INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the first quarter ended December 31, 2022

TERRAVEST INDUSTRIES INC.

Interim Condensed Consolidated Statements of Financial Position

(In thousands of Canadian dollars)

	Note	As at December 31, 2022 (Unaudited)	As at September 30, 2022 (Audited)
		$	$
ASSETS			
Current			
Cash		**17,914**	9,394
Accounts receivable		**100,284**	108,678
Income taxes receivable		**3,931**	3,007
Inventories		**190,248**	191,244
Other current assets	7	**11,187**	9,829
		323,564	322,152
Non-Current			
Property, plant and equipment		**160,398**	160,671
Right-of-use assets		**29,566**	29,395
Intangible assets		**34,440**	36,533
Net defined benefit asset		**5,655**	5,753
Deferred income tax assets		**21,958**	22,220
Investments	8	**13,786**	13,418
Other non-current assets		**150**	150
Goodwill		**25,120**	24,231
		614,637	614,523
LIABILITIES			
Current			
Bank overdrafts		**236**	360
Revolving credit facilities		**1,663**	3,332
Accounts payable and accrued liabilities		**70,196**	83,248
Deferred revenues		**34,398**	29,768
Dividends payable	10	**2,229**	1,789
Income taxes payable		**2,856**	2,319
Current portion of long-term debt		**12,989**	11,106
Current portion of lease liabilities		**5,237**	4,953
		129,804	136,875
Non-Current			
Long-term debt	9	**225,191**	228,459
Lease liabilities		**27,632**	27,652
Net defined benefit liability		**4,026**	4,049
Deferred income tax liabilities		**22,523**	21,571
		409,176	418,606
SHAREHOLDERS' EQUITY			
Share capital	10	**150,007**	150,467
Share premium		**19,556**	20,408
Share-based payments reserve		**1,203**	955
Accumulated other comprehensive income		**1,685**	2,280
Retained earnings		**19,145**	9,463
		191,596	183,573
Non-controlling interests		**13,865**	12,344
		205,461	195,917
		614,637	614,523

See accompanying notes to the interim condensed consolidated financial statements

On behalf of the Board:

/s/ Charles Pellerin, Director /s/ Blair Cook, Director

TERRAVEST INDUSTRIES INC.

Interim Condensed Consolidated Statements of Income

(Unaudited – in thousands of Canadian dollars, except share and per share amount)

	Note	First quarters ended December 31, 2022	First quarters ended December 31, 2021
		$	$
SALES	15		
Products		**141,834**	117,491
Services		**35,364**	13,873
		177,198	131,364
Cost of sales		**135,186**	102,843
Gross profit		**42,012**	28,521
EXPENSES			
Administration		**15,826**	10,891
Selling		**5,291**	4,015
Financing costs	12	**3,716**	1,930
Share of an associate and a joint venture net loss		**28**	128
Other (gains) losses	13	**(448)**	(2,168)
		24,413	14,796
EARNINGS BEFORE INCOME TAXES		**17,599**	13,725
INCOME TAX EXPENSE			
Current		**3,679**	2,906
Deferred		**834**	241
		4,513	3,147
NET INCOME		**13,086**	10,578
Net income (loss) attributable to:			
Common shareholders		**11,911**	10,674
Non-controlling interests		**1,175**	(96)
		13,086	10,578
Weighted average number of common shares:			
Basic	11	**17,858,572**	17,775,804
Diluted	11	**18,074,169**	18,003,397
Net income per share:			
Basic	11	**$0.67**	$0.60
Diluted	11	**$0.66**	$0.59

See accompanying notes to the interim condensed consolidated financial statements

TERRAVEST INDUSTRIES INC.

Interim Condensed Consolidated Statements of Comprehensive Income

(Unaudited – in thousands of Canadian dollars)

	First quarters ended	
	December 31, 2022	**December 31, 2021**
	$	**$**
NET INCOME	**13,086**	10,578
Other comprehensive loss, net of income tax:		
Item that may be reclassified subsequently to profit or loss:		
Exchange difference on translating foreign operations	**(595)**	(161)
COMPREHENSIVE INCOME	**12,491**	10,417
Attributable to:		
Common shareholders	**11,316**	10,513
Non-controlling interests	**1,175**	(96)
	12,491	10,417

See accompanying notes to the interim condensed consolidated financial statements

TERRAVEST INDUSTRIES INC.

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity

(Unaudited – in thousands of Canadian dollars)

		First quarters ended	
	Note	**December 31, 2022**	**December 31, 2021**
		$	**$**
Share capital			
Common shares:	10		
Balance, beginning of year		**150,467**	141,712
Issued on business combination, net of transaction costs		**-**	9,118
Repurchased and cancelled during the period		**(460)**	-
Balance, end of period		**150,007**	150,830
Share premium			
Balance, beginning of year		**20,408**	21,027
Carrying value of common shares repurchased lower than consideration paid		**(852)**	-
Balance, end of period		**19,556**	21,027
Share-based payments reserve			
Balance, beginning of year		**955**	334
Share-based payments expense		**248**	13
Balance, end of period		**1,203**	347
Accumulated other comprehensive income (loss)			
Balance, beginning of year		**2,280**	(1,188)
Other comprehensive loss		**(595)**	(161)
Balance, end of period		**1,685**	(1,349)
Retained earnings (accumulated deficit)			
Balance, beginning of year		**9,463**	(29,830)
Net income attributable to common shareholders		**11,911**	10,674
Dividends declared during the period		**(2,229)**	(1,793)
Balance, end of period		**19,145**	(20,949)
Total shareholders' equity attributable to common shareholders		**191,596**	149,906
Non-controlling interests			
Balance, beginning of year		**12,344**	4
Recognition of non-controlling interest		**-**	10,351
Change in non-controlling interest		**-**	139
Subsidiary's share-based payments reserve		**346**	-
Net income (loss) attributable to non-controlling interests		**1,175**	(96)
Balance, end of period		**13,865**	10,398
Total shareholders' equity		**205,461**	160,304

See accompanying notes to the interim condensed consolidated financial statements

TERRAVEST INDUSTRIES INC.

Interim Condensed Consolidated Statements of Cash Flows

(Unaudited – in thousands of Canadian dollars)

	Note	First quarters ended December 31, 2022	December 31, 2021
		$	$
OPERATING ACTIVITIES			
Net income		**13,086**	10,578
Adjustments for:			
Current income tax expense		**3,679**	2,906
Interest expense		**3,621**	1,829
Items not affecting cash	14	**10,737**	5,472
Interest paid		**(3,353)**	(1,819)
Income taxes paid		**(3,937)**	(3,593)
Contributions to defined benefit plans		**(44)**	(46)
Settlement of derivative financial instruments		**6**	24
Change in non-cash operating working capital items	14	**(1,912)**	(15,688)
		21,883	(337)
INVESTING ACTIVITIES			
Consideration paid on business combinations, net of cash acquired	5	**(2,057)**	(5,283)
Purchase of other property, plant and equipment		**(3,963)**	(3,393)
Proceeds from disposal of other property, plant and equipment		**489**	267
Purchase of property, plant and equipment for rental		**(3,001)**	(3,543)
Proceeds from disposal of property, plant and equipment for rental		**3,960**	2,343
Purchase of intangible assets		**(146)**	(22)
Investments	14	**(675)**	(1,598)
Net change in non-controlling interest		**-**	139
		(5,393)	(11,090)
FINANCING ACTIVITIES			
Net change in current revolving credit facilities		**(1,669)**	2,489
Net change in long-term revolving operating loans, net of transaction costs		**(1,614)**	18,813
Issuance of long-term debt, net of transaction costs		**2,573**	2,962
Repayment of long-term debt		**(2,430)**	(1,728)
Repayment of lease liabilities		**(1,516)**	(1,275)
Transaction costs paid on common shares issued		**-**	(21)
Common shares repurchased and cancelled	10	**(1,312)**	-
Dividends paid		**(1,789)**	(1,757)
		(7,757)	19,483
Net inflows for the period		**8,733**	8,056
Cash and bank overdrafts, beginning of year		**9,034**	7,481
Impact of foreign exchange on cash and bank overdrafts		**(89)**	44
CASH AND BANK OVERDRAFTS, END OF PERIOD		**17,678**	15,581

See accompanying notes to the interim condensed consolidated financial statements

1. DESCRIPTION OF THE BUSINESS

TerraVest Industries Inc. ("TerraVest" or the "Company") is incorporated under the laws of Alberta and is listed on the Toronto Stock Exchange (equity symbol: TVK). TerraVest's head office is located at 4901 Bruce Road in Vegreville, Alberta, Canada.

TerraVest is a diversified industrial company that manufactures and sells goods and services to various end markets including: energy, agriculture, mining, and transportation, among others. TerraVest is focused on acquiring and operating market-leading businesses that will benefit from TerraVest's financial and operational support. These opportunities generally center on manufactured steel products that complement TerraVest's existing operations and provide integration benefits.

TerraVest is comprised of four operating segments as follow: Home Heating and Cooling Products ("HVAC Equipment"), Compressed Gas Storage and Distribution Equipment ("Compressed Gas Equipment"), Energy Processing Equipment ("Processing Equipment") and Service:

- HVAC Equipment: is a provider of products and services to a variety of industries across Canada and the United States. The HVAC Equipment segment manufactures and distributes products including commercial and residential refined fuel tanks, furnaces, boilers, air conditioning equipment and controls. This segment sells its products through various distribution networks. The end users of the products are fuel distributors, commercial and residential consumers.
- Compressed Gas Equipment: is a provider of products and services to a variety of industries across Canada and the United States. The Compressed Gas Equipment segment manufactures engineered products for the storage, distribution and dispensing of compressed gases including liquid propane gas ("LPG"), natural gas liquids ("NGL's"), liquified natural gas ("LNG"), anhydrous ammonia ("NH3"), carbon dioxide ("CO2") and various other gases. The products include bulk storage vessels, transport trailers, delivery units, dispensers, commercial and residential storage tanks and other custom vessels. This segment also services the various products it manufactures. This segment's products and services are primarily sold to gas distributors, fertilizer distributors, farmers, midstream energy companies and transportation companies and are used by industrial, commercial and residential consumers.
- Processing Equipment: is a fabricator of equipment for various end-markets including upstream and midstream oil and gas production, renewable natural gas ("biogas") production, water treatment and mining. The Processing Equipment segment manufactures and sells a wide array of equipment such as wellhead processing equipment and tanks, desanding equipment, biogas production equipment, water treatment equipment and various other custom process equipment. This segment's products and services are primarily sold to oil and gas producers, midstream companies, utilities, municipalities and engineering companies.
- Service: provides a wide range of services to the energy sector in Western Canada including fluid hauling, water management, environmental solutions, heating, rentals and well servicing. TerraVest's Service segment is well-recognized for its technological innovation and industry-leading ESG program. This segment services many of the largest energy producers in Canada.

2. STATEMENT OF COMPLIANCE

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* ("IAS 34") using the same accounting policies TerraVest disclosed in its audited consolidated financial statements for the year ended September 30, 2022.

These interim condensed consolidated financial statements do not include all the information required under International Financial Reporting Standards ("IFRS") for complete set of financial statements. Therefore, these interim condensed consolidated financial statements should be read in conjunction with TerraVest's audited consolidated financial statements for the year ended September 30, 2022.

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors on February 8, 2023.

3. ESTIMATES

The preparation of financial statements requires management to make judgments, estimates and assumptions that may affect the application of policies and reported amounts of assets, liabilities, contingent assets and liabilities, income and expenses. Actual results could differ from these judgments, estimates and assumptions.

The judgments, estimates and assumptions applied in the interim condensed consolidated financial statements, including the key areas of estimation uncertainty, were the same as those applied in TerraVest's audited consolidated financial statements for the year ended September 30, 2022, with the exception of:

- the estimate of income tax expense which is determined in the interim condensed consolidated financial statements using the estimated average annual effective income tax rate applied to the estimated taxable earnings of the interim period.

4. SEASONALITY

TerraVest's operating segments are seasonal in nature. The strongest quarters for TerraVest are its first and last quarters. The Processing Equipment and Service segments generally experience higher sales in the first and second quarters as majority of the drilling in Western Canada occurs during this period. The HVAC Equipment and Compressed Gas Equipment segments generally experience higher revenues during the first and last quarters as demand for residential, commercial and industrial heating products increases heading into the winter months. The third quarter is typically the weakest across all segments. TerraVest takes advantage of this seasonality to build inventory levels during non-peak demand periods, thereby allowing TerraVest to more readily meet increased levels of demand during its regular peak demand periods.

5. BUSINESS COMBINATION

Acquisition of JCAC Fortin Inc. and T.S.X. Transport Inc.

On October 2, 2022, a subsidiary of TerraVest entered into a share purchase agreement to acquire all the issued and outstanding shares of JCAC Fortin Inc., the holding company of T.S.X. Transport Inc. (together referred as "TSX"). TSX is a privately-owned Quebec transport company that provides drop deck transportation services between Quebec and Eastern United States.

The business combination has been accounted for using the acquisition method with the results of operations included in earnings from the date of acquisition. Acquisition-related costs of $42 were incurred and recognized as administration expenses during the first quarter ended December 31, 2022.

Fair value of the consideration transferred at the acquisition date

	Preliminary
	$
Fair value of the cash consideration	**3,500**
Consideration payable to vendors [i)]	**49**
Fair value of the consideration transferred	**3,549**

[i)] Amount payable to vendors upon the determination of the estimated purchase price adjustments as per the acquisition agreement.

Assets acquired and liabilities assumed at the acquisition date

The preliminary fair value allocation of the identifiable assets acquired and liabilities assumed as at October 2, 2022 acquisition date is as follows:

	Preliminary Allocation
	$
ASSETS	
Cash	**1,443**
Accounts receivable	**565**
Income taxes receivable	**143**
Prepaid expenses	**93**
Property, plant and equipment	**1,871**
Right-of-use asset	**1,237**
	5,352
LIABILITIES	
Accounts payable and accrued liabilities	**438**
Deferred revenues	**42**
Income taxes payable	**4**
Long-term debt	**744**
Lease liabilities	**1,237**
Deferred income tax liabilities	**390**
	2,855
Net identifiable assets acquired	**2,497**

Determination of fair value

The fair value of assets acquired and liabilities assumed at the acquisition date was determined based on TerraVest's assumptions and estimates.

Accounts receivable

Receivables were recognized at their estimated fair value, which is not substantially different from their gross contractual value and expected receipts.

Property, plant and equipment

Property, plant and equipment ("PP&E") were recognized at their estimated fair value. TerraVest is currently evaluating their fair value using their original cost, acquisition date and net carrying value at the transaction closing date.

Right-of-use assets and lease liabilities

For acquired assets under leases, the right-of-use assets were measured at the same amount as the lease liabilities. The lease liabilities were measured at the present value of TSX's future lease payments using the implicit rate of the lease, if it can be readily determined, or its incremental borrowing rate as at October 2, 2022.

Intangible assets

TerraVest is currently evaluating the fair value of the identifiable intangible assets acquired. The intangible assets are valued using a discounted cash flow methodology with consideration given to historical and projected revenues, customer attrition rates and any other relevant assumptions.

Goodwill arising from the business combination

	Preliminary
	$
Consideration transferred	**3,549**
Less:	
Fair value of net identifiable assets acquired	**2,497**
Goodwill	**1,052**

The acquisition was done in order to internalize TerraVest's logistics and transportation activities for some of its product lines and subsidiaries. The preliminary goodwill associated with this acquisition is mainly attributable to the existing workforce.

TSX contribution to TerraVest results

TerraVest's consolidated net income during the first quarter ended December 31, 2022 includes sales of $476 and a net income of $22 generated from TSX's results since the acquisition date of October 2, 2022.

Due to lack of IFRS-specific data prior to the acquisition of TSX, pro-forma revenue and profit or loss of the combined entity during the first quarter ended December 31, 2022 cannot be determined reliably.

6. FINANCIAL INSTRUMENTS

The fair value of the investment in equity instruments has been determined based on the quoted price in active markets and is classified in Level 1 of the fair value hierarchy. The fair values of long-term debt have been determined based on discounted cash flows using interest rates for similar instruments. The fair values of the other financial instruments measured at amortized cost are not significantly different to their carrying values. These items are classified in Level 2 of the fair value hierarchy. The fair value of the investment in a limited partnership, which is not traded in an active market, is determined using valuation techniques such as comparable recent arms' length analysis and is classified in Level 3 of the fair value hierarchy.

TerraVest's derivative financial instruments are forward exchange contracts and an interest rate swap agreement which are not traded in active markets. Forward exchange contracts have been fair valued using observable forward exchange rates and interest rates corresponding to the maturity of the contracts. The interest rate swap agreement has been fair valued using observable interest rates corresponding to the maturity of the agreement. The effects of non-observable inputs are not significant for forward exchange contracts and interest rate swap agreement. These items are classified in Level 2 of the fair value hierarchy.

6.1 Forward exchange contracts

As at December 31, 2022, TerraVest had forward exchange contracts from Canadian dollars to US dollars totaling $39,630 ($36,934 as at September 30, 2022) and from US dollars to EUROS totaling US$1,872 (US$2,496 as at September 30, 2022) outstanding to sell, at various rates and expiring on various dates up to and including December 29, 2025. The fair value of forward exchange contracts was a liability of $1,221 as at December 31, 2022 included in accounts payable and accrued liabilities ($2,547 as at September 30, 2022).

6.2 Interest rate swap

As at December 31, 2022, TerraVest had an interest rate swap agreement expiring on June 9, 2025 for the notional amount of $25,000. Under the interest rate swap agreement, TerraVest receives interest on the notional amount at the 1-month CDOR rate in exchange for payments at a fixed rate of 0.87%, plus 140 to 265 basis points based on a prescribed ratio. The fair value of the interest rate swap agreement was an asset of $2,018 as at December 31, 2022 included in other current assets ($2,038 as at September 30, 2022).

7. OTHER CURRENT ASSETS

	As at December 31, 2022 (Unaudited)	As at September 30, 2022 (Audited)
	$	$
Prepaid expenses	**9,015**	7,637
Derivative financial instruments	**2,018**	2,038
Other	**154**	154
	11,187	9,829

8. INVESTMENTS

	As at December 31, 2022 (Unaudited)	As at September 30, 2022 (Audited)
	$	$
Investment in a limited partnership	**6,935**	6,935
Investment in equity instruments	**5,427**	5,031
Investment in associate	**1,138**	1,138
Investment in joint venture	**286**	314
	13,786	13,418

9. SHORT-TERM REVOLVING CREDIT FACILITIES AND LONG-TERM DEBT

9.1 Loan

On December 12, 2022, a subsidiary of TerraVest operating in the Processing Equipment segment obtained a loan of $2,600 with a Canadian financial institution to finance the acquisition of property, plant and equipment. The loan currently bears interest at the Canadian prime rate and is payable in monthly blended instalments of $17. As at December 31, 2022, the interest rate was 6.45%.

The transaction costs of $27, incurred during the first quarter ended December 31, 2022 to obtain the loan, were recorded as prepaid expenses and will be amortized on a straight-line basis over the initial term.

The term loan is secured by a first ranking fixed charge in the amount of $2,600 on specific real property of the subsidiary.

9.2 Covenants

The quarterly financial covenants to comply with the revolving operating loans and long-term debt were as follows:

Financial covenants	Required measurements	As at December 31, 2022
Total debt to equity ratio	≤ 2.50:1	**2.25**
Current ratio	≥ 1.15:1	**1.49**
Interest-bearing debt to EBITDA ratio	≤ 4.00:1	**2.63**
Interest coverage ratios	≥ 3.50:1	**8.00 and 8.29**
Funded debt to EBITDA ratios	≤ 2.50:1, ≤ 3.00:1 and ≤ 3.50:1	**0.71, 1.86 and 2.68**
Fixed charge coverage ratio	≥ 1.15:1 and ≥ 1.25:1	**1.56 and 3.28**

As at December 31, 2022, TerraVest was in compliance with all of its financial and non-financial covenants.

10. SHARE CAPITAL

10.1 Common shares

Changes in the common shares issued and outstanding were as follows:

	As at December 31, 2022	
	Number	**Amount**
		$
Balance, beginning of period	**17,886,018**	**150,467**
Repurchased and cancelled	**(54,700)**	**(460)**
Balance, end of period	**17,831,318**	**150,007**

During the first quarter ended December 31, 2022, TerraVest repurchased 54,700 common shares (nil during the first quarter ended December 31, 2021) under its common shares normal course issuer bid ("NCIB") for total consideration of $1,312 ($nil during the first quarter ended December 31, 2021). The difference between the amount paid for the common shares and their carrying value was recorded in share premium.

10.2 Dividends

During the first quarter ended December 31, 2022, TerraVest declared a cash dividend of $0.125 per common share ($0.10 per common share during the first quarter ended December 31, 2021). As at December 31, 2022, $2,229 was included in dividends payable.

Subsequent to the end of the quarter, TerraVest declared a cash dividend of $0.125 per common share payable on April 11, 2023 to shareholders of record on March 31, 2023.

11. EARNINGS PER SHARE

The following table provides a breakdown of the numerator and denominator used in the calculation of earnings per share and diluted earnings per share:

	First quarters ended	
	December 31, 2022	**December 31, 2021**
Numerator		
Net income and diluted net income attributed to common shareholders	**$11,911**	$10,674
Denominator		
Common shares, beginning of period	**17,886,018**	17,567,455
Weighted average shares issued	**-**	208,349
Weighted average shares repurchased	**(27,446)**	-
Weighted average shares, end of period - basic	**17,858,572**	17,775,804
Dilutive effect of options	**215,597**	227,593
Weighted average shares, end of period - diluted	**18,074,169**	18,003,397
Net income per share - basic	**$0.67**	$0.60
Net income per share - diluted	**$0.66**	$0.59

12. FINANCING COSTS

	First quarters ended	
	December 31, 2022	**December 31, 2021**
	$	**$**
Interest on revolving credit facilities and long-term debt	**3,286**	1,491
Interest on lease liabilities	**335**	338
Amortization of financing costs	**95**	101
	3,716	1,930

13. OTHER (GAINS) LOSSES

	First quarters ended	
	December 31, 2022	**December 31, 2021**
	$	**$**
(Gain) loss on foreign exchange	**753**	240
Change in fair value of derivative financial instruments	**(1,312)**	(266)
Change in fair value of investment in equity instruments	**205**	(17)
(Gain) loss on disposal of other property, plant and equipment	**454**	(90)
(Gain) loss on disposal of property, plant and equipment for rental	**(567)**	(79)
(Gain) loss on lease modification	**19**	-
(Gain) loss on remeasurement of an equity interest	**-**	(1,956)
	(448)	(2,168)

14. SUPPLEMENTAL CASH FLOW INFORMATION

	First quarters ended	
	December 31, 2022	**December 31, 2021**
	$	**$**
Adjustments for items not affecting cash		
Depreciation of other property, plant and equipment	**5,343**	3,844
Depreciation of property, plant and equipment for rental	**506**	419
Depreciation of right-of-use assets	**1,591**	1,330
Amortization of intangible assets	**1,851**	1,178
Amortization of financing costs	**95**	101
Post-employment benefits costs	**98**	159
Share-based compensation expense	**594**	13
Inventory write-downs	**15**	67
Change in fair value of derivative financial instruments	**(1,312)**	(266)
Change in fair value of investment in equity instruments	**205**	(17)
(Gain) loss on disposal of other property, plant and equipment	**454**	(90)
(Gain) loss on disposal of property, plant and equipment for rental	**(567)**	(79)
(Gain) loss on lease modification	**19**	-
(Gain) loss on remeasurement of an equity interest	**-**	(1,956)
Share of an associate and a joint venture net loss	**28**	128
Deferred income tax expense	**834**	241
Unrealized foreign exchange (gain) loss [i)]	**983**	400
	10,737	5,472
Change in non-cash operating working capital items		
Accounts receivable	**8,054**	(14,557)
Inventories	**(6)**	(5,306)
Other current assets	**(2,243)**	283
Accounts payable and accrued liabilities	**(12,411)**	(3,345)
Deferred revenues	**4,694**	7,237
	(1,912)	(15,688)
Investments		
Investment in equity instruments	**(675)**	(1,468)
Investment in joint venture	**-**	(130)
	(675)	(1,598)

[i)] Includes $700 of unrealized foreign exchange gain on long-term debt for the first quarter ended December 31, 2022 ($34 for the first quarter ended December 31, 2021).

14.1 Additional cash flow information

Deposits on purchase of PP&E of $21 were recorded in other current assets as at December 31, 2022 ($2,247 as at December 31, 2021).

Purchase of PP&E of $1,271 was unpaid and recorded as accounts payable and accrued liabilities as at December 31, 2022 ($496 as at December 31, 2021).

Leases, for which an amount of $565 was recognized in right-of-use assets and lease liabilities during the three months ended December 31, 2022 ($27 during the three months ended December 31, 2021), had no cash impact on investing and financing activities.

15. SEGMENTED INFORMATION

15.1 Reportable segments

On October 1, 2022, TerraVest changed its reportable segments and now reports four operating segments by market: HVAC Equipment, Compressed Gas Equipment, Processing Equipment and Service. Previously, TerraVest reported three operating segments based on the structure of its operations: Fuel Containment, Processing Equipment and Service. Corporate is not a segment, is disclosed for reconciliation purposes and includes primarily the long-term debt and interest expense, the derivatives financial instruments, the income taxes assets, liabilities and expenses and other corporate related items or expenses. The comparative information has been changed accordingly to reflect the new reportable segments.

The following tables also provide information on disaggregated revenue as part of its segmented information disclosure.

						First quarter ended December 31, 2022
	HVAC Equipment	Compressed Gas Equipment	Processing Equipment	Service	Corporate	Total
	$	$	$	$	$	$
Sales	**54,962**	**57,061**	**29,712**	**35,367**	**96**	**177,198**
Depreciation and amortization	**2,124**	**3,042**	**1,445**	**2,680**	**-**	**9,291**
Financing costs	**117**	**56**	**111**	**51**	**3,381**	**3,716**
Income tax expense	**-**	**-**	**-**	**-**	**4,513**	**4,513**
Net income (loss)	**9,111**	**7,055**	**89**	**5,678**	**(8,847)**	**13,086**
Goodwill	**4,395**	**15,193**	**1,941**	**3,591**	**-**	**25,120**
Intangible assets	**18,614**	**11,693**	**3,501**	**382**	**250**	**34,440**
Segment assets	**176,125**	**206,418**	**90,479**	**98,954**	**42,661**	**614,637**
Segment liabilities	**39,973**	**38,831**	**40,829**	**18,959**	**270,584**	**409,176**
Purchase of property, plant and equipment, net of proceeds	**1,705**	**(321)**	**217**	**914**	**-**	**2,515**

						First quarter ended December 31, 2021
	HVAC Equipment	Compressed Gas Equipment	Processing Equipment	Service	Corporate	Total
	$	$	$	$	$	$
Sales	52,784	39,669	24,989	13,881	41	131,364
Depreciation and amortization	1,332	2,155	1,333	1,951	-	6,771
Financing costs	108	65	136	29	1,592	1,930
Income tax expense	-	-	-	-	3,147	3,147
Net income (loss)	11,082	4,150	(527)	(55)	(4,072)	10,578
Goodwill	20,614	7,419	1,941	4,757	-	34,731
Intangible assets	3,541	7,514	4,647	-	-	15,702
Segment assets	153,097	150,444	81,970	82,066	19,552	487,129
Segment liabilities	40,567	25,316	38,434	10,338	212,170	326,825
Purchase of property, plant and equipment, net of proceeds	880	2,217	700	529	-	4,326

15.2 Geographical information

TerraVest generates revenue from two segmental regions. The concentration of TerraVest's revenue is derived from Canadian and U.S. sales.

	First quarters ended	
	December 31, 2022	December 31, 2021
	$	$
SALES		
Canada	**92,235**	68,663
United States	**84,963**	62,701
	177,198	131,364

Certain non-current assets and goodwill by geographic segment:

	As at December 31, 2022 – Unaudited		
	Canada	**United States**	**Total**
	$	**$**	**$**
Property, plant and equipment	**120,661**	**39,737**	**160,398**
Right-of-use assets	**27,958**	**1,608**	**29,566**
Intangible assets	**7,985**	**26,455**	**34,440**
Goodwill	**11,558**	**13,562**	**25,120**
	168,162	**81,362**	**249,524**

	As at September 30, 2022 – Audited		
	Canada	**United States**	**Total**
	$	**$**	**$**
Property, plant and equipment	121,431	39,240	160,671
Right-of-use assets	27,698	1,697	29,395
Intangible assets	8,691	27,842	36,533
Goodwill	10,506	13,725	24,231
	168,326	82,504	250,830