



# Green Impact Partners

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
As At and For the Three Months Ended March 31, 2024 and 2023  
**(UNAUDITED)**

**May 15, 2024**

**GREEN IMPACT PARTNERS INC.**

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	Note	March 31, 2024	December 31, 2023
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		1,979	1,615
Accounts receivable	4	16,240	13,660
Inventory		1,871	857
Other current assets	5	5,126	4,927
<b>Total Current Assets</b>		<b>25,216</b>	<b>21,059</b>
Property, plant and equipment	6	136,780	136,655
Investment in joint venture	7	25,153	26,182
Long-term investments		2,621	2,709
Intangible assets		1,446	1,461
Deferred income tax assets		559	446
<b>Total Assets</b>		<b>191,775</b>	<b>188,512</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities		22,731	19,214
Current portion of long-term debt	8	375	269
Other current liabilities	9,14	11,567	8,583
<b>Total Current Liabilities</b>		<b>34,673</b>	<b>28,066</b>
Long-term debt	8	29,732	28,945
Other long-term liabilities		2,030	2,001
Asset retirement obligation		8,398	8,868
Deferred income tax liabilities		3,972	3,761
<b>Total Liabilities</b>		<b>78,805</b>	<b>71,641</b>
<b>Shareholders' Equity</b>			
Share capital	10	119,297	118,211
Contributed surplus		5,800	6,062
Accumulated other comprehensive income		1,009	389
Retained earnings (deficit)		(26,734)	(21,480)
<b>Total Shareholders' Equity</b>		<b>99,372</b>	<b>103,182</b>
Non-controlling interests		13,598	13,689
<b>Total Shareholders' Equity and Non-Controlling Interest</b>		<b>112,970</b>	<b>116,871</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>191,775</b>	<b>188,512</b>

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

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

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

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



## GREEN IMPACT PARTNERS INC.

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

FOR THE THREE MONTHS ENDED MARCH 31,

(Unaudited)

(Thousands of Canadian dollars)

	Note	2024	2023
Revenue	16	33,322	38,498
Direct costs	16	32,016	37,382
<b>Gross Margin</b>		<b>1,306</b>	<b>1,116</b>
<b>Operating Expenses</b>			
Depreciation and amortization	6	1,488	1,264
Salaries and wages		1,031	806
Selling, general and administration		1,000	835
		<b>3,519</b>	<b>2,905</b>
<b>Loss from Operations</b>		<b>(2,213)</b>	<b>(1,789)</b>
<b>Non-Operating Expense (Income)</b>			
Finance costs		691	610
Unrealized (gain) loss on risk management contracts		-	(555)
Share-based compensation	12	905	1,351
Equity (earnings) loss from joint venture	7	1,669	553
Gain on sale of interest in subsidiary		-	(10,142)
Unrealized (gain) loss on foreign exchange		(235)	-
Realized (gain) loss on foreign exchange		15	2
		<b>3,045</b>	<b>(8,181)</b>
<b>Income (loss) before income tax</b>		<b>(5,258)</b>	<b>6,392</b>
<b>Income Tax</b>			
Current tax expense (recovery)		-	2,601
Deferred tax expense (recovery)		87	(701)
		<b>87</b>	<b>1,900</b>
<b>Net Income (loss)</b>		<b>(5,345)</b>	<b>4,492</b>
<b>Net Income (loss) Attributable to:</b>			
Shareholders of the Company		(5,254)	4,492
Non-controlling interest		(91)	-
		<b>(5,345)</b>	<b>4,492</b>
Currency translation adjustment		620	235
<b>Comprehensive income (loss)</b>		<b>(4,725)</b>	<b>4,727</b>
<b>Comprehensive Income (Loss) Attributable to:</b>			
Shareholders of the Company		(4,675)	4,716
Non-controlling interest		(50)	11
		<b>(4,725)</b>	<b>4,727</b>
<b>Net Income (Loss) per Common Share:</b>			
Basic	11	(0.25)	0.22
Diluted	11	(0.25)	0.22

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



**GREEN IMPACT PARTNERS INC.**

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31,

(Unaudited)

(Thousands of Canadian dollars)

	Note	2024	2023
<b>OPERATING ACTIVITIES</b>			
Net income (loss) including non-controlling interest		(5,345)	4,492
Items not affecting cash:			
Depreciation and amortization	6	1,488	1,264
Deferred income tax expense (recovery)		87	(701)
Share-based compensation	12	905	1,351
Unrealized (gain) loss on risk management contracts		-	(555)
Equity loss from joint venture	7	1,669	553
Gain on sale of interest in subsidiary		-	(10,142)
Unrealized (gain) loss on foreign exchange		(235)	-
Finance costs		691	610
<b>Funds from (used in) operations</b>		<b>(740)</b>	<b>(3,128)</b>
Changes in non-cash operating working capital		485	3,761
<b>Cash from (used in) operations</b>		<b>(255)</b>	<b>633</b>
<b>INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment	6	(1,597)	(8,113)
Acquisition of non-controlling interest		-	(15,222)
Additions to long-term investments		-	(75)
Proceeds from disposal of interest in subsidiary		-	21,471
Changes in non-cash investing working capital		(761)	(137)
<b>Cash from (used in) investing activities</b>		<b>(2,358)</b>	<b>(2,076)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from long-term debt		608	322
Interest on long-term debt		(586)	(507)
Proceeds from related party option agreement	14	2,950	-
Cash costs associated with share-based compensation	10	(81)	-
Dividends paid to non-controlling interest		-	(83)
<b>Cash from (used in) financing activities</b>		<b>2,891</b>	<b>(268)</b>
<b>Impact of foreign currency translation on cash</b>		<b>86</b>	<b>14</b>
<b>Increase (decrease) in cash and equivalents</b>		<b>364</b>	<b>(1,697)</b>
Cash and cash equivalents, beginning of period		1,615	2,692
<b>Cash and cash equivalents, end of period</b>		<b>1,979</b>	<b>995</b>

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



## GREEN IMPACT PARTNERS INC.

### CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31,

(Unaudited)

(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, 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>
Net Income (loss)		-	-	-	(5,254)	(91)	(5,345)
Currency translation adjustment		-	-	620	-	-	620
Share-based compensation	12	-	905	-	-	-	905
Vesting of share units	12	1,167	(1,167)	-	-	-	-
Settlement of restricted share units, net of tax remittances	10	(81)	-	-	-	-	(81)
<b>At March 31, 2024</b>		<b>119,297</b>	<b>5,800</b>	<b>1,009</b>	<b>(26,734)</b>	<b>13,598</b>	<b>112,970</b>

	Notes	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Non-Controlling Interest	Total
<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)		-	-	-	4,492	-	4,492
Purchase of non-controlling interest		-	-	-	(15,222)	-	(15,222)
Reclassification on sale of interest in subsidiary		-	-	(1,506)	-	-	(1,506)
Currency translation adjustment		-	-	235	-	-	235
Share-based compensation	12	-	1,351	-	-	-	1,351
Dividends paid to non-controlling interest		-	-	-	-	(83)	(83)
<b>At March 31, 2023</b>		<b>107,449</b>	<b>3,254</b>	<b>825</b>	<b>(18,311)</b>	<b>13,720</b>	<b>106,937</b>

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



## **GREEN IMPACT PARTNERS INC.**

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

As at and for the three months ended March 31, 2024 and 2023

*(Unaudited)*

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

---

## **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 condensed consolidated interim financial statements (the “financial statements”) have been prepared by management using accounting policies consistent with International Financial Reporting Standards (“IFRS”) and in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board. The financial statements do not include all the information required for full annual statements and should be read in conjunction with the audited annual consolidated financial statements of the Company for the years ended December 31, 2023 and 2022.

These financial statements were approved by the Company’s Board of Directors on May 15, 2024.

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

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

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

The accounting policies and significant accounting judgments, estimates, and assumptions used in these unaudited financial statements are consistent with those described in Notes 3, 4 and 5 of the Company’s audited consolidated financial statements for the years ended December 31, 2023 and 2022.

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

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



## GREEN IMPACT PARTNERS INC.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2024 and 2023

(Unaudited)

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

The key estimates and judgments concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities include those related to the determination of cash generating units, depreciation and amortization, recoverability of assets, asset retirement obligations and accretion, other provisions and contingent liabilities, inventories, deferred income taxes, provision for expected credit losses, fair value of financial instruments, purchase price equations, and net investments in foreign subsidiaries. Readers are cautioned that the preceding list is not exhaustive and other items may also be affected by estimates and judgments.

#### 4. ACCOUNTS RECEIVABLE

The composition of accounts receivable is as follows:

	March 31, 2024	December 31, 2023
Trade receivables	15,420	12,896
Other receivables	820	764
	<b>16,240</b>	<b>13,660</b>
<b>Aged trade receivables</b>		
Current (<30 days)	13,007	11,569
31-60 days	1,212	348
61-90 days	306	137
>90 days	895	842
	<b>15,420</b>	<b>12,896</b>

#### 5. OTHER CURRENT ASSETS

The composition of other current assets is as follows:

	March 31, 2024	December 31, 2023
Prepaid expenses	1,729	1,440
Deferred transaction costs <sup>(1)</sup>	3,083	3,173
Short-term promissory note	314	314
	<b>5,126</b>	<b>4,927</b>

<sup>(1)</sup> The deferred financing costs are deferred until the closing of the sale of an equity interest in Future Energy Park

#### 6. PROPERTY, PLANT AND EQUIPMENT

Net Book Value	General Plant & Processing Equipment	Assets Under Construction	Total Property, Plant & Equipment
<b>Balance, December 31, 2023</b>	<b>57,838</b>	<b>78,817</b>	<b>136,655</b>
Additions, including non-cash right of use assets	152	1,721	1,873
Changes in asset retirement obligation asset	(542)	-	(542)
Depreciation	(1,438)	-	(1,438)
Capitalization of borrowing costs	-	28	28
Impact of foreign currency translation	51	153	204
<b>Balance, March 31, 2024</b>	<b>56,061</b>	<b>80,719</b>	<b>136,780</b>

At March 31, 2024 there were no indicators of impairment of PP&E.



## GREEN IMPACT PARTNERS INC.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2024 and 2023

(Unaudited)

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

#### Assets under construction

Assets under construction consist of PP&E for projects that are in the development phase and/or under construction. None of these projects were in operation as at March 31, 2024, and therefore no depreciation has been recorded to date.

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. The following is a summary of amounts recorded in assets under construction by major project for the three months ended March 31, 2024:

	Future Energy Park	Other RNG Projects	Total Assets under Construction
<b>Balance, December 31, 2023</b>	<b>62,760</b>	<b>16,057</b>	<b>78,817</b>
Additions	1,533	188	1,721
Capitalization of borrowing costs	28	-	28
Foreign currency translation	-	153	153
<b>Balance, March 31, 2024</b>	<b>64,321</b>	<b>16,398</b>	<b>80,719</b>

At March 31, 2024 there were no indicators of impairment of assets under construction.

#### 7. INVESTMENT IN JOINT VENTURE

At March 31, 2024, the Company has a 50% joint venture interest the GreenGas Colorado RNG project (the "Colorado JV").

The following is a summary of changes in investment in joint venture for the three months ended March 31, 2024:

<b>Balance, December 31, 2023</b>	<b>26,182</b>
Company's portion of loss from operations	(1,669)
Currency translation adjustment	640
<b>Balance, March 31, 2024</b>	<b>25,153</b>

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

Statement of Financial Position	March 31, 2024	December 31, 2023
Current assets <sup>(1)</sup>	6,781	8,642
Non-current assets	95,443	93,686
Current liabilities	(8,895)	(6,154)
Non-current liabilities	(43,023)	(43,811)

(1) At March 31, 2024, the Company had accounts receivable of \$0.1 million due from the Colorado JV.





## GREEN IMPACT PARTNERS INC.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2024 and 2023

(Unaudited)

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

The following table presents the result of operations of the Colorado JV for the three months ended March 31, 2024:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
<b>Net Income (loss) and Comprehensive Income (loss)</b>		
Revenue	-	-
Cost of sale	2,046	-
Operating expenses	1,030	3
Non-operating expenses (income)	262	1,103
<b>Net Income (loss)</b>	<b>(3,338)</b>	<b>(1,106)</b>
GIP' ownership %	50%	50%
<b>Equity (earnings) loss from joint venture</b>	<b>(1,669)</b>	<b>(553)</b>

Cost of sales includes \$0.2 million (\$nil – 2023) 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 for the three months ended March 31, 2024.

## 8. LONG TERM DEBT

	US\$ Denominated		Canadian \$ Amount	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Corporate credit facility	n/a	n/a	29,192	28,515
Other term debt	25	36	34	47
Lease liabilities	35	39	905	686
	<b>60</b>	<b>75</b>	<b>30,131</b>	29,248
Deferred financing costs	-	-	(24)	(34)
<b>Total long-term debt</b>	<b>60</b>	<b>75</b>	<b>30,107</b>	<b>29,214</b>
Current portion			375	269
Long-term portion			29,732	28,945
<b>Total long-term debt</b>			<b>30,107</b>	<b>29,214</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 Colorado JV, Future Energy Development Corp. and its US solids recycling business. 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 with a due date of July 31, 2025. 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):



## GREEN IMPACT PARTNERS INC.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2024 and 2023

(Unaudited)

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

- 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 condensed consolidated interim financial statements of the Company's main operating subsidiary.

At March 31, 2024, the Company was in compliance with all debt covenants associated with the Facility.

## 9. OTHER CURRENT LIABILITIES

	March 31, 2024	December 31, 2023
Other current liabilities	8,593	8,583
Related party option agreement <sup>(1)</sup>	2,974	-
<b>Total other current liabilities</b>	<b>11,567</b>	<b>8,583</b>

(1) refer to note 14 "related party transactions" for more information.

## 10. SHAREHOLDERS EQUITY

### Authorized Share Capital

Unlimited Class A Voting Common Shares

	Number of shares (#)	\$ Amount (000's)
<b>Balance, December 31, 2023</b>	<b>21,400,018</b>	<b>118,211</b>
Vesting of share units	-	1,167
Settlement of restricted share units, net of tax remittances	-	(81)
<b>Balance, March 31, 2024</b>	<b>21,400,018</b>	<b>119,297</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 March 31, 2024, the Company is holding on reserve 697,738 treasury shares (December 31, 2023 – 807,961) for future transfer to Share Unit Holders.

## 11. NET INCOME (LOSS) PER SHARE

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
<b>Net income (loss) attributable to shareholders of the Company ('000s)</b>	<b>(5,345)</b>	<b>4,492</b>
<b>Weighted average number of shares Outstanding:</b>		
Basic	21,400,018	20,300,005
Diluted	21,400,018	20,607,500
<b>Net income (loss) per share:</b>		
Basic	(0.25)	0.22
Diluted	(0.25)	0.22



## GREEN IMPACT PARTNERS INC.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2024 and 2023

(Unaudited)

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

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.

## 12. 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 three months ended March 31, 2024, are summarized in the table below:

Restricted Share Units	Share Unit (#)
<b>Balance, December 31 2023</b>	<b>275,325</b>
Granted	-
Vested and settled	-
Forfeited	(2,410)
<b>Balance, March 31, 2024</b>	<b>272,915</b>

Performance Share Units	Share Unit (#)
<b>Balance, December 31 2023</b>	<b>839,576</b>
Granted	-
Vested and settled	(133,345)
Forfeited	(28,279)
<b>Balance, March 31, 2024</b>	<b>677,952</b>



## GREEN IMPACT PARTNERS INC.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2024 and 2023

(Unaudited)

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

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 \$0.5 million in aggregate for both Share Unit Plans for the three months ended March 31, 2024 (March 31, 2023 - \$0.9 million). The total remaining fair value of all outstanding RSUs and PSUs to be recognized as share-based compensation expense in future periods is \$2.4 million.

#### Stock Option Plan

The changes in Stock Options outstanding at March 31, 2024, including new grants and forfeitures, are summarized below:

Stock Options	Options Granted (#)	Weighted Average Exercise Price (\$)	Remaining Term (years)
<b>Balance, December 31, 2023</b>	<b>1,542,563</b>	<b>7.34</b>	<b>6.58</b>
Granted	-	-	-
Exercised	-	-	-
Forfeited	(85,593)	8.75	6.77
<b>Balance, March 31, 2024</b>	<b>1,456,970</b>	<b>7.26</b>	<b>6.31</b>
Exercisable, March 31, 2024	-	-	-

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 \$0.4 million relating to the Share Option Plan for the three months ended March 31, 2024 (March 31, 2023 - \$0.5 million). The total remaining fair value of all outstanding stocks options to be recognized in future periods is \$2.2 million.

## 13. FINANCIAL MANAGEMENT

### a) 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 in Note 14 and Note 18, 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.



## GREEN IMPACT PARTNERS INC.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2024 and 2023

(Unaudited)

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

The following are undiscounted contractual maturities of financial liabilities, including estimated interest as at March 31, 2024:

	Total	< 1 Year	1-3 Years	4-5 Years	After 5 Years
AP and accrued liabilities	22,731	22,731	-	-	-
Other current liabilities	11,923	11,923	-	-	-
Long-term debt	30,107	375	29,732	-	-
Other long-term liabilities	2,030	-	2,030	-	-
Lease liabilities	1,008	450	501	57	-
<b>Total financial liabilities</b>	<b>67,799</b>	<b>35,479</b>	<b>32,263</b>	<b>57</b>	<b>-</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.

#### **b) Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in 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.

## 14. RELATED PARTY TRANSACTIONS

### **Option Agreement**

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. Subsequent to quarter end, on April 28, 2023 the Company entered into an amendment to the Option Agreement whereby one of the Optionees has agreed to fund to the Company an additional \$4.0 million (the "Additional Option").

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,



## GREEN IMPACT PARTNERS INC.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2024 and 2023

(Unaudited)

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

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 and additional commitment fees on the Additional Option of 10% per annum. 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.

	March 31, 2024
Proceeds from related party option agreement	2,950
Interest accrued	24
<b>Total (included in other current liabilities - note 9)</b>	<b>2,974</b>

The Option is classified as a financial liability that is measured at fair value through profit and loss upon issuance and at each subsequent reporting period. The fair value of the Option was determined to be nil on March 31, 2024, mainly given the probability of being exercised was determined to be nil.

## 15. 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 condensed consolidated interim financial statements for the three months ended March 31, 2024 and 2023:

	Three Months Ended March 31, 2024	Three Months Ended March 31 2023
Short-term compensation <sup>(1)</sup>	421	1,501
Share-based compensation <sup>(2)</sup>	-	3,040
	<b>421</b>	<b>4,541</b>

(1) Short-term compensation includes annual salaries, management bonuses and employee benefits provided to key management personnel as well as directors' fees. There were no bonuses during the three months ended March 31, 2024.

(2) Based on the grant date fair value of the applicable awards. There were no grants for the three months ended March 31, 2024.

## 16. REVENUE AND DIRECT COSTS

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.

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.



## GREEN IMPACT PARTNERS INC.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2024 and 2023

(Unaudited)

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

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>Three Months Ended March 31, 2024</b>			
Revenue	28,292	5,030	<b>33,322</b>
Direct costs	27,402	4,614	<b>32,016</b>
Gross profit	<b>890</b>	<b>416</b>	<b>1,306</b>
<b>Three Months Ended March 31, 2023</b>			
Revenue	33,848	4,650	<b>38,498</b>
Direct costs	33,146	4,236	<b>37,382</b>
Gross profit	702	414	<b>1,116</b>

The Company had four customers that comprised greater than 10% of revenue which were 38%, 19% and 12%, 11%, respectively (2023 – three customers comprised greater than 10% of revenue which were 33%, 22%, 16%, 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 March 31, 2024.

Direct Costs	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Energy product optimization	27,402	33,146
Fuel, chemicals, supplies, materials	100	123
Utilities	438	669
Repairs & maintenance	914	190
Operational personnel costs	735	713
Treatment & disposal costs	160	300
Other direct costs	2,267	2,241
<b>Total Direct Costs</b>	<b>32,016</b>	<b>37,382</b>

## 17. 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 optimization revenue). The breakdown of these two main sources of revenue is presented in the Revenue and Direct Cost note of these interim financial statements. The Water & Solids Recycling & Energy Product Optimization segment customer base spans a range of industries including agriculture, forestry,





## GREEN IMPACT PARTNERS INC.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2024 and 2023

(Unaudited)

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

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 three months ended March 31, 2024 and 2023:

As at March 31, 2024	Water & Solids Recycling & Energy Product Optimization	Clean Energy Production	Corporate	Total
Property, plant and equipment	66,381	70,074	325	136,780
Total assets	117,126	68,337	6,312	191,775
Total liabilities	21,999	18,016	38,790	78,805

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

Three Months Ended March 31, 2024	Water & Solids Recycling & Energy Product Optimization	Clean Energy Production	Corporate	Total
Revenue	33,322	-	-	33,322
Depreciation and amortization	(1,460)	-	(28)	(1,488)
Other operating (expense)	(32,328)	(234)	(1,485)	(34,047)
Non-operating (expense) income	227	(1,647)	(1,625)	(3,045)
<b>Earnings (loss) before tax</b>	<b>(239)</b>	<b>(1,881)</b>	<b>(3,138)</b>	<b>(5,258)</b>





## GREEN IMPACT PARTNERS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2024 and 2023

(Unaudited)

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

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

### 18. SUBSEQUENT EVENTS

On April 28, 2024, the Company entered into an amendment to the Option Agreement whereby one of the Optionees has agreed to fund the Additional Option of \$4.0 million to GIP, available at GIP's sole discretion. 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 condensed consolidated interim financial statements, \$3.5 million of the Option has been funded by the Optionees to the Company, leaving an incremental \$6.5 million, including the Additional Option, available to be called at the Company's sole discretion.