15%. At December 31, 2022, the Company reviewed its CGUs for indicators of impairment and determined there was no other impairment of property, plant, and equipment or assets under construction.

## 10. INVESTMENT IN JOINT VENTURE

At December 31, 2023, the Company has a 50% joint venture interest in the Colorado JV.

The following is a summary of changes in investment in joint venture for the year ended December 31, 2023:



## GREEN IMPACT PARTNERS INC.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the years ended December 31, 2023 and 2022

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

<b>Balance, December 31, 2022</b>	-
Initial recognition of investment in joint venture (note 6)	27,819
Company's portion of loss from operations from February 23, 2023 to December 31, 2023	(784)
Currency translation adjustment	(853)
<b>Balance, December 31, 2023</b>	<b>26,182</b>

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

Statement of Financial Position	December 31, 2023
Current assets <sup>(1)</sup>	8,642
Non-current assets	93,686
Current liabilities	(6,154)
Non-current liabilities	(43,811)

(1) At December 31, 2023, the Company had accounts receivable of \$0.1 million due from the Colorado JV.

The following table presents the result of operations of the Colorado JV from the Transaction Date of February 23, 2023 to December 31, 2023:

Net Income (loss) and Comprehensive Income (loss)	From February 23, to December 31, 2023
Revenue	-
Cost of sales	440
Operating expenses	379
Non-operating expenses (income)	749
<b>Net Income (loss)</b>	<b>(1,568)</b>
GIP's ownership %	50%
<b>Equity (earnings) loss from joint venture</b>	<b>(784)</b>

The Company has related party transactions with the Colorado JV. This includes \$7.7 million (\$0.2 million – 2022) in non-current assets relating to the aggregate of \$6.7 million management fee (note 6) and \$1.0 million for the Company's billback of employee salaries and expenses charged to the joint venture for work relating to the operations of the joint venture. These were capitalized by the joint venture up to the date of commissioning.

Cost of sales includes \$0.1 million (\$nil – 2022) in related party transactions, for the Company's billback of employee salaries and expenses charged to the joint venture for work relating to the operations of the joint venture, from the date of commissioning to the year ended December 31, 2023.

## 11. LONG TERM INVESTMENT

During the year ended December 31, 2023, the Company spent an additional \$0.1 million in the New Zealand-based energy company ("NZCo") focused on developing a green hydrogen refueling network across New Zealand servicing commercial and heavy transport customers. The investment includes an additional opportunity to increase the Company's investment at a later date. Based on the status of the Tranche 2 conditions, the Company does not anticipate that Tranche 2 will be completed within 2024.

In accordance with IFRS 9 – Financial Instruments, the investment was initially recorded at fair value. Given



## GREEN IMPACT PARTNERS INC.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the years ended December 31, 2023 and 2022

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

that the shares of NZCo are not being held for trading, the Company has elected to subsequently measure the investment at fair value through other comprehensive income (FVTOCI). Consequently, any future fair value gains or losses will be recognized through other comprehensive income. At December 31, 2023 it was determined there was no change in the fair value of the investment since initial recognition.

<b>Balance, December 31, 2021</b>	<b>2,803</b>
Additions	-
<b>Balance, December 31, 2022</b>	<b>2,803</b>
Additions	100
Impact of foreign currency translation	(194)
<b>Balance, December 31, 2023</b>	<b>2,709</b>

## 12. INTANGIBLE ASSETS

Below is a continuity of intangible assets as at December 31, 2023 and 2022:

	Customer Relationships and Contract	Non-competition Agreements	Total Intangible Assets
<b>Balance, December 31, 2021</b>	<b>1,773</b>	<b>8</b>	<b>1,781</b>
Acquired on business combination	-	-	-
Amortization	(190)	(8)	(198)
Impact of foreign currency translation	112	-	112
<b>Balance, December 31, 2022</b>	<b>1,695</b>	<b>-</b>	<b>1,695</b>
Amortization	(192)	-	(192)
Impact of foreign currency translation	(42)	-	(42)
<b>Balance, December 31, 2023</b>	<b>1,461</b>	<b>-</b>	<b>1,461</b>

## 13. LONG TERM DEBT

	US\$ Denominated		Canadian \$ Amount	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Corporate credit facility	n/a	n/a	28,515	27,488
Construction and term loan	-	30,335	-	41,089
Other term debt	36	127	47	172
Lease liabilities	39	88	686	254
	<b>75</b>	<b>30,550</b>	<b>29,248</b>	69,003
Deferred financing costs	-	(1,787)	(34)	(2,598)
<b>Total long-term debt</b>	<b>75</b>	<b>28,763</b>	<b>29,214</b>	<b>66,405</b>
Current portion			269	348
Long-term portion			28,945	66,057
<b>Total long-term debt</b>			<b>29,214</b>	<b>66,405</b>

### *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 the



## GREEN IMPACT PARTNERS INC.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the years ended December 31, 2023 and 2022

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

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Colorado JV, Future Energy Park and 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 issuance 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, 2023 and December 31, 2022, 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 the Colorado JV. The Project Facility allows for maximum borrowings up to \$50.0 million (US\$37.0 million). The Project Facility is secured against only the assets of the Colorado JV and is non-recourse to the GIP parent entity and all other GIP subsidiaries and their assets. 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”). In 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 June 30, 2024 related to final project completion, the term loan then matures and expires (“Maturity Date”) on July 1, 2029.

As a result of the Transaction outlined in note 6, 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.

#### **Other term debt**

In 2022, the Company assumed four equipment and vehicle loans totaling \$0.4 million. The loans bear interest ranging from 2.85% to 4.00% and have maturities ranging from September 2023 to February 2025. The entire remaining other term debt balance at December 31, 2023 is comprised of these four loans. These loans are guaranteed by the Company at the parent level.

#### **Lease obligations**

Lease obligations are recorded pursuant to IFRS 16 at the present value of future minimum lease payments, with lease payments being apportioned between principal and interest, where interest is determined to be the Company’s incremental borrowing rate of 6.85%. The lease liability consists of several individual leases. The leases are secured by the leased assets.



## GREEN IMPACT PARTNERS INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the years ended December 31, 2023 and 2022

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

### Deferred financing costs

The following is a summary of changes in deferred financing costs for the year ended December 31, 2023:

	Corporate Credit Facility	Colorado JV Construction Facility	Total Deferred Financing Costs
<b>Balance, December 31, 2021</b>	<b>140</b>	<b>910</b>	<b>1,050</b>
New costs incurred	148	3,869	4,017
Amortization	(111)	(2,402)	(2,513)
Foreign currency translation	-	44	44
<b>Balance, December 31, 2022</b>	<b>177</b>	<b>2,421</b>	<b>2,598</b>
Disposal of interest in subsidiary	(143)	(2,421)	(2,564)
<b>Balance, December 31, 2023</b>	<b>34</b>	<b>-</b>	<b>34</b>

## 14. OTHER LIABILITIES

In 2022, as part of the contribution of certain assets by NCIs for Future Energy Park, the Company also assumed certain short and long-term liabilities. The liabilities have varied due dates, which are based on specified project milestones including Final Notice to Proceed (“FNTP”) and Commercial Operations Date (“COD”). FNTP for Future Energy Park is currently estimated in 2024 and COD is estimated in 2027. The long-term liabilities were present valued using a discount rate of 6%, which was assumed to be a reasonable estimate of the cost of project financing at the time the liabilities were assumed. In subsequent reporting periods, accretion will be recognized to increase the discounted long-term liabilities up to the undiscounted face value by the time of settlement.

The changes in the liabilities assumed, including the settlement category and the balance that remains outstanding at December 31, 2023, are summarized below:

	Other Current Liabilities	Other Long-term Liabilities
<b>Balance, December 31, 2021</b>	<b>-</b>	<b>9,288</b>
New liabilities incurred	833	67
Accretion	345	214
Liabilities settled	(418)	-
Changes in settlement category	7,681	(7,681)
Foreign currency translation	36	5
<b>Balance, December 31, 2022</b>	<b>8,477</b>	<b>1,893</b>
Accretion	116	109
Foreign currency translation	(10)	(1)
<b>Balance, December 31, 2023</b>	<b>8,583</b>	<b>2,001</b>



## GREEN IMPACT PARTNERS INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the years ended December 31, 2023 and 2022

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

### 15. ASSET RETIREMENT OBLIGATIONS

<b>Balance, December 31, 2021</b>	<b>14,287</b>
Changes in estimates	(6,053)
Settlement expenditures	(352)
Accretion	278
<b>Balance, December 31, 2022</b>	<b>8,160</b>
Changes in estimates	424
Accretion	284
<b>Balance, December 31, 2023</b>	<b>8,868</b>

The Company has estimated the net present value of its asset retirement obligation to be \$8.9 million as at December 31, 2023 (December 31, 2022 – \$8.2 million) based on a total undiscounted future liability of \$16.2 million. This liability represents obligations of the Company for its water, solids and hydrocarbon treatment, recycling and transportation facilities to abandon and dispose of the equipment and reclaim the sites. These payments are expected to be made by 2044. The Company calculated the present value of the obligations using a discount rate of 3.02% (December 31, 2022 – 3.28%) to reflect the market assessment of the time value of money as well as risks specific to the liabilities that have not been included in the cash flow estimates. The long-term inflation rate used in determining the cash flow estimate was 1.8% per annum.

The Company has issued a \$3.2 million (December 31, 2022 – \$3.2 million) performance bond to the Government of Saskatchewan for the Heward landfill.

### 16. SHAREHOLDERS EQUITY

#### *Authorized Share Capital*

Unlimited Class A Voting Common Shares

	Number of shares (#)	\$ Amount (000's)
<b>Balance, December 31, 2021</b>	<b>20,300,005</b>	<b>112,856</b>
Shares acquired for treasury	-	(5,986)
Exercise of share units, net of withholding taxes	-	579
<b>Balance, December 31, 2022</b>	<b>20,300,005</b>	<b>107,449</b>
Vesting of share units	-	1,099
Issuance of shares	1,000,000	10,000
Share issue costs, net of tax	-	(122)
Settlement of restricted share units, net of tax remittances	100,013	(215)
<b>Balance, December 31, 2023</b>	<b>21,400,018</b>	<b>118,211</b>

#### *Acquisition of Shares*

The Company purchases and reserves its shares for the purpose of, inter alia, issuing shares to officers, directors and employees under the Company's Performance Share Unit Plan. At December 31, 2023, the Company is holding on reserve 807,961 treasury shares (December 31, 2022 – 876,485) for future transfer to Share Unit Holders.





## GREEN IMPACT PARTNERS INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the years ended December 31, 2023 and 2022

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

### 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.

## 17. NET INCOME (LOSS) PER SHARE

	Year ended December 31, 2023	Year ended December 31, 2022
<b>Net income (loss) ('000s)</b>	1,293	(9,361)
<b>Weighted average number of shares Outstanding:</b>		
Basic	20,818,088	20,300,005
Diluted	21,494,970	20,410,610
<b>Net income (loss) per share:</b>		
Basic	0.06	(0.46)
Diluted	0.06	(0.46)

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

## 18. SHARE-BASED COMPENSATION

### Share Unit Plan

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 amount 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 issued from treasury. Upon vesting of the PSUs, the plan participant receives an equivalent number of GIP common shares less applicable tax withholdings. The Company currently intends to settle all PSU awards with GIP shares acquired and reserved by the Company. 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 year ended December 31, 2023 are summarized





## GREEN IMPACT PARTNERS INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the years ended December 31, 2023 and 2022

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

in the table below:

<b>Restricted Share Units</b>	<b>Share Unit (#)</b>
<b>Balance, December 31, 2021</b>	<b>371,237</b>
Granted	245,882
Vested and settled	(120,276)
Forfeited	(19,987)
<b>Balance, December 31, 2022</b>	<b>476,856</b>
Granted	-
Vested and settled	(198,881)
Forfeited	(2,650)
<b>Balance, December 31 2023</b>	<b>275,325</b>

<b>Performance Share Units</b>	<b>Share Unit (#)</b>
<b>Balance, December 31, 2021</b>	<b>-</b>
Granted	-
Vested and settled	-
Forfeited	-
<b>Balance, December 31, 2022</b>	<b>-</b>
Granted	843,182
Vested and settled	-
Forfeited	(3,606)
<b>Balance, December 31 2023</b>	<b>839,576</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 compensation expense on the consolidated 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 \$3.5 million in aggregate for both Share Unit Plans for the year ended December 31, 2023 (December 31, 2022 - \$1.8 million). The total remaining fair value of all outstanding RSUs and PSUs to be recognized as share-based compensation expense in future periods is \$3.2 million.

### **Stock Option Plan**

Under the employee stock option plan, the Company may grant options to its employees, in aggregate including amounts awarded under RSU's, up to 10% of the total number of issued and outstanding common shares of GIP, on a non-diluted basis, as constituted on the grant date of such stock option. The exercise price of each option shall be determined by the Board of Directors but shall not be less than the closing price per common share on the last day on which the shares were traded prior to the day on which the Company announces the grant of the stock option or, if not announced, on the grant date. According to the plan, the stock option's maximum term is ten years, however, the Board can assign an earlier expiry date. Options fully vest on the third anniversary from the date of grant.



## GREEN IMPACT PARTNERS INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the years ended December 31, 2023 and 2022

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

Stock Options	Options Granted (#)	Weighted Average Exercise Price (\$)	Remaining Term (years)
<b>Balance, December 31, 2021</b>	<b>431,698</b>	<b>5.00</b>	<b>8.00</b>
Granted	526,889	7.05	7.40
Exercised	-	-	-
Forfeited	(32,767)	6.28	7.60
<b>Balance, December 31, 2022</b>	<b>925,820</b>	<b>6.12</b>	<b>7.20</b>
Granted	628,880	9.15	6.58
Exercised	-	-	-
Forfeited	(12,137)	8.27	6.83
<b>Balance, December 31, 2023</b>	<b>1,542,563</b>	<b>7.34</b>	<b>6.58</b>
Exercisable, December 31, 2023	-	-	-

The fair value of the stock options granted during the years ended December 31, 2023 and 2022 was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions and resulting values:

	Year ended December 31, 2023	Year ended December 31, 2022
<b>Fair value of stock options granted (weighted average)</b>	<b>\$ 5.11</b>	<b>\$ 3.30</b>
Risk-free interest rate	3.37%	2.88%
Estimated hold period prior to exercise	8.00 years	8.0 years
Expected volatility	46.71%	37.00%
Weighted average forfeiture rate	6.10%	5.90%
Dividend per share	\$nil	\$nil

The grant date fair value will be recognized as share-based compensation expense on the consolidated 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 \$1.8 million relating to the Share Option Plan for the year ended December 31, 2023 (December 31, 2022 - \$0.7 million). The total remaining fair value of all outstanding stocks options to be recognized in future periods is \$2.9 million.

## 19. NON-CONTROLLING INTERESTS

At December 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 ("Aloha"). 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 consolidated financial statements with NCIs recorded as a separate component of equity related to the portion of these subsidiaries owned by minority interests.



## GREEN IMPACT PARTNERS INC.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the years ended December 31, 2023 and 2022

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

	FEDC	ALOHA	Total NCI
<b>Balance, December 31, 2021</b>	<b>12,001</b>	<b>794</b>	<b>12,795</b>
Contributions from non-controlling interest	1,029	-	1,029
Net income (loss) attributable to non-controlling interest	(15)	(6)	(21)
<b>Balance, December 31, 2022</b>	<b>13,015</b>	<b>788</b>	<b>13,803</b>
Dividends paid to non-controlling interest	-	(84)	(84)
Net income (loss) attributable to non-controlling interest	(22)	(8)	(30)
<b>Balance, December 31, 2023</b>	<b>12,993</b>	<b>696</b>	<b>13,689</b>

## 20. DEFERRED TAXES

The provisions for deferred taxes in the consolidated statements of income and comprehensive income reflect an effective tax rate which differs from the expected statutory tax rate. Differences were accounted for as follows:

### For the years ended December 31,

	2023	2022
Net income (loss) before income tax	3,708	(10,342)
Statutory rate	23%	23%
Expected income taxes at statutory rate	853	(2,379)
Effect on income tax of:		
Share-based compensation	797	149
Impairment of goodwill	-	690
Rate changes and other	765	559
Income tax (recovery)	2,415	(981)

The movement in deferred tax balances during the years ended December 31, 2023 and 2022 are as follows:

	Balance Dec 31, 2022	Recognized in Net Loss	Recognized in Equity/OCI	Balance Dec 31, 2023
<b>Deferred tax liabilities:</b>				
Property, plant and equipment	9,609	46	(33)	9,622
Intangible assets	422	(33)	(24)	365
Investment in Subsidiary	-	4,179	1,349	5,528
Unrealized gain	190	(139)	(51)	-
<b>Deferred tax assets:</b>				
Asset retirement obligations	(1,877)	(162)	-	(2,039)
Share issue costs	(1,448)	290	-	(1,158)
Share unit plan	(281)	281	-	-
Non-capital losses	(5,421)	(2,227)	(1,355)	(9,003)
Deferred financing costs	6	(6)	-	-
<b>Deferred tax liability (asset)</b>	<b>1,200</b>	<b>2,229</b>	<b>(114)</b>	<b>3,315</b>

### Presented As:

Deferred income tax assets	446
Deferred income tax liabilities	(3,761)
<b>Net deferred tax asset (liability)</b>	<b>(3,315)</b>



## GREEN IMPACT PARTNERS INC.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the years ended December 31, 2023 and 2022

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

	Balance Dec 31, 2021	Recognized in Net Loss	Recognized in Equity/OCI	Balance Dec 31, 2022
<b>Deferred tax liabilities:</b>				
Property, plant and equipment	10,342	(766)	33	<b>9,609</b>
Intangible assets	444	(52)	30	<b>422</b>
Unrealized gain	-	190	-	<b>190</b>
<b>Deferred tax assets:</b>				
Asset retirement obligations	(3,286)	1,409	-	<b>(1,877)</b>
Share issue costs	(1,810)	362	-	<b>(1,448)</b>
Share unit plan	-	(281)	-	<b>(281)</b>
Non-capital losses	(3,453)	(1,968)	-	<b>(5,421)</b>
Deferred financing costs	-	6	-	<b>6</b>
<b>Deferred tax liability (asset)</b>	<b>2,237</b>	<b>(1,100)</b>	<b>63</b>	<b>1,200</b>

<b>Presented As:</b>	
Deferred income tax assets	2,141
Deferred income tax liabilities	(3,341)
<b>Net deferred tax asset (liability)</b>	<b>(1,200)</b>

As at December 31, 2023, the Company has \$31.0 million (December 31, 2022 - \$23.5 million) of unused tax losses available for deduction against future taxable income, which will expire in 2042. The Company considers it probable that future taxable profits will be available against which the losses giving rise to this deferred tax asset can be applied. Accordingly, the Company has recognized a deferred tax asset or a reduction to its net deferred tax liability, as applicable, on the consolidated statement of financial position for those loss carry forward amounts. Tax rates used to determine future tax liabilities were a combined 23% for all Canadian tax attributes and a combined 25% for any U.S. tax attributes.

As at December 31, 2023, the Company has an additional \$14.8 million (December 31, 2022 - \$nil) of unused tax losses related to the corporate segment. The Company determined that it is not probable to generate future taxable profits to use against these losses, and therefore has not recognized a deferred tax asset on the consolidated statement of financial position for those loss carry forward amounts.

## 21. FINANCE COSTS

	December 31, 2023	December 31, 2022
Interest on long-term debt	2,057	904
Amortization of debt issue costs	144	111
Accretion on asset retirement obligation	284	71
	<b>2,485</b>	<b>1,086</b>

## 22. FINANCIAL MANAGEMENT

### a) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a product sales contract, financial instrument, or other financial transaction fails to meet its contractual obligations. Credit risk arises principally from the Company's cash and cash equivalents, other current assets and accounts receivable.



## GREEN IMPACT PARTNERS INC.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the years ended December 31, 2023 and 2022

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

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The Company's account receivables are with customers in the infrastructure, construction, mining, oil and natural gas, agriculture, forestry, government, potash and utilities industries and are subject to credit risk. Credit risk is typically considered low for the Company's trade accounts receivable due to the Company's processes as outlined above. Most of the Company's trade and other receivables, presented as other receivables, relate to energy marketing revenue and are subject to typical industry credit risks and always fully settled and collected in the month following the associated sales.

Approximately 90 percent of consolidated revenue is derived from customers that are either government entities or investment-grade companies.

The Company manages its credit risk as follows:

- i) By entering into material sales contracts with only established, credit-worthy counterparties as verified by a third-party rating agency, through internal financial evaluation or in certain cases requiring security;
- ii) By maintaining a policy which limits excessive exposure to any one counterparty; and
- iii) By subjecting all counterparties to regular credit reviews.

#### **b) Liquidity risk and capital management**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company actively manages its liquidity at a reasonable cost through strategies such as continuously monitoring forecast and actual cash flows from operating, financing, and investing activities, available credit and working capital facilities under banking arrangements, and opportunities to raise project-level debt financings and/or issue additional equity. The Company expects to generate sufficient cash flows from operations, in the short term and long term, to meet all maintenance capital expenditures in connection with the Water and Solids Treatment and Recycling facilities. However, as a result of a delay in the sale of the Colorado JV ITCs, the Company's current level of working capital, including undrawn available credit facilities, and free cash flow from operations may not be sufficient to advance all of its current objectives within the contemplated timeframes. The Company has control over additional capital spending to advance projects and monitors its liquidity position to determine available funds. As discussed below under the subsequent events, in March 2024, and subsequently in April 2024, the Company entered into an agreement (the "Option Agreement") with various directors of the Company (the "Optionees"), wherein the Optionees agreed to fund an amount of up to \$10.0 million to GIP. The Option Agreement provides additional capital to improve the Company's liquidity. Prior to incurring material construction costs for the Future Energy Park, GIP will need to secure adequate sources of financing.

Refer to Note 13 - "Long-Term Debt" for further details on available amounts under existing banking arrangements and Note 14 - "Other long-term liabilities" for more information on the nature and obligations associated with those liabilities.

The following are undiscounted contractual maturities of financial liabilities, including estimated interest as at December 31, 2023 and 2022:



## GREEN IMPACT PARTNERS INC.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the years ended December 31, 2023 and 2022

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

As at December 31, 2023	Total	< 1 Year	1-3 Years	4-5 Years	After 5 Years
AP and accrued liabilities	19,214	19,214	-	-	-
Other current liabilities	8,583	8,583	-	-	-
Long-term debt	28,528	47	28,481	-	-
Other long-term liabilities	2,001	-	2,001	-	-
Lease obligations	658	228	430	-	-
<b>Total financial liabilities</b>	<b>58,984</b>	<b>28,072</b>	<b>30,912</b>	-	-

As at December 31, 2022	Total	< 1 Year	1-3 Years	4-5 Years	After 5 Years
AP and accrued liabilities	21,031	21,031	-	-	-
Other current liabilities	8,593	8,593	-	-	-
Long-term debt	87,709	2,781	57,456	21,978	5,494
Other long-term liabilities	2,148	-	2,148	-	-
Lease obligations	271	163	108	-	-
<b>Total financial liabilities</b>	<b>119,752</b>	<b>32,568</b>	<b>59,712</b>	<b>21,978</b>	<b>5,494</b>

The Company's objectives when managing capital are to: (i) monitor forecasted and actual cash flows from operating, financing and investing activities; (ii) ensure the Company has the financial capacity to execute on its strategy to increase market share through organic growth or strategic acquisitions; (iii) maintain financial flexibility to meet financial commitments and maintain the confidence of shareholders, creditors and the market; and (iv) 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.

	December 31, 2023	December 31, 2022
Current assets	21,059	25,742
Current liabilities	(28,066)	(29,856)
Long-term debt	28,945	66,057
Other long-term liabilities	2,001	1,893
Shareholders' equity	103,182	103,867
	<b>127,121</b>	<b>167,703</b>

### c) Interest rate risk

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



## GREEN IMPACT PARTNERS INC.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the years ended December 31, 2023 and 2022

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

### 23. RELATED PARTY TRANSACTIONS

The Chief Executive Officer of the Company was, until December 8, 2023, the Executive Chairman of Wolverine Energy & Infrastructure Inc. (“Wolverine”) and owned approximately 49% of the issued and outstanding shares of Wolverine. Wolverine owns approximately 18% of the issued and outstanding shares of the Company and is therefore, until December 8, 2023, considered to be a related party of the Company.

On December 8, 2023, FTI Consulting Canada Inc. was appointed receiver and manager (the “Receiver”) of the assets, undertakings and property of the Wolverine and its subsidiary companies, pursuant to an Order of the Court of King’s Bench of Alberta. Wolverine was a shareholder of the Company at the time it was placed into receivership and may continue to hold an undisclosed number of Common Shares in the Company. On January 4, 2024, the Receiver launched a sale and investment solicitation process (the “SISP”) to solicit interest in, and opportunities for, a sale of all or part of the business, property, assets and undertakings of the Wolverine and its affiliates and was intended to result in binding offers being submitted by March 7, 2024. As a result of the receivership and SISP, Wolverine may liquidate some or all remaining Common Shares in the Company to address its financial obligations or to comply with receivership proceedings. A share liquidation by the Receiver could result in an abrupt and potentially substantial influx of the Company’s Common Shares into the market, affecting stock price, liquidity, and market sentiment. The Company has no direct influence over Wolverine’s actions in receivership.

### 24. 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 year ended December 31, 2023 and 2022.

	December 31, 2023	December 31, 2022
Short-term compensation <sup>(1)</sup>	2,534	1,076
Share-based compensation <sup>(2)</sup>	4,288	1,425
	<b>6,822</b>	<b>2,501</b>

(1) Short-term compensation includes annual salaries, management bonuses and employee benefits provided to key management personnel as well as directors’ fees. Approximately \$0.5 million is recorded in salaries and wages, \$0.9 million in selling, general, and administrative, \$0.1 million in gain on sale of subsidiary, and \$1.0 million in prepaid related to a future project.

(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.

### 25. REVENUE AND DIRECT COSTS

As described in note 3, 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 wastewater 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 eight facilities throughout western Canada and one in the United States that provide these services.





## GREEN IMPACT PARTNERS INC.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the years ended December 31, 2023 and 2022

(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 takes custody of these third-party volumes while they are processed and blended. As a result, 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
<b>Year Ended December 31, 2023</b>			
Revenue	140,391	20,771	<b>161,162</b>
Direct Costs	136,235	17,277	<b>153,512</b>
Gross Profit	<b>4,156</b>	<b>3,494</b>	<b>7,650</b>
<b>Year Ended December 31, 2022</b>			
Revenue	194,234	19,504	<b>213,738</b>
Direct Costs	191,050	17,287	<b>208,337</b>
Gross Profit	<b>3,184</b>	<b>2,217</b>	<b>5,401</b>

The Company had three customers that comprised greater than 10% of revenue which were 39%, 19% and 19%, respectively (2022 – 37%, 18%, 12%, 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 December 31, 2023.

Direct Costs	Year ended December 31, 2023	Year Ended December 31, 2022
Energy product optimization	136,235	191,050
Fuel, Chemicals, Supplies, Materials	5,185	5,359
Utilities	1,877	1,719
Repairs and Maintenance	991	849
Operational Personnel Costs	5,432	5,351
Treatment and Disposal Costs	1,451	2,015
Other Direct Costs	2,341	1,994
<b>Total Direct Costs</b>	<b>153,512</b>	<b>208,337</b>

## 26. SEGMENT REPORTING

The Company currently operates as a water, solids and hydrocarbon treatment, and recycling service provider and a clean energy producer, which forms its two reporting segments – Water & Solids Recycling & Energy Product Optimization and Clean Energy Production. The Water & Solids Recycling & Energy Product Optimization segment consists of water, waste and solids disposal and recycling services (fee for service revenue) as well as oil blending, transportation and marketing operations (energy product





## GREEN IMPACT PARTNERS INC.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the years ended December 31, 2023 and 2022

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

optimization revenue). The breakdown of these two main sources of revenue is presented in the Revenue and Direct Cost note of these financial statements. The Water & Solids Recycling & Energy Product Optimization segment customer base 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, hydrogen to biofuel production.

Below is information for the Company's operating segments for the year ended December 31, 2023 and 2022:

	Water & Solids Recycling & Energy Product Optimization	Clean Energy Production	Corporate	Total
<b>December 31, 2023</b>				
Property, plant and equipment	68,259	68,078	318	<b>136,655</b>
Total assets	111,911	69,893	6,708	<b>188,512</b>
Total liabilities	19,183	17,840	34,618	<b>71,641</b>

	Water & Solids Recycling & Energy Product Optimization	Clean Energy Production	Corporate	Total
<b>December 31, 2022</b>				
Property, plant and equipment	71,785	122,482	-	<b>194,267</b>
Total assets	115,832	102,378	8,767	<b>226,977</b>
Total liabilities	27,725	52,530	29,052	<b>109,307</b>

	Water & Solids Recycling & Energy Product Optimization	Clean Energy Production	Corporate	Total
<b>Year Ended December 31, 2023</b>				
Revenue	161,162	-	-	<b>161,162</b>
Depreciation and amortization	(5,046)	-	(44)	<b>(5,090)</b>
Other operating (expense)	(154,566)	(132)	(6,106)	<b>(160,804)</b>
Non-operating (expense) income	1,228	13,973	(6,761)	<b>8,440</b>
<b>Earnings (loss) before tax</b>	<b>2,778</b>	<b>13,841</b>	<b>(12,911)</b>	<b>3,708</b>



## GREEN IMPACT PARTNERS INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the years ended December 31, 2023 and 2022

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

Year Ended December 31, 2022	Water & Solids Recycling & Energy Product Optimization	Clean Energy Production	Corporate	Total
Revenue	213,738	-	-	213,738
Depreciation and amortization	(5,433)	-	(25)	(5,458)
Other operating (expense)	(209,521)	(51)	(4,171)	(213,743)
Non-operating (expense) income	(1,347)	(331)	(3,201)	(4,879)
<b>Earnings (loss) before tax</b>	<b>(2,563)</b>	<b>(382)</b>	<b>(7,397)</b>	<b>(10,342)</b>

## 27. SUBSEQUENT EVENTS

On March 7, 2024, the Company, as a result of a delay in closing the Colorado JV ITC sale, entered into an agreement (the "Option Agreement") with various directors of the Company (the "Optionees"), wherein the Optionees agreed to fund an amount of up to \$6.0 million to GIP, available in tranches, at GIP's sole discretion, to provide additional liquidity to GIP. In exchange, the Company has granted the Optionees an option to purchase certain ITCs that the Company may receive from future renewable natural gas projects (excluding the Colorado JV) (the "Option"). Pursuant to the Option Agreement, the Optionees shall have the right, for a period of five years, to purchase the ITCs from the Company. During the term of the Option Agreement, the Company may, at its sole option, repurchase the Option from the Optionees by paying all amounts previously funded to the Company by the Optionees along with interest accrued at a rate of 1.25% per month. There are certain circumstances that oblige the Company to repurchase the Option from the Optionees including change in control or financial close on either Iowa RNG or the Future Energy Park. On April 28, 2024, the Company entered into an amendment to the Option Agreement whereby one of the Optionees has agreed to fund an additional \$4.0 million to GIP, available at GIP's sole discretion (the "Additional Option"). The Additional Option has similar terms to the Option except for additional commitment fees. During the term of the Option Agreement, the Company may, at its sole option, repurchase the option from the Optionee by paying all amounts previously funded to the Company for the Option and the Additional Option including accrued interest at a rate of 1.25% per month plus commitment fees on the Additional Option. As of the date of these consolidated financial statements, \$3.5 million has been funded by the Optionees to the Company, leaving an incremental \$6.5 million available to be called at the Company's sole discretion.