MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended September 30, 2022
Dated: December 13, 2022

INTRODUCTION AND FORWARD-LOOKING STATEMENTS

This Management's Discussion and Analysis ("MD&A") presents management's view of the financial position and performance of TerraVest Industries Inc. ("TerraVest" or the "Company") for the year ended September 30, 2022 and should be read in conjunction with TerraVest's audited consolidated financial statements for the years ended September 30, 2022 and 2021. The financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in thousands of Canadian dollars, except share and per share amounts or unless otherwise stated. This discussion is prepared as at December 13, 2022 and has been prepared with all available information up to and including the date of this report. This document should be read in full including the definitions of non-IFRS measures such as Adjusted earnings before interests, income taxes, depreciation and amortization ("EBITDA"), Cash Available for Distribution, Dividend Payout Ratio, Maintenance Capital Expenditures and Working Capital which are found in the following section of this MD&A.

This MD&A sets out management's assessment of TerraVest's future plans and operations and contains forward-looking statements as defined under applicable Canadian securities legislation. These forward-looking statements often contain words such as "anticipates", "does not anticipate", "believes", "estimates", "forecasts", "intends", "expects", "does not expect", "could", "may", "will", "should", "plans" or similar terms or variations of these words and contain estimates or assumptions about the outcome of future events. These forward-looking statements are provided in the interest of providing readers with information regarding TerraVest. Readers are cautioned that management's expectations, estimates and assumptions, although considered reasonable, may prove to be incorrect and readers should not place undue reliance on forward-looking statements which are subject to risks, uncertainties, and other factors that could result in the outcome of these events being materially different from those anticipated in this MD&A. These factors and assumptions include, but are not limited to: levels of business activity in TerraVest's segments, political conditions and events, competitive pressures, changes in government policy or regulations, commodity pricing, and general economic conditions. TerraVest's actual results may differ materially from those expressed in, or implied by these forward-looking statements. The forward-looking information contained in the MD&A is expressly qualified by the cautionary statement. TerraVest does not undertake any obligation to update or release any revisions to these forward-looking statements to reflect events or circumstances, unanticipated events or circumstances, or should its estimates or assumptions change, after the date hereof, except as expressly required by law. Additional information relating to TerraVest and the risks to which its business is subject is contained in its Annual Information Form ("AIF"), which is available on SEDAR at www.sedar.com.

NON-IFRS FINANCIAL MEASURES

Adjusted EBITDA, Cash Available for Distribution, Dividend Payout Ratio, Maintenance Capital Expenditures and Working Capital are not recognized measures under IFRS and do not have standardized meanings prescribed by IFRS. TerraVest's definitions may differ from those of other issuers and therefore may not be comparable to similarly titled measures used by other issuers.

Adjusted EBITDA: is defined as net income adjusted for income tax expense, financing costs, depreciation, amortization, gains or losses on disposal of other property, plant and equipment, property, plant and equipment for rental and on disposal of assets held for sale, change in fair value of derivative financial instruments, change in fair value of investment in equity instruments, gains or losses on foreign exchange, non-recurring acquisition-related costs, impairment charges, gains or losses on remeasurement of equity interest, gain on bargain purchase and other non-recurring and/or non-operations related items that do not reflect the current ongoing operations of TerraVest. Management believes this is a useful metric in evaluating the ongoing operating performance of TerraVest. Readers are cautioned that adjusted EBITDA should not be construed as an alternative to net income determined in accordance with IFRS as an indicator of TerraVest's performance.

Cash Available for Distribution: is defined as cash flow from operating activities adjusted for changes in non-cash operating working capital, maintenance capital expenditures and repayment of lease liabilities. Management believes that cash available for distribution, as a liquidity measure, is a useful metric that provides an indication of the cash available from ongoing operations that can be distributed to shareholders as a dividend. Readers are cautioned that cash available for distribution should not be construed as an alternative to cash flow from operating activities determined in accordance with IFRS as an indicator of TerraVest's liquidity and cash flows.

Dividend Payout Ratio: is defined as dividends paid in cash during the period divided by cash available for distribution for the period. Management believes that dividend payout ratio is a useful metric as it provides an indication of TerraVest's ability to sustain its current dividend policy. There is no directly comparable IFRS measure for dividend payout ratio.

Maintenance Capital Expenditures: is defined as capital expenditures made to sustain the operations of TerraVest's operating businesses and to maintain the productive capacity of the businesses over an economic cycle, whether or not they yield significant cost or production efficiencies. Management believes that maintenance capital expenditures should be funded by cash flow from existing operating activities and, therefore, deducted in determining cash available for distribution. There is no directly comparable IFRS measure for maintenance capital expenditures.

Working Capital: is calculated by subtracting current liabilities from current assets. Management uses working capital as a measure for assessing overall liquidity. There is no directly comparable IFRS measure for working capital.

BUSINESS OVERVIEW

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 three operating segments: Fuel Containment, Processing Equipment and Service.

Fuel Containment Segment

Through wholly-owned subsidiaries, TerraVest's Fuel Containment segment is a leading provider of products and services to a variety of industries across Canada and the United States. The Fuel Containment segment manufactures products including: bulk LPG transport trailers, LPG delivery and service trucks, bulk LPG storage tanks, residential and commercial LPG tanks and dispensers, custom pressure vessels, commercial and residential refined fuel tanks, and furnaces and boilers. This segment sells its products direct to end user and through various distribution networks. The end users of the products are fuel distributors, transportation companies and industrial, commercial and residential consumers.

Processing Equipment Segment

Through subsidiaries, TerraVest's Processing Equipment segment is a leading fabricator of equipment for various end-markets including: upstream and midstream oil and gas processing, agriculture, transportation and mining. The Processing Equipment segment manufactures and sells a wide array of equipment such as: wellhead processing equipment and tanks, wellhead desanding units, central facilities processing equipment, NGL and LPG storage tanks, anhydrous ammonia storage tanks, bulk NGL and LPG transport trailers, bulk ammonia transport trailers and wagons, compressed gas transport trailers and a wide variety of customized processing equipment for various applications. This segment's products and services are primarily sold to oil and gas producers, midstream companies, engineering companies, propane distributors, fertilizer distributors and transportation companies.

Service Segment

TerraVest's Service segment 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.

FOURTH QUARTER AND YEAR END REVIEW AND OUTLOOK

Business Performance

Management believes that there are certain non-IFRS financial measures that can be used to assist shareholders in analyzing the performance of TerraVest. The table below highlights certain financial results and reconciles net income to adjusted EBITDA for the fourth quarter and year ended September 30, 2022 and the comparative periods in fiscal 2021.

	Fourth quarters ended		**Years ended**	
	Sept. 30, 2022	**Sept. 30, 2021**	**Sept. 30, 2022**	**Sept. 30, 2021**
	$	**$**	**$**	**$**
Sales	**162,442**	80,816	**576,704**	307,463
Net Income	**16,953**	9,388	**46,770**	36,410
Add (subtract):				
Income tax expense	**2,440**	2,111	**11,885**	9,636
Financing costs	**3,069**	1,648	**9,342**	4,505
Depreciation and amortization	**12,879**	5,049	**35,289**	19,253
Change in fair value of derivative financial instruments	**2,014**	606	**1,173**	(1,345)
Change in fair value of investment in equity instruments	**338**	(1)	**293**	(3,992)
(Gain) loss on foreign exchange	**(4,283)**	(1,365)	**(5,175)**	2,119
(Gain) loss on disposal of other property, plant and equipment	**(76)**	(64)	**(1,110)**	(475)
(Gain) loss on disposal of property, plant and equipment for rental	**(477)**	(631)	**(801)**	(808)
(Gain) loss on disposal of intangible assets	**-**	-	**7**	-
(Gain) loss on remeasurement of an equity interest	**-**	-	**(1,956)**	-
Gain on bargain purchase	**(9,468)**	-	**(9,468)**	-
Acquisition-related cost	**130**	433	**420**	433
Adjusted EBITDA	**23,519**	17,174	**86,669**	65,736

Sales for the fourth quarter and year ended September 30, 2022 were $162,442 and $576,704 versus $80,816 and $307,463 for the prior comparable periods. This represents increases of 101% and 88% respectively. However, TerraVest acquired all of the issued and outstanding shares of ECR International, Inc. ("ECR") in August 2021, of Mississippi Tank and Manufacturing Company ("MTC") in March 2022 and of Platinum Energy Services LTD. ("PES") in July 2022 as well as a controlling interest of 66.8% in Green Energy Services Inc. ("GES") in November 2021, of which only ECR partially contributed to the prior comparable periods. Excluding ECR, GES, MTC and PES, sales for the fourth quarter and year ended September 30, 2022 were $100,180 and $373,230 versus $69,707 and $296,354 for the prior comparable periods. This represents increases of 44% and 26% respectively for TerraVest's base portfolio (excluding ECR, GES, MTC and PES).

These increases are a result of higher demand for LPG and NGL storage and distribution equipment as well as for oil and gas processing equipment and services in Western Canada, as commodity pricing has improved throughout the year. Inflationary pressure has also contributed to the increase in sales as many of TerraVest's businesses were structured to pass along raw material and labour cost increases. The increases in sales were partially offset by lower demand for some home heating product lines.

Net income for the fourth quarter and year ended September 30, 2022 were $16,953 and $46,770 versus $9,388 and $36,410 for the prior comparable periods. This represents increases of 81% and 28% respectively. These increases are a result of higher sales in TerraVest's base portfolio of businesses, as well as positive contributions from ECR, GES and MTC, and the recognition of a gain on bargain purchase and on foreign exchange, partially offset by the curtailment of pandemic subsidy programs during the year, cost inflation and supply chain disruptions. TerraVest's interest expense also increased as debt levels were higher as a result of business acquisitions and working capital expansion throughout the year. This was partially

mitigated by the interest rate swap agreement. TerraVest also increased its depreciation and amortization expense mainly as a result of additional identifiable property, plant and equipment as well as intangible assets acquired in business acquisitions. Other variances are also highlighted in the table above.

Adjusted EBITDA for the fourth quarter and year ended September 30, 2022 were $23,519 and $86,669 versus $17,174 and $65,736 for the prior comparable periods. This represents increases of 37% and 32% respectively, which are a result of the reasons explained above.

During the year, TerraVest recognized $1,639 in net income ($12,988 for the year ended of fiscal 2021) in relation to wage subsidies as part of the Federal Government's response to the COVID-19 pandemic. TerraVest also recognized $813 in net income during the year ($5,107 for the year of fiscal 2021) in relation to other various government subsidies available in response to the COVID-19 pandemic.

The table below reconciles cash flow from operating activities to cash available for distribution for the fourth quarter and year ended September 30, 2022 and the comparative periods in fiscal 2021.

	Fourth quarters ended		**Years ended**	
	Sept. 30, 2022	**Sept. 30, 2021**	**Sept. 30, 2022**	**Sept. 30, 2021**
	$	**$**	**$**	**$**
Cash Flow from (used in) Operating Activities	**8,342**	(1,481)	**29,948**	23,064
Add (subtract):				
Change in non-cash operating working capital items	**11,716**	14,121	**38,346**	23,874
Maintenance capital expenditures	**(2,742)**	(1,353)	**(7,967)**	(5,829)
Repayment of lease liabilities	**(1,468)**	(1,123)	**(5,753)**	(4,381)
Cash Available for Distribution	**15,848**	10,164	**54,574**	36,728
Dividends Paid	**1,789**	1,757	**7,132**	7,317
Dividend Payout Ratio	**11%**	17%	**13%**	20%

Cash flow from (used in) operating activities for the fourth quarter and year ended September 30, 2022 were $8,342 and $29,948 versus ($1,481) and $23,064 for the prior comparable periods. This represents increases of 663% and 30% respectively. The increases in cash flow from operating activities is largely attributable to increased net income, partially offset by increased working capital as activity levels increased throughout the year. The significant increase in steel and other raw materials pricing has also had a noticeable effect on working capital levels as well as the increase in accounts receivable. TerraVest also incurred more interest and income taxes compared to the prior comparable periods.

Maintenance capital expenditures were $2,742 for the fourth quarter ended September 30, 2022 versus $1,353 for the prior comparable period representing an increase of 103%, which is mainly explained by the timing of such expenditures. During the fourth quarter, TerraVest's total purchase of property, plant and equipment was $8,888 of which $6,146 is considered growth capital. The growth capital incurred during the fourth quarter was used to add to the Company's rental fleet and automate certain manufacturing processes. These growth projects are expected to result in increased capacity and greater efficiencies in several of TerraVest's businesses.

Cash available for distribution for the fourth quarter and year ended September 30, 2022 increased by 56% and 49% respectively versus the prior comparable periods. These increases are a result of reasons explained above and previously in this MD&A.

The dividend payout ratio for the fourth quarter and year ended September 30, 2022 were 11% and 13% versus 17% and 20% respectively for the prior comparable periods.

Outlook

The business environment today remains difficult as many of the challenges created by the global pandemic continue to persist and have even been exacerbated by the geo-political tensions in Europe. Over the past year, the Company and its employees have done an excellent job navigating the current business environment, all while keeping tight control on operating costs and improving manufacturing efficiency. The majority of TerraVest's businesses are experiencing increased demand, particularly those with exposure to energy end-markets. However global supply chain disruptions, labour scarcity and rapid cost inflation have made it challenging to ramp up capacity to meet this increased demand. TerraVest will remain vigilant in supporting its operations, managing its cost structure and will make targeted investments in manufacturing efficiency improvements, as well as continue to pursue its acquisition strategy as opportunities arise.

Business Combinations

On July 4, 2022, TerraVest entered into a share purchase agreement to purchase all of the issued and outstanding shares of PES, a privately-owned manufacturing company of wellhead processing and production equipment for the Canadian oil & gas market.

On March 11, 2022, a subsidiary of TerraVest entered into a share purchase agreement to acquire all the issued and outstanding shares of MTC, a privately-owned manufacturing company that produces and distributes a broad range of storage and distribution equipment for the propane and compressed gas markets in North America, including transport trailers, bobtail delivery trucks, and various bulk storage tanks.

Effective on November 1, 2021, TerraVest entered into share purchase agreements to acquire an additional 41.4% of the issued and outstanding shares of GES, thereby bringing TerraVest's ownership interest in GES to 66.8%. GES is a privately-owned Alberta based company operating under the name Fraction Energy Services and is an industry leader in water management and environmental solutions. GES offers a diverse range of fluid management solutions including water transfer, containment, heating, fluid trucking, and oilfield rentals. The non-controlling interest was measured at its proportionate share in GES' identifiable net assets at acquisition date.

All business combinations have been accounted for using the acquisition method with the results of operations included in earnings from the date of acquisition.

CONSOLIDATED RESULTS OF OPERATIONS

The following section provides the financial results of TerraVest's operations for the fourth quarter and year ended September 30, 2022 and the comparative periods in fiscal 2021.

	Fourth quarters ended		**Years ended**	
	Sept. 30, 2022	**Sept. 30, 2021**	**Sept. 30, 2022**	**Sept. 30, 2021**
	$	**$**	**$**	**$**
Sales	**162,442**	80,816	**576,704**	307,463
Cost of sales	**129,011**	59,161	**452,318**	226,829
Gross profit	**33,431**	21,655	**124,386**	80,634
Administration expenses	**17,678**	7,435	**54,900**	26,816
Selling expenses	**5,290**	2,745	**18,464**	7,690
Financing costs	**3,069**	1,648	**9,342**	4,505
Share of associates and joint venture net (income) loss	**(47)**	(217)	**62**	78
Other (gains) losses	**(11,952)**	(1,455)	**(17,037)**	(4,501)
	14,038	10,156	**65,731**	34,588
Earnings before income taxes	**19,393**	11,499	**58,655**	46,046
Income tax expense	**2,440**	2,111	**11,885**	9,636
Net Income	**16,953**	9,388	**46,770**	36,410
Allocated to non-controlling interests	**498**	(7)	**1,518**	(208)
Net income attributable to common shareholders	**16,455**	9,395	**45,252**	36,618
Weighted average shares outstanding – Basic	**17,886,320**	17,567,469	**17,877,941**	18,099,965
Weighted average shares outstanding – Diluted	**18,100,130**	17,762,042	**18,093,678**	18,352,184
Net income per share – Basic	**$0.92**	$0.53	**$2.53**	$2.02
Net income per share – Diluted	**$0.91**	$0.53	**$2.50**	$2.00

Sales for the fourth quarter and year ended September 30, 2022 increased by 101% and 88% respectively versus the prior comparable periods. The reasons have been explained previously in this MD&A.

Gross profit for the fourth quarter and year ended September 30, 2022 both increased by 54% versus the prior comparable periods. This is primarily explained by the contribution of ECR, GES and MTC and by increased sales volume for most of TerraVest's base portfolio businesses, partially offset by a less favorable product mix, reduced government wage subsidies and increased raw materials costs due to inflationary pressure.

Administration expenses for the fourth quarter and year ended September 30, 2022 increased by 138% and 105% respectively versus the prior comparable periods. The increases are the result of the addition of ECR, GES, MTC and PES as well as reduced government subsidies and additional wage expense to support the growth of its businesses and develop its market and product lines in renewable gases and fuels.

Selling expenses for the fourth quarter and year ended September 30, 2022 increased by 93% and 140% respectively versus the prior comparable periods. This is a result of the addition of ECR, GES and MTC, the hiring of additional sales personnel, increased travel and marketing expenses as well as reduced government wage subsidies.

Financing costs for the fourth quarter and year ended September 30, 2022 increased by 86% and 107% respectively versus the prior comparable periods. The increases are primarily explained by additional interest expense as a result of increased debt balances following the acquisitions of ECR, GES, MTC and PES and increases in interest rates since March 2022 on floating rate debt.

Other (gains) losses variance for the fourth quarter and year ended September 30, 2022 are a result of a gain on foreign exchange, on remeasurement of an equity interest and on disposal of property, plant and equipment, partially offset by unfavorable changes in fair value of derivative financial instruments and of investment in equity instruments. TerraVest also realized a gain on bargain purchase in the fourth quarter ended September 30, 2022.

Income tax expense increased for the fourth quarter and for the year ended September 30, 2022 versus the prior comparable periods. The increases are mainly explained by increased taxable earnings and the timing of income tax expense adjustments.

As a result of the above, net income attributable to common shareholders for the fourth quarter and year ended September 30, 2022 increased by 75% and 24% respectively versus the prior comparable periods.

Segmented Results

a) Fuel Containment

	Fourth quarters ended		**Years ended**	
	Sept. 30, 2022	**Sept. 30, 2021**	**Sept. 30, 2022**	**Sept. 30, 2021**
	$	**$**	**$**	**$**
Sales	**87,176**	53,851	**327,652**	185,359
Net Income	**2,771**	6,395	**27,257**	28,269
Add (subtract):				
Income tax expense	**1,251**	2,312	**9,740**	9,309
Financing costs	**2,142**	1,157	**6,564**	2,559
Depreciation and amortization	**6,490**	2,094	**13,701**	7,836
Change in fair value of derivative financial instruments	**2,014**	606	**1,173**	(1,345)
(Gain) loss on foreign exchange	**(2,781)**	(1,071)	**(3,360)**	1,590
(Gain) loss on disposal of other property, plant and equipment	**74**	-	**35**	(49)
(Gain) loss on disposal of intangible assets	**-**	-	**7**	-
Acquisition-related costs	**20**	433	**259**	433
Adjusted EBITDA	**11,981**	11,926	**55,376**	48,602

Sales for the fourth quarter and year ended September 30, 2022 were $87,176 and $327,652 versus $53,851 and $185,359 for the prior comparable periods. This represents increases of 62% and 77% respectively. Excluding ECR and MTC, sales for the fourth quarter and year ended September 30, 2022 were $46,645 and $194,671 versus $42,742 and $174,250 for the comparable periods. This represents increases of 9% and 12% respectively. The increase in sales is the result of stronger demand for this segment's LPG storage and distribution equipment products versus the prior comparable periods while sales for certain home heating product lines were less than the prior comparable periods.

Net income for the fourth quarter and year ended September 30, 2022 were $2,771 and $27,257 versus $6,395 and $28,269 for the prior comparable periods. This represents decreases of 57% and 4% respectively. The decreases in net income for the periods are a result of a less favorable product mix, inflation and supply chain disruptions, an increase in financing costs, an unfavorable change in the fair value of derivative financial instruments and reduced government subsidies compared to the prior comparable periods, partially offset by increased sales, the addition of ECR and MTC and gains on foreign exchange. In the fourth quarter ended September 30, 2022, this segment also recognized the entire amortization expense on the identifiable intangible assets acquired since ECR and MTC acquisition-date.

Adjusted EBITDA for the fourth quarter and year ended September 30, 2022 were $11,981 and $55,376 versus $11,926 and $48,602 for the prior comparable periods. This represents a negligeable increase and an increase of 14% respectively, which are a result of the reasons highlighted above.

b) Processing Equipment

	Fourth quarters ended		**Years ended**	
	Sept. 30, 2022	**Sept. 30, 2021**	**Sept. 30, 2022**	**Sept. 30, 2021**
	$	**$**	**$**	**$**
Sales	**47,554**	22,716	**158,634**	107,435
Net Income	**3,093**	2,993	**5,592**	7,261
Add (subtract):				
Income tax recovery	**(1,115)**	(694)	**(1,575)**	(777)
Financing costs	**722**	452	**2,145**	1,752
Depreciation and amortization	**2,909**	2,534	**11,031**	9,844
(Gain) loss on foreign exchange	**(6)**	18	**(77)**	18
(Gain) loss on disposal of other property, plant and equipment	**(57)**	(3)	**(101)**	(367)
(Gain) loss on disposal of property, plant and equipment for rental	**(477)**	(631)	**(801)**	(808)
Adjusted EBITDA	**5,069**	4,669	**16,214**	16,923

Sales for the fourth quarter and year ended September 30, 2022 were $47,554 and $158,634 versus $22,716 and $107,435 for the prior comparable periods. This represents increases of 109% and 48% respectively, which is a result of higher demand for energy processing equipment and compressed gas storage and distribution equipment in Western Canada as the increase in commodity pricing is having a positive impact on this segment's sales.

Net income for the fourth quarter and year ended September 30, 2022 were $3,093 and $5,592 versus $2,993 and $7,261 for the prior comparable periods. This represents an increase of 3% and a decrease of 23% respectively. The variations are explained by increased sales, partially or completely offset by higher costs of raw materials, the reduction of government subsidies compared to prior comparable periods, additional cost incurred to develop new markets and product lines and increased financing costs to finance this segment's increase in working capital. In the fourth quarter ended September 30, 2022, this segment also incurred non-recurring relocation fees to close down one of its manufacturing plants and relocate its activities to one of its existing facilities.

Adjusted EBITDA for the fourth quarter and year ended September 30, 2022 were $5,069 and $16,214 versus $4,669 and $16,923 for the prior comparable periods. This represents an increase of 9% and a decrease of 4% respectively, which are a result of the reasons explained above.

c) Service

	Fourth quarters ended		Years ended	
	Sept. 30, 2022	**Sept. 30, 2021**	**Sept. 30, 2022**	**Sept. 30, 2021**
	$	**$**	**$**	**$**
Sales	**27,629**	4,242	**90,163**	14,638
Net Income	**2,599**	368	**7,028**	1,166
Add (subtract):				
Income tax expense	**623**	104	**1,477**	37
Financing costs	**205**	53	**633**	214
Depreciation and amortization	**3,480**	421	**10,556**	1,572
(Gain) loss on foreign exchange	**(6)**	-	**(5)**	-
(Gain) loss on disposal of other property, plant and equipment	**(93)**	(62)	**(1,044)**	(59)
Acquisition-related cost	**-**	-	**19**	-
Adjusted EBITDA	**6,808**	884	**18,664**	2,930

Sales for the fourth quarter and year ended September 30, 2022 were $27,629 and $90,163 versus $4,242 and $14,638 for the prior comparable periods. This represents increases of 551% and 516% respectively. Excluding GES, sales for the fourth quarter and year ended September 30, 2022 were $5,898 and $19,670 versus $4,242 and $14,638 for the prior comparable periods. This represents increases of 39% and 34% which are primarily the result of higher commodity pricing driving increased activity by this segment's customers.

Net income for the fourth quarter and year ended September 30, 2022 were $2,599 and $7,028 versus $368 and $1,166 for the prior comparable periods. This represents increases of 606% and 503% respectively and are a result of the addition of GES and increased sales, partly offset by reduced government subsidies, increased operating expenses as a result of inflationary pressure and increased income tax expense.

Adjusted EBITDA for the fourth quarter and year ended September 30, 2022 were $6,808 and $18,664 versus $884 and $2,930 for the prior comparable periods. This represents increases of 670% and 537% respectively, and are a result of the reasons explained above.

Quarterly Results

	For the quarters ended							
	30-Sep-22	**30-Jun-22**	**31-Mar-22**	**31-Dec-21**	**30-Sep-21**	**30-Jun-21**	**31-Mar-21**	**31-Dec-20**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Sales	**162,442**	145,134	137,764	131,364	80,816	67,830	76,477	82,340
Adjusted EBITDA	**23,519**	21,680	21,174	20,296	17,174	11,939	17,535	19,088
Net income attributable to common shareholders	**16,455**	9,690	8,433	10,674	9,395	4,420	10,786	12,017
Net income per share								
– Basic	**0.92**	0.54	0.47	0.60	0.53	0.25	0.58	0.65
– Diluted	**0.91**	0.53	0.46	0.59	0.53	0.24	0.57	0.64

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 Fuel Containment segment generally experiences higher sales 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.

CASH FLOW

The following table provides summary information with respect to consolidated cash flows from operating, investing and financing activities:

	Years ended	
	Sept. 30, 2022	**Sept. 30, 2021**
	$	**$**
Cash flow from operating activities	**29,948**	23,064
Cash flow used in investing activities	**(73,951)**	(52,536)
Cash flow from financing activities	**45,160**	9,991
Net inflows (outflows) for the year	**1,157**	(19,481)
Cash and bank overdrafts, beginning of year	**7,481**	26,717
Impact of foreign exchange on cash and bank overdrafts	**396**	245
Cash and bank overdrafts, end of year	**9,034**	7,481

Cash Flow from Operating Activities

TerraVest generated $29,948 of cash flow from operating activities during the year ended September 30, 2022 compared to $23,064 for the prior comparable period. The increase is mainly attributable to increased net income, partially offset by increased investment in non-cash working capital levels versus the prior comparable period and additional interest and income taxes paid.

Cash Flow used in Investing Activities

Cash flow used in investing activities during the year ended September 30, 2022 was $73,951 compared to $52,536 for the prior comparable period. The increased use of cash is primarily a result of cash paid to acquire GES, MTC and PES as well as equity instruments in addition to increased capital expenditures. Furthermore, TerraVest had disposed of an investment in equity instruments in the prior comparable period.

Cash Flow from Financing Activities

Cash flow from financing activities during the year ended September 30, 2022 was $45,160 compared to $9,991 for the prior comparable period. TerraVest repurchased less of its common shares than the prior comparable period but increased its debt to finance increased investing activities.

DIVIDENDS

During the fourth quarter ended September 30, 2022, TerraVest has declared a dividend of $0.10 per common share payable on October 11, 2022 to shareholders of record on September 30, 2022.

Subsequent to the end of the year, TerraVest declared a dividend of $0.125 per common share payable on January 10, 2023 to shareholders of record on December 31, 2022. This represents a 25% increase over the prior quarterly dividend.

TerraVest expects to declare and pay a dividend on a quarterly basis. The dividend policy may be changed from time to time in the sole discretion of the Board of Directors. Accordingly, there can be no assurance as to the amount or timing of any dividend in the future. In assessing whether to pay a dividend and in determining the amount of the dividend, the Board of Directors will consider TerraVest's financial condition and its then current business needs and other factors the Board of Directors may consider appropriate in the circumstances.

LIQUIDITY AND CAPITAL RESOURCES

TerraVest's objective in managing its capital resources is to ensure that there are adequate capital resources to support the operations of its various business segments and permit opportunistic acquisitions, in order to maximize the return to shareholders. Management continually assesses TerraVest's capital needs to meet its objectives.

TerraVest's principal sources of liquidity are cash on hand, secured credit facilities and cash flow generated by its operations throughout the year. As at September 30, 2022, TerraVest's cash position, net of bank overdrafts, was $9,034 compared to $7,481 as at September 30, 2021. As at September 30, 2022, TerraVest's consolidated working capital, excluding short-term revolving credit facilities, was $188,609 compared to $137,385 as at September 30, 2021. TerraVest expects to be able to fund all working capital requirements, contractual obligations and capital expenditures from a combination of cash on hand, operating cash flows and existing credit facilities.

Revolving Operating Loans

TerraVest and its subsidiaries have access to revolving operating loans. Three of the revolving operating loans are based on margin requirements. The revolving operating loans are subject to certain financial covenants which are based on the results of the individual subsidiaries in which the credit facilities are held. The availability of the revolving operating loans at any given time may have an impact on TerraVest's liquidity and available capital resources and its ability to fund its operating and future growth plans.

As at September 30, 2022, the maximum amount available was $179,204, of which $156,970 was drawn. TerraVest was in compliance with all of its financial and non-financial covenants. For further information on the financial and non-financial covenants, please refer to Note 15 of TerraVest's audited consolidated financial statements for the year ended September 30, 2022.

Revolving Term Loans

Certain subsidiaries of TerraVest operating in the Processing Equipment and Service segments have access to revolving term loans totaling $29,500 that can be used to refinance existing debt and to purchase property, plant & equipment. As at September 30, 2022, $22,240 was drawn.

TerraVest was in compliance with all of its financial and non-financial covenants. For further information on the financial and non-financial covenants, please refer to Note 15 of TerraVest's audited consolidated financial statements for the year ended September 30, 2022.

Share Capital

TerraVest's common shares are listed on the Toronto Stock Exchange under the symbol "TVK". Changes in the common shares issued and outstanding were as follows:

	As at September 30, 2022		**As at September 30, 2021**	
	Number	**Amount**	**Number**	**Amount**
		$		**$**
Balance, beginning of year	**17,567,455**	**141,712**	18,681,250	149,284
Issued on business combination, net of transaction costs	**361,663**	**9,118**	-	-
Issued on exercise of stock options	**-**	**-**	120,031	2,304
Repurchased and cancelled	**(43,100)**	**(363)**	(1,233,826)	(9,876)
Balance, end of year	**17,886,018**	**150,467**	17,567,455	141,712

During the year ended September 30, 2022, TerraVest issued 361,663 common shares on business combination. The transaction was recognized at the acquisition-date fair value price of $25.27 per common share based on the Toronto Stock Exchange closing trading price. Transaction costs of $21 were incurred to issue the shares and were accounted as a deduction from the carrying value of the shares issued. In addition, during the year ended September 30, 2022, TerraVest repurchased 43,100 common shares (1,233,826 during the year ended September 30, 2021) under its common shares normal course issuer bid ("NCIB") for total consideration of $982 ($21,103 during the year ended September 30, 2021). The difference between the amount paid for the common shares and their carrying value was recorded in share premium.

On March 17, 2022, TerraVest renewed its common shares NCIB under which it may repurchase 947,259 common shares. The common shares NCIB expires on March 16, 2023. On July 20, 2022, TerraVest has entered into an Automatic Share Purchase Plan ("ASPP") in order to facilitate, on any trading day, the repurchase of common shares under its common shares NCIB. The remaining number of common shares available for repurchase under the current common shares NCIB was 904,159 as at September 30, 2022.

Subsequent to the end of the year, TerraVest repurchased 54,700 common shares under its common shares NCIB for total consideration of $1,312. The number of common shares outstanding was 17,831,318 as at December 2, 2022.

Capital Structure

The capital structure of TerraVest consists of its revolving credit facilities, long-term debt and shareholders' equity attributable to common shareholders. The following table outlines TerraVest's capital structure:

	As at September 30, 2022	As at September 30, 2021
	$	$
Bank overdrafts	**360**	878
Drawn on current revolving credit facilities	**3,332**	251
Available on current revolving credit facilities, net of amount drawn	**10,872**	3,209
Drawn on long-term revolving operating loans	**153,638**	87,754
Available on long-term revolving operating loans, net of amount drawn	**11,362**	34,983
Long-term debt (current and non-current)	**85,927**	70,941
Shareholders' equity attributable to common shareholders	**183,573**	132,055
	449,064	330,071

Other than the financial covenants and restrictive non-financial covenants contained in the loan agreements, TerraVest is not subject to any externally imposed capital restrictions.

The Board of Directors does not establish quantitative return on capital criteria for management. TerraVest intends to maintain a flexible capital structure that is consistent with its stated objectives and adjust it in the light of changes in economic conditions and the risk characteristics of the underlying instruments. In order to maintain or adjust its capital structure, TerraVest may, from time to time, acquire shares for cancellation in connection with an SIB or an NCIB, issue new shares, raise capital through various debt instruments or refinance current debt through instruments with different characteristics.

SHARE-BASED PAYMENTS

TerraVest has a stock option plan for which options are granted to key management personnel to purchase common shares of TerraVest. On February 9, 2022, TerraVest amended and restated its existing stock option plan to a "rolling" plan, whereby the amount of common shares that may be reserved for issuance shall be up to 10% of the issued common shares outstanding from time to time. As at February 14, 2022, an aggregate of 1,792,911 common shares were reserved for issuance under the stock option plan. Of the 1,792,911 common shares reserved for issuance, 442,411 were available for grant under the stock option plan as at September 30, 2022.

The stock options outstanding and the weighted average exercise prices as at September 30, 2022 were as follows:

Grant Date	Expiry Date	Exercise price	Opening balance	Granted	Closing balance	Vested and exercisable	Unvested
Mar. 9, 2017	Mar. 9, 2024	$9.10	267,500	-	267,500	267,500	-
Jan. 20, 2020	Jan. 20, 2027	$13.12	100,000	-	100,000	66,666	33,334
Feb. 18, 2022	Feb. 18, 2032	$24.49	-	583,000	583,000	-	583,000
Feb. 18, 2022	Feb. 18, 2032	$26.99	-	100,000	100,000	-	100,000
Feb. 18, 2022	Feb. 18, 2032	$29.49	-	100,000	100,000	-	100,000
Feb. 18, 2022	Feb. 18, 2032	$31.99	-	100,000	100,000	-	100,000
Feb. 18, 2022	Feb. 18, 2032	$34.49	-	100,000	100,000	-	100,000
			367,500	983,000	1,350,500	334,166	1,016,334
	Weighted average exercise price		$10.19	$27.03	$22.45	$9.90	

During the year ended September 30, 2022, no stock options were settled, exercised or forfeited and TerraVest granted 983,000 stock options to key management personnel.

FINANCIAL INSTRUMENTS RISK

TerraVest is exposed to various risks in relation to financial instruments. The main type of risks are market risk, credit risk and liquidity risk. An analysis of these risks as at September 30, 2022, is provided below.

Market Risk

TerraVest is exposed to market risk, through its use of financial instruments, specifically to foreign currency risk, interest rate risk and certain commodity price risk.

Foreign Currency Risk

Foreign currency risk arises from the fluctuation of foreign exchange rates and the degree of volatility of these rates relative to the Canadian dollar. TerraVest is subject to foreign currency risk for:

- sales and operating expenses denominated in foreign currencies made by Canadian entities; and
- financial instruments denominated in foreign currency in Canadian entities.

TerraVest does not have a policy to hedge its foreign currency risk and manages its exposure to foreign currency risk by periodically entering into forward exchange contracts. Based on the net U.S. dollar exposure as at September 30, 2022, a one cent increase in the Canadian/U.S. dollar exchange rate would have had an unfavorable impact of $385 on net income ($70 for the year ended September 30, 2021). A one cent decrease in the Canadian/U.S. dollar exchange rate would have had an impact of a similar magnitude but in opposite directions on net income.

Interest Rate Risk

TerraVest does not have a policy to hedge its interest rate risk and is exposed to interest rate risk arising from fluctuations in interest rates on revolving credit facilities and long-term debt at variable interest rates. TerraVest entered into an interest rate swap agreement to manage a portion of its exposure to interest rate risk.

For the year ended September 30, 2022, a 1% increase in the interest rate would have had an unfavorable impact of $893 on net income ($590 for the year ended September 30, 2021), calculated using the average outstanding balances during the year on revolving credit facilities and long-term debt at variable interest rates. A 1% decrease in the interest rate would have had an impact of a similar magnitude but in opposite directions on net income.

Commodity Price Risk

TerraVest is sensitive to changes in commodity prices for crude oil and natural gas. Fluctuations in commodity prices for crude oil and natural gas have an indirect impact on TerraVest's portfolio businesses operating in the oil and natural gas sectors. The indirect impact is the effect that the price variations have on activity levels for customers of those portfolio businesses and, therefore, the demand for goods and services. The indirect impact is not quantifiable.

Credit Risk

Credit risk is the risk that a counterparty will fail to perform its obligations to TerraVest. TerraVest's credit risk comes mainly from accounts receivable and is mitigated through credit policies that limit transactions according to counterparties' creditworthiness, which is assessed by considering counterparties' financial position, past experience and other factors. In addition, a large majority of TerraVest's clients are well established companies with a history of prompt payment. Accounts receivable amounts are presented on the consolidated statements of financial position net of the allowance for doubtful accounts. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due. The expected loss rates are based on the payment profile for sales based on historical credit losses. Trade receivables are written off when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with TerraVest on alternative payment arrangement, amongst other, may be considered indicators of no reasonable expectation of recovery. The credit risk on cash is considered negligible since cash is held in reputable financial institutions with high quality external credit ratings. TerraVest's maximum exposure to credit risk is $118,072 as at September 30, 2022 ($71,285 as at September 30, 2021).

As at September 30, 2022, 96% (91% as at September 30, 2021) of TerraVest's accounts receivable were less than 90 days past invoice date. TerraVest recognizes an allowance for doubtful accounts when it believes that the expected recoverable amount is lower than the actual amount of the trade receivables.

Liquidity Risk

TerraVest's objective is to maintain cash and cash availability to meet its liquidity requirements. TerraVest monitors its cash and trade receivable balances as well as cash flows generated from operations to meet its financial obligations. TerraVest also has access to various authorized revolving credit facilities to manage its liquidity need. For a more detailed discussion on liquidity risk, refer to the section entitled "Liquidity and Capital Resources" in this MD&A.

SIGNIFICANT ACCOUNTING POLICIES

TerraVest prepares its financial statements in accordance with IFRS. TerraVest's accounting policies under IFRS are disclosed in Note 2 of TerraVest's audited consolidated financial statements for the year ended September 30, 2022.

CRITICAL ACCOUNTING ESTIMATES

For a detailed discussion on the use of estimates and judgments, please refer to Note 3 of TerraVest's audited consolidated financial statements for the year ended September 30, 2022.

CONTROLS AND PROCEDURES

As at September 30, 2022, TerraVest's Chief Executive Officer and Chief Financial Officer, have certified that the disclosure controls and procedures, and that the internal controls over financial reporting are effective and that during the period covered by this report, TerraVest did not make any changes in internal controls over financial reporting that significantly affected or are reasonably likely to significantly affect TerraVest's internal controls over financial reporting.

Exception

TerraVest acquired a controlling interest in GES in November 2021 and MTC in March 2022. Management has not yet completed its assessment of the design or operating effectiveness of GES and MTC disclosure controls and procedures and internal controls over financial reporting.

The following table provides significant financial information of GES and MTC as at and for the year ended September 30, 2022:

	GES	MTC
	$	$
Total assets	**75,024**	**52,751**
Total liabilities	**34,046**	**11,525**
Sales	**70,493**	**27,875**
Net income	**5,073**	**1,108**

RELATED PARTY TRANSACTIONS

For detailed information on related party identity, relationship and transactions, please refer to Note 28 of TerraVest's audited consolidated financial statements for the year ended September 30, 2022.

RISK FACTORS

For a detailed discussion of the risk factors related to the businesses and to the structure of TerraVest, please refer to the AIF of TerraVest under the heading "Risk Factors", which is incorporated herein by reference.

ADDITIONAL INFORMATION

Additional information relating to TerraVest, including the AIF of TerraVest, is available on SEDAR at www.sedar.com.

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended September 30, 2022 and 2021

TERRAVEST INDUSTRIES INC.

Consolidated Statements of Financial Position

(In thousands of Canadian dollars)

	Note	As at September 30, 2022	As at September 30, 2021
		$	$
ASSETS			
Current			
Cash		**9,394**	8,359
Accounts receivable	6	**108,678**	62,926
Income taxes receivable		**3,007**	679
Inventories	7	**191,244**	136,854
Other current assets	8	**9,829**	8,590
		322,152	217,408
Non-Current			
Property, plant and equipment	9	**160,671**	85,933
Right-of-use assets	10	**29,395**	27,806
Intangible assets	11	**36,533**	16,889
Net defined benefit asset	18	**5,753**	5,778
Deferred income tax assets	17	**22,220**	12,089
Investments	12	**13,418**	10,000
Other non-current assets		**150**	346
Goodwill	13	**24,231**	30,089
		614,523	406,338
LIABILITIES			
Current			
Bank overdrafts		**360**	878
Revolving credit facilities	15	**3,332**	251
Accounts payable and accrued liabilities	14	**83,248**	51,360
Deferred revenues		**29,768**	15,043
Dividends payable	19	**1,789**	1,757
Income taxes payable		**2,319**	1,829
Current portion of long-term debt	15	**11,106**	4,516
Current portion of lease liabilities	16	**4,953**	4,640
		136,875	80,274
Non-Current			
Long-term debt	15	**228,459**	154,179
Lease liabilities	16	**27,652**	26,148
Net defined benefit liability	18	**4,049**	5,512
Deferred income tax liabilities	17	**21,571**	8,166
		418,606	274,279
SHAREHOLDERS' EQUITY			
Share capital	19	**150,467**	141,712
Share premium		**20,408**	21,027
Share-based payments reserve	19	**955**	334
Accumulated other comprehensive income (loss)		**2,280**	(1,188)
Retained earnings (accumulated deficit)		**9,463**	(29,830)
		183,573	132,055
Non-controlling interests		**12,344**	4
		195,917	132,059
		614,523	406,338

See accompanying notes to the consolidated financial statements

On behalf of the Board:

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

TERRAVEST INDUSTRIES INC.

Consolidated Statements of Income

(In thousands of Canadian dollars, except share and per share amounts)

	Note	Years ended September 30, 2022	Years ended September 30, 2021
		$	$
SALES	29		
Products		**486,541**	292,825
Services		**90,163**	14,638
		576,704	307,463
Cost of sales		**452,318**	226,829
Gross profit		**124,386**	80,634
EXPENSES			
Administration		**54,900**	26,816
Selling		**18,464**	7,690
Financing costs	22	**9,342**	4,505
Share of associates and joint venture net loss		**62**	78
Other (gains) losses	23	**(17,037)**	(4,501)
		65,731	34,588
EARNINGS BEFORE INCOME TAXES		**58,655**	46,046
INCOME TAX EXPENSE	17		
Current		**9,181**	8,661
Deferred		**2,704**	975
		11,885	9,636
NET INCOME		**46,770**	36,410
Net income (loss) attributable to:			
Common shareholders		**45,252**	36,618
Non-controlling interests		**1,518**	(208)
		46,770	36,410
Weighted average number of common shares:			
Basic	20	**17,877,941**	18,099,965
Diluted	20	**18,093,678**	18,352,184
Net income per share:			
Basic	20	**$2.53**	$2.02
Diluted	20	**$2.50**	$2.00

See accompanying notes to the consolidated financial statements

TERRAVEST INDUSTRIES INC.

Consolidated Statements of Comprehensive Income

(In thousands of Canadian dollars)

	Years ended	
	September 30, 2022	**September 30, 2021**
	$	**$**
NET INCOME	**46,770**	36,410
Other comprehensive income (loss), net of income tax:		
Item that may be reclassified subsequently to profit or loss:		
Exchange difference on translating foreign operations	**3,468**	(1,581)
COMPREHENSIVE INCOME	**50,238**	34,829
Attributable to:		
Common shareholders	**48,720**	35,037
Non-controlling interests	**1,518**	(208)
	50,238	34,829

See accompanying notes to the consolidated financial statements

TERRAVEST INDUSTRIES INC.

Consolidated Statements of Changes in Shareholders' Equity

(In thousands of Canadian dollars)

	Note	Years ended September 30, 2022	Years ended September 30, 2021
		$	$
Share capital			
Common shares:	19		
Balance, beginning of year		**141,712**	149,284
Issued on business combination, net of transaction costs		**9,118**	-
Issued on exercise of stock options		**-**	2,304
Repurchased and cancelled during the year		**(363)**	(9,876)
Balance, end of year		**150,467**	141,712
Share premium			
Balance, beginning of year		**21,027**	35,191
Carrying value of common shares repurchased lower than consideration paid		**(619)**	(11,227)
Reduction on exercise of stock options		**-**	(2,937)
Balance, end of year		**20,408**	21,027
Share-based payments reserve			
Balance, beginning of year		**334**	417
Share-based payments expense	19	**621**	70
Reduction on exercise of stock options		**-**	(153)
Balance, end of year		**955**	334
Accumulated other comprehensive income (loss)			
Balance, beginning of year		**(1,188)**	393
Other comprehensive income (loss)		**3,468**	(1,581)
Balance, end of year		**2,280**	(1,188)
Retained earnings (accumulated deficit)			
Balance, beginning of year		**(29,830)**	(59,355)
Net income attributable to common shareholders		**45,252**	36,618
Net remeasurement gain (loss) on defined benefit plans, net of tax		**1,205**	113
Dividends declared during the year		**(7,164)**	(7,206)
Balance, end of year		**9,463**	(29,830)
Total shareholders' equity attributable to common shareholders		**183,573**	132,055
Non-controlling interests			
Balance, beginning of year		**4**	212
Recognition of non-controlling interest	4	**10,930**	-
Change in non-controlling interest		**(108)**	-
Net income (loss) attributable to non-controlling interests		**1,518**	(208)
Balance, end of year		**12,344**	4
Total shareholders' equity		**195,917**	132,059

See accompanying notes to the consolidated financial statements

TERRAVEST INDUSTRIES INC.

Consolidated Statements of Cash Flows

(In thousands of Canadian dollars)

	Note	Years ended September 30, 2022	Years ended September 30, 2021
		$	$
OPERATING ACTIVITIES			
Net income		**46,770**	36,410
Adjustments for:			
Current income tax expense		**9,181**	8,661
Interest expense		**9,000**	4,201
Items not affecting cash	24	**24,178**	10,877
Interest paid		**(8,929)**	(3,801)
Income taxes paid		**(11,285)**	(9,457)
Contributions to defined benefit plans	18	**(672)**	(25)
Settlement of derivative financial instruments		**51**	72
Change in non-cash operating working capital items	24	**(38,346)**	(23,874)
		29,948	23,064
INVESTING ACTIVITIES			
Consideration paid on business combinations, net of cash acquired	4	**(37,796)**	(38,543)
Purchase of other property, plant and equipment		**(21,053)**	(12,538)
Proceeds from disposal of other property, plant and equipment		**2,887**	726
Purchase of property, plant and equipment for rental		**(14,509)**	(5,867)
Proceeds from disposal of property, plant and equipment for rental		**7,769**	2,993
Purchase of intangible assets		**(171)**	(670)
Investments	24	**(10,970)**	(8,671)
Proceeds from disposal of investment in equity instruments		**-**	10,034
Net change in non-controlling interest		**(108)**	-
		(73,951)	(52,536)
FINANCING ACTIVITIES			
Net change in current revolving credit facilities		**2,692**	(613)
Net change in long-term revolving operating loans, net of transaction costs		**61,844**	10,202
Issuance of long-term debt, net of transaction costs		**9,324**	51,561
Repayment of long-term debt		**(14,812)**	(17,572)
Repayment of lease liabilities		**(5,753)**	(4,381)
Transaction costs paid on common shares issued		**(21)**	-
Common shares repurchased and cancelled	19	**(982)**	(21,103)
Settlement of stock options	19	**-**	(786)
Dividends paid		**(7,132)**	(7,317)
		45,160	9,991
Net inflows (outflows) for the year		**1,157**	(19,481)
Cash and bank overdrafts, beginning of year		**7,481**	26,717
Impact of foreign exchange on cash and bank overdrafts		**396**	245
CASH AND BANK OVERDRAFTS, END OF YEAR		**9,034**	7,481

See accompanying notes to the 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 three operating segments: Fuel Containment, Processing Equipment and Service.

2. ACCOUNTING POLICIES

TerraVest's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These consolidated financial statements were approved and authorized for issue by the Board of Directors on December 13, 2022.

At the authorization date of these consolidated financial statements, several new, but not yet effective, standards and amendments to existing standards and interpretations have been published by the International Accounting Standards Board. None of these standards or amendments to existing standards have been adopted early by TerraVest. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

New standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on TerraVest's consolidated financial statements.

The following significant accounting policies have been applied to all periods presented in these consolidated financial statements.

2.1 Basis of presentation

These consolidated financial statements have been prepared using the going concern assumption and the historical cost method except for certain financial instruments for which the accounting treatment is described in Note 2.26.

2.2 Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars; TerraVest's functional currency.

2.3 Basis of consolidation

These consolidated financial statements include the accounts of TerraVest and of its subsidiaries. Accounts of the subsidiaries are included in the consolidated financial statements from the date TerraVest obtains control until the date control ceases. All intercompany balances, revenues and expenses and cash flows are fully eliminated upon consolidation.

Subsidiaries are entities controlled by TerraVest. Control is achieved when TerraVest has power over the entity, is entitled to returns from the entity and has the ability to affect those returns through its power over the entity.

TerraVest attributes net income and comprehensive income of subsidiaries between the owners of TerraVest and the non-controlling interests based on their respective ownership interests.

The significant subsidiaries of TerraVest included in these consolidated financial statements are as follows:

Name of Subsidiary	Country	% of ownership
MaXfield LP	Canada	100
EnviroVault LP	Canada	100
Segretech Inc.	Canada	76.5
NWP Industries LP	Canada	100
TerraVest Industries Limited Partnership	Canada	100
TerraVest Leasing LP	Canada	100
Argo Sales LP	Canada	100
Diamond Energy Services Limited Partnership	Canada	100
Green Energy Services Inc.	Canada	66.5
Gestion Jerico Inc.	Canada	100
Granby Industries Limited Partnership	Canada	100
Pro-Par Inc.	Canada	100
Granby Composites Inc.	Canada	100
Granby Furnaces Inc.	Canada	100
Granby FRP Tanks Inc.	Canada	100
Iowa Steel Fabricators, LLC	United States	100
Fischer Tanks, LLC	United States	100
Granby Industries Transport USA, LLC	United States	100
Signature Truck Systems, LLC	United States	100
Granby Heating Products, LLC	United States	100
Pro-Par Industries, LLC	United States	100
ECR International, Inc.	United States	100
Mississippi Tank & Manufacturing Company	United States	100
MTankCo Supply, LLC	United States	100

2.4 Foreign currency

Transactions and balances

Each subsidiary of TerraVest determines its own functional currency. Transactions in foreign currency are initially recorded in the entity's functional currency using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated into the entity's functional currency using the exchange rate in effect on the reporting date, whereas non-monetary assets and liabilities denominated in foreign currency are translated using historical exchange rates. All exchange gains and losses arising from the translation of these items and transactions are recorded in the consolidated statements of income as they arise, in other (gains) losses.

Foreign operations

The assets and liabilities of foreign operations with a functional currency different from that of TerraVest are translated into Canadian dollars using the exchange rate in effect on the reporting date. Revenues and expenses are translated to Canadian dollars using the monthly average exchange rate for the period in which the transaction occurred. The exchange gains or losses arising from the translation of foreign operations are recognized in other comprehensive income and are reclassified in income on disposal or partial disposal of the investment in the related foreign operation.

2.5 Business Combinations

Business combinations are accounted for using the acquisition method. Consideration transferred in a business combination is the sum of the acquisition-date fair values of the assets transferred by TerraVest which includes the fair value of any asset or liability arising from a contingent consideration arrangement. For each business combination, TerraVest measures the non-controlling interest, if any, at the proportionate share in the acquiree's identifiable net assets. Acquisition costs are expensed as incurred in administration expenses.

At the acquisition date, the identifiable assets acquired and liabilities assumed are recognized at their fair value on that date and are classified in accordance with their contractual terms, economic circumstances and pertinent conditions.

Goodwill, initially recognized at cost as an asset, is measured as the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the fair value of the net identified assets and liabilities. If the aggregate of the consideration transferred and the amount recognized for non-controlling interests is lower than the fair value of the identified net assets and liabilities, the difference is recognized in the consolidated statements of income as a bargain purchase gain.

2.6 Segment reporting

TerraVest has three reportable segments as follows:

- Fuel Containment: is a provider of products and services to a variety of industries across Canada and the United States. The Fuel Containment segment manufactures products including: bulk liquefied petroleum gas (LPG) transport trailers, LPG delivery and service trucks, bulk LPG storage tanks, residential and commercial LPG tanks and dispensers, custom pressure vessels, commercial and residential refined fuel tanks, and furnaces and boilers. This segment sells its products direct to end user and through various distribution networks. The end users of the products are fuel distributors, transportation companies, and industrial, commercial and residential consumers.
- Processing Equipment: is a fabricator of equipment for various end-markets including: upstream and midstream oil and gas processing, agriculture, transportation and mining. The Processing Equipment segment manufactures and sells a wide array of equipment such as: wellhead processing equipment and tanks, wellhead desanding units, central facilities processing equipment, natural gas liquids (NGL) and LPG storage tanks, anhydrous ammonia storage tanks, bulk NGL and LPG transport trailers, bulk ammonia transport trailers and wagons, compressed gas transport trailers and a wide variety of customized processing equipment for various applications. This segment's products and services are primarily sold to oil and gas producers, midstream companies, engineering companies, propane distributors, fertilizer distributors and transportation 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.

An operating segment is a component of TerraVest that engages in business activities from which it may earn revenues and incur expenses and for which discrete financial information is available. Each operating segment's results are regularly reviewed by management to make decisions about resources to be allocated to the segment and assess its performance. Operating segments can be aggregated into reportable segments when the segments have similar economic characteristics.

Corporate charges, assets and liabilities are not allocated to segments.

2.7 Revenue recognition

TerraVest recognizes revenues from contracts with customers once control is transferred and in an amount equal to the consideration to which TerraVest expects to be entitled.

Product sales are revenues arising from the Fuel Containment and Processing Equipment segments and are recognized at a point of time when the manufacturing of the goods is complete, when the goods leave TerraVest's premises, or when the goods are delivered to the customer, according to the terms of the contract. The contracts entered into are short-term

in nature and revenues are generally recognized when the goods are delivered to the customer by the Fuel Containment segment or when the manufacturing of the goods is complete by the Processing Equipment segment.

Services revenues are revenues arising from the Service segment and are recognized at a point in time, when services are provided.

Where payments have been received, or invoices issued, for products and/or services not yet provided; amounts are recorded as deferred revenue on the consolidated statements of financial position and recorded as revenue when the product and/or services have been provided and the requirements for revenue recognition have been met.

2.8 Employee benefits

Short-term employee benefits

The costs of all short-term employee benefits are measured on an undiscounted basis and are expensed during the period in which the employee renders the related service.

Post-employment benefits

The present value of the defined benefit obligation, the current service cost and, if applicable, the past service cost are actuarially determined using the projected unit credit method based on management's best-estimate assumptions of the mortality table. The discount rate is based on the interest rate of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related defined benefit obligation. On each annual reporting date, independent actuaries extrapolate the data of the most recent full actuarial valuation to measure, for accounting purposes, the present value of the defined benefit obligation.

The net defined benefit asset or liability recognized in the consolidated statements of financial position corresponds to the fair value of the plan assets less the present value of the defined benefit obligation. Any asset resulting from this calculation is limited to the present value of the economic benefits available in the form of refunds from the plans or in the form of reductions in future contributions to the plans.

The cost components of post-employment benefits plans are recognized as follows:

- Service cost is recognized in the consolidated statements of income in cost of sales and administration expense and is comprised of:
    - Current service cost;
    - Past service cost recognized in the period in which the plan is amended; and
    - Gains or losses resulting from a plan settlement recognized in the period in which the plan settlement occurs.
- Net interest expense (income) on the net defined benefit liability (asset) is recognized in the consolidated statements of income in administration expenses and is calculated by multiplying the net defined benefit liability (asset) by the discount rate.
- Remeasurements of the net defined benefit liability (asset), net of income taxes, are recognized in retained earnings (accumulated deficit) in the consolidated statements of financial position and is comprised of:
    - Actuarial gains or losses arising from experience adjustments and from changes in financial and demographic assumptions;
    - Return on plan assets, excluding amounts included in net interest expense (income) on the net defined benefit liability (asset).

2.9 Government grants

Government grants are recorded when there is a reasonable assurance that the government assistance will be received and that TerraVest will comply with all relevant conditions.

Government grants related to expenses are recorded as a reduction of the related expenses and government grants with general nature are recorded as other income. Government tax credits related to assets are recorded as a reduction of the cost of the related assets. Government grants and government tax credits recorded are based on management's best estimates of amounts expected to be received and are subject to audit by the taxation authorities.

2.10 Deferred development costs

TerraVest periodically invests in research and development activities to support the launch of new products. All costs incurred in the development of new products that meet the capitalization criteria are recorded as deferred development costs, in other non-current assets on the consolidated statements of financial position, until the product reaches commercial production. At the commencement of commercial production, the deferred development costs are amortized on a straight-line basis over 5 years.

2.11 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are expensed in the period in which they are incurred, in financing costs.

2.12 Income taxes

Income taxes are accounted for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used in the determination of taxable income. A deferred income tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the underlying income tax attributes giving rise to the asset will be utilized. Deferred income tax assets are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities, when they relate to income taxes levied by the same income tax authority and when TerraVest intends to settle its current income tax assets and liabilities on a net basis.

Deferred income tax assets and liabilities are measured at the income tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on the income taxation rates (and income taxation laws) that have been enacted or substantively enacted by the statements of financial position date. The measurement of deferred income tax assets and liabilities reflects the income tax consequences that would follow from the manner in which TerraVest expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

2.13 Earnings per share

Basic earnings per share is calculated using the net income attributable to shareholders of TerraVest's divided by the weighted average number of common shares outstanding in the period.

Diluted earnings per share is determined using the same method as basic earnings per share, except that the weighted average number of shares outstanding is adjusted for the effects of all dilutive instruments outstanding.

2.14 Cash

Cash is comprised of cash on hand and bank balances. Bank overdrafts are presented as current liabilities.

2.15 Inventories

Inventories are measured at the lower of cost and net realizable value. Cost includes all costs of purchase, manufacturing costs and other costs incurred to bring the inventories to their present location and condition. Manufacturing costs includes a pro rata share of production overheads based on normal production capacity. The cost of certain inventories is

based on weighted average cost while the cost of other inventories is determined using a first-in, first-out ("FIFO") method. Net realizable value is the estimated selling price in the ordinary course of business less all estimated costs of completion and costs necessary to make the sale.

2.16 Property, plant and equipment

Property, plant and equipment ("PP&E") are measured at cost less accumulated depreciation and impairment. Cost includes acquisition costs or manufacturing costs and any costs directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Financing costs are added to the cost of the asset when funds are borrowed specifically for the construction of the asset. When components of an item of PP&E have different useful lives, they are accounted for as separate items of PP&E. The costs of the day-to-day maintenance of PP&E are recognized in profit or loss as incurred.

The gain or loss on disposal or retirement of an item of PP&E is determined as the difference between the proceeds from disposal and the carrying amount of the asset and is recognized in the consolidated statements of income as other (gains) losses.

PP&E are depreciated over the estimated useful life of the specific asset as follows:

Categories	Estimated useful lives
Land and buildings	
Land	-
Buildings	10 to 25 years
Leasehold improvements	Lesser of estimated economic life or lease term
Machinery and equipment	
Production and shop equipment	5 to 10 years
Service rigs	Hours of operation – useful life 2,000 to 48,000 hours
Equipment for rental	5 to 10 years
Others	
Vehicles	5 to 15 years
Office equipment and furnishings	3 to 10 years
Computer hardware	1 to 3 years

Land is not depreciated. An item of PP&E is not depreciated until it can be operated in the manner intended by management. The depreciation methods, estimated useful lives and residual values are reassessed annually, with the effect of any changes in estimates being accounted for on a prospective basis.

2.17 Intangible assets

Identifiable intangible assets acquired in a business combination are recognized separately from goodwill if they meet the definition of intangible asset and if their fair value can be measured reliably. The cost of these intangible assets equals their acquisition-date fair value. After initial recognition, intangible assets are recorded at cost less accumulated amortization, if they are amortizable, and less accumulated impairment.

Intangible assets with a finite useful life are amortized on a straight line-basis over their estimated useful lives from the date they are available for use as follows :

Categories	Estimated useful lives
Customer-related	
Sales order backlog	2 to 17 months
Customer relationships	7 to 10 years
Technology-based	
Technologies and technical drawings	5 years
Patents	10 to 15 years
Computer software	5 to 10 years
Non-compete agreements	3 to 5 years

The amortization method and estimated useful lives are reassessed annually, with the effect of any changes in estimates being accounted for on a prospective basis.

Intangible assets with indefinite lives are trademarks. They are not amortized but are tested annually for impairment. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

2.18 Investment in associates and investment in a joint venture

Investment in associates and investment in a joint venture are accounted for using the equity method.

2.19 Goodwill

After initial recognition, goodwill is measured at cost less any accumulated impairment.

2.20 Impairment of non-financial assets

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. Impairment is recognized in profit or loss. An impairment loss is reversed only if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized in previous years.

Property, plant and equipment, right-of-use assets and intangible assets with finite useful lives

The carrying amounts of TerraVest's assets are reviewed at each reporting period to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, TerraVest estimates the recoverable amount of the CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs.

Goodwill and intangible assets with indefinite lives

Goodwill and intangible assets with indefinite lives are allocated to each of TerraVest's CGUs that are expected to benefit from the business combination, irrespective of whether assets or liabilities of the acquiree are assigned to those units. CGUs to which goodwill and intangible assets with indefinite lives have been allocated are tested for impairment annually, or more frequently if events and circumstances indicate that the asset may be impaired.

2.21 Leases

Lessee

At the inception of a contract, TerraVest assesses whether the contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Leases are recognized in the statements of financial position through the recognition of a right-of-use asset and a lease liability, except for leases with a term of 12 months or less and leases for which the underlying asset is of low value, which are recognized in profit or loss on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of future lease payments using the implicit rate of the lease, if it can be readily determined, or using TerraVest subsidiary's incremental borrowing rate. Future lease payments include fixed payments, variable payments that depend on an index or rate, and payments for extension and termination or purchase options that are reasonably certain to be exercised. When lease payments include amounts relating to non-rental components, they are included in the calculation of the lease liability. The lease liability is then measured at amortized cost using the effective interest rate method.

The right-of-use asset is measured at cost, which corresponds to the initial measurement of the lease liability. Cost also includes any initial direct costs incurred, an estimate of any costs to dismantle and remove the asset at the end of the lease and any lease payments made in advance of the lease commencement date, net of any incentives received. It is then measured at cost less accumulated depreciation and impairment losses. Depreciation is calculated over the lesser of the lease term or the estimated useful life on a straight-line basis.

Variable lease payments not included in the lease liability are recognized in the profit or loss of the period in which the expense occurred.

If a lease is modified or if the lease term is revised, the lease liability is remeasured and a corresponding adjustment is made to the right-of-use asset. If the lease modification represents a decrease in the scope of a lease, the difference between the adjustment to the lease liability and the right-of-use asset, if any, is accounted for as a gain or loss upon lease modification. If the lease modification represents a separate lease component, it is accounted for as a separate lease.

Lessor

Leases for which TerraVest is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease and is included in the consolidated statements of income as products sales. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the property, plant and equipment for rental.

2.22 Provisions

Provisions are recognized when TerraVest has a present obligation, legal or constructive, as a result of a past event, if it is more likely than not that TerraVest will be required to settle the obligation, and if a reliable estimate can be made of the amount of the obligation.

2.23 Share premium

Share premium includes the amount paid in excess of, or less than the carrying value of the common shares when TerraVest repurchases its common shares.

2.24 Share capital

Common shares are classified as equity in share capital. Incremental costs attributable to the issuance of common shares are recognized as a deduction from share capital in equity, net of any income tax effects.

2.25 Share-based payments

Equity-settled share-based payments are measured at fair value at grant date. The value of the compensation for the stock option plan is measured using a Black-Scholes option pricing model. The effect of any change in the number of options that are expected to vest is accounted for in the period in which the estimate is revised. Compensation expense is recognized on a straight-line basis over the vesting period of the stock option, with a corresponding increase in the share-based payments reserve in shareholders' equity. Any consideration paid by plan participants on the exercise of stock options is credited to share capital up to the nominal value of the shares issued with any excess being recorded as share premium.

2.26 Financial instruments

Recognition and initial measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities, including derivatives, are recognized in the consolidated statements of financial position when, and only when, TerraVest becomes a party to the contractual provisions of the instrument and are measured initially at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Derecognition

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards of ownership are transferred. Financial liabilities are derecognized when they are extinguished, discharged, cancelled or expired.

Classification

On initial recognition, all financial instruments are measured at fair value. Financial assets are subsequently classified and measured at amortized cost, at fair value through other comprehensive income or at FVTPL. TerraVest classifies its financial assets according to the business model used to manage these financial assets and to the contractual cash flow characteristics of the financial assets. Financial liabilities are classified and subsequently measured at amortized cost or at FVTPL.

TerraVest has made the following classifications:

- Cash, accounts receivable, investment in a limited partnership, bank overdrafts, revolving credit facilities, accounts payable and accrued liabilities excluding accrued compensation and sales tax payable, dividend payable and long-term debt are classified as subsequently measured at amortized cost using the effective interest rate method; and
- Derivative financial instruments and investment in equity instruments are classified as subsequently measured at FVTPL. Gains and losses arising from periodic remeasurement are recognized in profit or loss in other (gains) losses.

Impairment of financial assets

On initial recognition and at each reporting date, TerraVest estimates expected credit losses for financial assets classified at amortized cost. These expected credit losses are measured using historical credit loss experience and are adjusted to reflect receivable-specific factors, general economic conditions, and an assessment of both the current and projected direction of economic conditions at the reporting date, including the time value of money, if applicable. The net change in expected credit losses on financial assets classified at amortized cost is recognized in profit or loss.

For financial assets carried at amortized cost, the amount of the impairment is the amount equal to lifetime expected credit losses.

If, in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derivative financial instruments

TerraVest uses derivative financial instruments to manage its foreign currency exposure and interest rate risk. Gains and losses arising from periodic remeasurement of derivative financial instruments that are economic hedges but that do not qualify for hedge accounting are recognized in the consolidated statements of income as other (gains) losses.

3. ACCOUNTING JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that may affect the reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for estimates about carrying values of assets and liabilities that are not readily apparent from other sources. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised. The actual results of items subject to estimates and assumptions may differ from these estimates and assumptions.

The main judgments, estimates and assumptions are as follows:

3.1 Business Combinations

Valuations techniques are used when determining fair values of certain assets and liabilities acquired in a business combination. Estimates that have an impact on the determination of fair values include the selected weighted average cost of capital, growth rate, and forecast of future cash flows. Refer to Note 4 for more information on valuation techniques used in business combinations.

3.2 Income tax expense

Current and deferred income tax expense, assets and liabilities may require estimates and interpretations of federal and provincial income tax rules and regulations, and judgments as to their interpretation and application to each jurisdiction where TerraVest operates. Determination of deferred income tax assets and liabilities requires judgment as to the reversal of the underlying temporary differences between accounting values and income tax attributes resulting in the deferred income tax assets or liabilities and estimates as to the appropriate income tax rates to apply to determine the future income tax assets or liabilities.

3.3 Impairment of non-financial assets and goodwill

In assessing impairment, TerraVest estimates the recoverable amount of each asset or CGU based on expected future cash flows and uses an interest rate to calculate present value. Estimation uncertainty relates to the assumptions about future operating results, growth rate and the determination of a suitable discount rate. Refer to Note 13 for the goodwill impairment test disclosures.

3.4 Right-of-use assets and lease liabilities

Future lease payments used to calculate the value of the right-of-use asset and lease liability include payments for lease extension and termination or purchase options that are reasonably certain to be exercised. Determining the economic benefits of exercising these options requires the use of assumptions and estimates such as the future expected use of the leased asset and future market conditions. Whether or not future lease payments relating to the extension, termination or purchase options are taken into account can have a significant impact on the value of the right-of-use asset and the lease liability.

3.5 Defined benefit obligation

The measurement of defined benefit obligation requires the use of statistical data and other parameters used to anticipate future changes such as the discount rate and the mortality table. If the actuarial assumptions are found to be significantly different from the actual data subsequently observed, it could lead to substantial changes to the amount of the benefit cost of post-retirement benefits plans recognized in profit or loss and in retained earnings or accumulated deficit and to the net defined benefit asset or liability presented in the consolidated statements of financial position. Refer to Note 18 for additional information on the assumptions used.

4. BUSINESS COMBINATIONS

2022 Business Combinations

4.1 Acquisition of Platinum Energy Services Ltd.

On July 4, 2022, TerraVest entered into a share purchase agreement to purchase all of the issued and outstanding shares of Platinum Energy Services Ltd. ("PES") a privately-owned manufacturing company of wellhead processing and production equipment for the Canadian oil & gas market.

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 $96 were incurred and recognized as administration expenses during the year ended September 30, 2022.

Fair value of the consideration transferred at the acquisition date

	Final
	$
Fair value of the cash consideration	**4,850**

Assets acquired and liabilities assumed at the acquisition date

The preliminary fair value allocation of the identifiable assets acquired and liabilities assumed as at July 4, 2022 acquisition date is as follows:

	Preliminary Allocation
	$
ASSETS	
Cash	**21**
Property, plant and equipment	**3,683**
Deferred income tax assets	**10,656**
	14,360
LIABILITIES	
Accounts payable and accrued liabilities	**42**
Net identifiable assets acquired	**14,318**

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.

Property, plant and equipment

PP&E were recognized at their estimated fair value. TerraVest appointed a third party to assist in the valuation of the acquired building.

Deferred income tax assets

Deferred income tax assets were estimated at the income tax rates that are expected to apply in the period in which the liability is expected to be settled or the asset realized. The amount is currently under review and additional changes may be recorded.

Gain on bargain purchase arising from the business combination

	Preliminary
	$
Consideration transferred	**4,850**
Less:	
Fair value of net identifiable assets acquired	**14,318**
Gain on bargain purchase	**(9,468)**

The acquisition was done in order to enhance TerraVest's manufacturing capabilities and competitiveness in its processing equipment businesses in Western Canada. The gain on bargain purchase was recorded in the consolidated statements of income as other (gains) losses and is mostly a result of deferred income tax assets recognized at acquisition date.

PES contribution to TerraVest results

TerraVest's consolidated net income during the year ended September 30, 2022 includes a net loss of $55 generated from PES' results since the acquisition date of July 4, 2022.

Due to lack of IFRS-specific data prior to the acquisition of PES, pro-forma revenue and profit or loss of the combined entity during the year ended September 30, 2022 cannot be determined reliably.

4.2 Acquisition of Mississippi Tank and Manufacturing Company

On March 11, 2022, a subsidiary of TerraVest entered into a share purchase agreement to acquire all the issued and outstanding shares of Mississippi Tank and Manufacturing Company ("MTC"), a privately-owned manufacturing company that produces and distributes a broad range of storage and distribution equipment for the propane and compressed gas markets in North America, including transport trailers, bobtail delivery trucks, and various bulk storage tanks.

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 $236 were incurred and recognized as administration expenses during the year ended September 30, 2022.

Fair value of the consideration transferred at the acquisition date

	Final
	$
Fair value of the cash consideration	**28,001**

Assets acquired and liabilities assumed at the acquisition date

The preliminary fair value allocation of the identifiable assets acquired and liabilities assumed as at March 11, 2022 acquisition date is as follows:

	Preliminary Allocation
	$
ASSETS	
Cash	**86**
Accounts receivable	**3,442**
Inventories	**13,951**
Prepaid expenses	**477**
Property, plant and equipment	**10,862**
Intangible assets	**6,727**
	35,545
LIABILITIES	
Accounts payable and accrued liabilities	**2,811**
Deferred revenues	**3,806**
Income taxes payable	**253**
Long-term debt	**7,040**
Deferred income tax liabilities	**585**
	14,495
Net identifiable assets acquired	**21,050**

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.

Inventories

Inventories were recognized at their estimated fair value, which is the lower of cost and net realizable value at the transaction closing date. Cost includes all costs of purchase and other costs incurred to bring the inventories to their present location and condition.

Property, plant and equipment

PP&E were recognized at their estimated fair value. TerraVest appointed a third party to assist in the valuation of the acquired building. For the other property, plant and equipment acquired, TerraVest estimated their fair value based on their original cost, acquisition date and net carrying value at the transaction closing date.

Deferred income tax liabilities

Deferred income tax liabilities were estimated at the income tax rates that are expected to apply in the period in which the liability is expected to be settled or the asset realized. The amount is currently under review and additional changes may be recorded.

Intangible assets

TerraVest estimated the fair value of intangible assets acquired using different valuation techniques, all primarily based upon discounted cash flows according to currently available information, such as historical and projected revenues, customer attrition rates and certain other relevant assumptions.

	Estimated useful lives	**Final fair value**
		$
Customer relationships	7 years	**2,594**
Sales order backlog	17 months	**656**
Non-compete agreements	5 years	**836**
Trademarks	Indefinite	**2,641**
Intangible assets		**6,727**

Goodwill arising from the business combination

	Preliminary
	$
Consideration transferred	**28,001**
Less:	
Fair value of net identifiable assets acquired	**21,050**
Goodwill	**6,951**

The acquisition was done in order to strengthen TerraVest's position as a leading manufacturer of propane storage and distribution equipment in North America. The goodwill associated with this acquisition is mainly attributable to brand recognition and the existing workforce.

MTC contribution to TerraVest results

TerraVest's consolidated net income during the year ended September 30, 2022 includes sales of $27,875 and a net income of $1,108 generated from MTC's results since the acquisition date of March 11, 2022.

Due to lack of IFRS-specific data prior to the acquisition of MTC, pro-forma revenue and profit or loss of the combined entity during the year ended September 30, 2022 cannot be determined reliably.

4.3 Acquisition of Green Energy Services Inc.

Effective on November 1, 2021, TerraVest entered into share purchase agreements to acquire an additional 41.4% of the issued and outstanding shares of Green Energy Services Inc. ("GES"), thereby bringing TerraVest's ownership interest in GES to 66.8%. GES is a privately-owned Alberta based company operating under the name Fraction Energy Services and is an industry leader in water management and environmental solutions. GES offers a diverse range of fluid management solutions including water transfer, containment, heating, fluid trucking, and oilfield rentals.

The business combination has been accounted for using the acquisition method with the results of operations included in earnings from the date of acquisition. The non-controlling interest was measured at its proportionate share in GES' identifiable net assets at acquisition date. Acquisition-related costs of $66 were incurred and recognized as administration expenses during the year ended September 30, 2022.

Fair value of the consideration transferred at the acquisition date

	Final
	$
Consideration transferred at the acquisition date:	
Cash paid	**6,935**
TerraVest common shares issued [i)]	**9,139**
	16,074
Remeasurement of TerraVest's previously held equity interest in GES:	
Existing equity interest in GES remeasured at the acquisition-date fair value [ii)]	**9,507**
Total fair value of the consideration transferred	**25,581**

[i)] See Note 19 for additional details on the transaction.

[ii)] TerraVest remeasured its previously held equity interest in GES using the price per share paid at acquisition date and recorded a gain on remeasurement of $1,956 in other (gains) losses.

Assets acquired and liabilities assumed at the acquisition date

The final fair value allocation of the identifiable assets acquired and liabilities assumed as at November 1, 2021 acquisition date is as follows:

	Final Allocation
	$
ASSETS	
Cash	**1,883**
Accounts receivable	**10,914**
Inventories	**821**
Prepaid expenses	**726**
Income taxes receivable	**6**
Property, plant and equipment	**43,309**
Intangible assets	**458**
Right-of-use assets	**5,905**
	64,022
LIABILITIES	
Revolving credit facility	**390**
Accounts payable and accrued liabilities	**6,728**
Long-term debt	**13,366**
Lease liabilities	**5,905**
Deferred income tax liabilities	**4,713**
	31,102
Net identifiable assets acquired	**32,920**

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 fair value, which is not substantially different from their gross contractual value and expected receipts.

Inventories

Inventories were recognized at their estimated fair value, which is the lower of cost and net realizable value at the transaction closing date. Cost includes all costs of purchase and other costs incurred to bring the inventories to their present location and condition.

Property, plant and equipment

PP&E were recognized at their estimated fair value. TerraVest used a third party valuation report for the PP&E recently acquired by GES prior to the acquisition. For the other property, plant and equipment of GES acquired, TerraVest estimated their fair value based on 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 GES's future lease payments using its incremental borrowing rate as at November 1, 2021.

Intangible assets

TerraVest estimated the fair value of intangible assets acquired using different valuation techniques, all primarily based upon discounted cash flows according to currently available information, such as historical and projected revenues, customer attrition rates and certain other relevant assumptions.

	Estimated useful life	Final fair value
		$
Customer relationships	7 years	**458**

Goodwill arising from the business combination

	Final
	$
Consideration transferred	**25,581**
Non-controlling interest	**10,930**
	36,511
Less:	
Fair value of net identifiable assets acquired	**32,920**
Goodwill	**3,591**

The acquisition was done in order to enter the water management and environmental solutions industry that complements TerraVest existing operations in the Processing Equipment and Service segment. The goodwill associated with this acquisition is mainly attributable to brand recognition and the existing workforce.

GES contribution to TerraVest results

TerraVest's consolidated net income during the year ended September 30, 2022 includes sales of $70,493 and a net income of $5,073 generated from GES' results since the acquisition date of November 1, 2021.

Due to lack of IFRS-specific data prior to the acquisition of GES, pro-forma revenue and profit or loss of the combined entity during the year ended September 30, 2022 cannot be determined reliably.

2021 Business Combination

4.4 Acquisition of ECR International, Inc.

On August 19, 2021, a subsidiary of TerraVest entered into an acquisition agreement to acquire all of the issued and outstanding shares of ECR International, Inc. ("ECR"), a privately-owned manufacturing company head-quartered in Utica New York that produces heating and cooling products under a family of brand names in North America, including the Dunkirk, Utica and Olsen brands, among others.

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 cost of $22 were incurred and recognized as administration expense during the year ended September 30, 2022 ($433 during the year ended September 30, 2021).

Fair value of the consideration transferred at the acquisition date

	Preliminary	Final
	$	$
Cash paid	39,528	**39,528**
Consideration receivable from vendors [i)]	(2,030)	**(2,030)**
Fair value of the consideration transferred in cash	37,498	**37,498**

[i)] Amount receivable from the 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 fair value allocation of the identifiable assets acquired and liabilities assumed as at August 19, 2021 acquisition date is as follows:

	Preliminary Allocation	Final Allocation
	$	$
ASSETS		
Cash	985	**985**
Accounts receivable	15,366	**15,366**
Inventories	19,933	**19,933**
Prepaid expenses	425	**425**
Income taxes receivable	100	**100**
Property, plant and equipment	7,962	**13,012**
Intangible assets	-	**17,909**
Right-of-use assets	125	**125**
Net defined benefit asset	5,822	**5,822**
Deferred income tax assets	4,578	**-**
	55,296	**73,677**
LIABILITIES		
Accounts payable and accrued liabilities	16,368	**16,368**
Long-term debt	13,432	**13,432**
Lease liabilities	125	**125**
Net defined benefit liability	5,636	**5,636**
Deferred income tax liabilities	-	**932**
	35,561	**36,493**
Net identifiable assets acquired	19,735	**37,184**

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 fair value, which is not substantially different from their gross contractual value and expected receipts.

Inventories

Inventories were recognized at their estimated fair value, which is the lower of cost and net realizable value at the transaction closing date. Cost includes all costs of purchase, manufacturing costs and other costs incurred to bring the inventories to their present location and condition.

Property, plant and equipment

PP&E were recognized at their estimated fair value. TerraVest appointed a third party to assist in the valuation of the acquired building. For the other property, plant and equipment acquired, TerraVest estimated their fair value based on 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 ECR's future lease payments using its incremental borrowing rate as at August 19, 2021.

Net defined benefit asset and liability

Net defined benefit asset and liability were recognized at their actuarial value determined in accordance with TerraVest's accounting policy and using an actuarial valuation report as at the acquisition date.

Intangible assets

TerraVest estimated the fair value of intangible assets acquired using different valuation techniques, all primarily based upon discounted cash flows according to currently available information, such as historical and projected revenues, customer attrition rates and certain other relevant assumptions.

	Estimated useful lives	**Final fair value**
		$
Customer relationships	10 years	**6,793**
Sales order backlog	2 months	**659**
Non-compete agreements	5 years	**4,258**
Trademarks	Indefinite	**6,199**
Intangible assets		**17,909**

Goodwill arising from the business combination

	Preliminary	**Final**
	$	**$**
Consideration transferred	37,498	**37,498**
Less:		
Fair value of net identifiable assets acquired	19,735	**37,184**
Goodwill	17,763	**314**

The acquisition was done in order to increase TerraVest's footprint in the North American home heating market. The goodwill associated with this acquisition is mainly attributable to brand recognition and an assembled workforce.

ECR contribution to TerraVest results

TerraVest's consolidated net income during the year ended September 30, 2021 includes sales of $11,109 and a net income of $647 generated from ECR's result since the acquisition date of August 19, 2021.

Due to lack of IFRS-specific data prior to the acquisition of ECR, pro-forma revenue and profit or loss of the combined entity during the year ended September 30, 2021 cannot be determined reliably.

5. FINANCIAL INSTRUMENTS

5.1 Fair value hierarchy

Financial instruments recorded at fair value on the consolidated statements of financial position and financial instruments measured at cost for which fair value is disclosed are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: valuation techniques based on inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

5.2 Categories of financial instruments

TerraVest has classified its financial instruments as follows:

	Level	As at September 30, 2022	As at September 30, 2021
		$	$
Financial assets			
At amortized cost			
Cash	2	**9,394**	8,359
Accounts receivable [i)]	2	**108,067**	61,364
Investment in a limited partnership	3	**6,935**	-
		125,007	71,285
At fair value through profit or loss			
Investment in equity instruments	1	**5,031**	1,065
Derivative financial instruments [ii)]	2	**2,038**	715
		7,069	1,780
Financial liabilities			
At amortized cost			
Bank overdrafts	2	**360**	878
Revolving credit facilities	2	**3,332**	251
Accounts payable and accrued liabilities [iii)]	2	**63,853**	36,893
Dividends payable	2	**1,789**	1,757
Long-term debt (current and non-current) [iv)]	2	**239,565**	158,695
		308,899	198,474
At fair value through profit or loss			
Derivative financial instruments [ii)]	2	**2,547**	-

[i)] Excludes sales tax receivable.

[ii)] The derivative financial instruments assets are included in other current assets and the derivative financial liabilities are included in accounts payable and accrued liabilities.

[iii)] Excludes accrued compensation and sales tax payable. The derivative financial instruments liabilities are presented on a separate line in the table.

[iv)] As at September 30, 2022, the fair value of long-term debt was $233,747 (not significantly different to its carrying value at September 30, 2021).

The fair values of revolving credit facilities and 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. The fair value of the investment in equity instruments has been determined based on the quoted price in active markets. 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.

TerraVest's derivative financial instruments are forward exchange contracts and 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.

6. ACCOUNTS RECEIVABLE

	As at September 30, 2022	As at September 30, 2021
	$	$
Net trade receivables	**104,945**	57,194
Sales tax receivable	**611**	1,562
Other receivables	**3,122**	4,170
	108,678	62,926

Allowance for estimated credit losses included in net trade receivables was $392 as at September 30, 2022 ($278 as at September 30, 2021).

7. INVENTORIES

	As at September 30, 2022	As at September 30, 2021
	$	$
Raw materials	**96,959**	74,621
Work in progress	**57,580**	39,407
Finished goods	**36,705**	22,826
	191,244	136,854

Inventories expensed in cost of sales for the year ended September 30, 2022 totaled $371,691 ($208,496 for the year ended September 30, 2021), which includes an amount of $818 of inventory write-downs ($209 for the year ended September 30, 2021).

8. OTHER CURRENT ASSETS

	As at September 30, 2022	As at September 30, 2021
	$	$
Prepaid expenses	**7,637**	6,618
Derivative financial instruments	**2,038**	715
Other	**154**	1,257
	9,829	8,590

9. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Machinery and equipment	Others	Equipment for rental	Capital projects in progress	Total
	$	$	$	$	$	$
Cost						
Balance as at September 30, 2020	26,225	81,443	8,088	11,401	1,382	128,539
Acquired in business combinations (Note 4)	6,172	1,387	403	-	-	7,962
Additions	881	2,806	1,713	5,867	5,273	16,540
Disposals/transfers	(151)	(1,471)	(459)	(4,849)	(922)	(7,852)
Exchange difference	(373)	(354)	(89)	-	8	(808)
Balance as at September 30, 2021	**32,754**	**83,811**	**9,656**	**12,419**	**5,741**	**144,381**
Final purchase price allocation impact (Note 4)	**4,318**	**749**	**(17)**	**-**	**-**	**5,050**
Acquired in business combinations (Note 4)	**9,699**	**43,936**	**3,450**	**-**	**769**	**57,854**
Additions	**2,076**	**13,658**	**3,733**	**14,509**	**3,016**	**36,992**
Disposals/transfers	**13**	**252**	**(1,211)**	**(5,268)**	**(3,367)**	**(9,581)**
Exchange difference	**1,833**	**1,050**	**485**	**-**	**38**	**3,406**
Balance as at September 30, 2022	**50,693**	**143,456**	**16,096**	**21,660**	**6,197**	**238,102**
Accumulated depreciation						
Balance as at September 30, 2020	2,972	42,266	5,310	1,632	-	52,180
Depreciation for the year	1,413	5,809	996	1,316	-	9,534
Disposals	(51)	(2,174)	(295)	(572)	-	(3,092)
Exchange difference	(32)	(122)	(20)	-	-	(174)
Balance as at September 30, 2021	**4,302**	**45,779**	**5,991**	**2,376**	**-**	**58,448**
Depreciation for the year	**2,430**	**15,048**	**2,253**	**1,954**	**-**	**21,685**
Disposals	**(24)**	**(1,970)**	**(986)**	**(393)**	**-**	**(3,373)**
Exchange difference	**301**	**264**	**106**	**-**	**-**	**671**
Balance as at September 30, 2022	**7,009**	**59,121**	**7,364**	**3,937**	**-**	**77,431**
Net carrying value						
As at September 30, 2021	28,452	38,032	3,665	10,043	5,741	85,933
As at September 30, 2022	**43,684**	**84,335**	**8,732**	**17,723**	**6,197**	**160,671**

10. RIGHT-OF-USE ASSETS

	Land and buildings	Others	Total
	$	$	$
Cost			
Balance as at September 30, 2020	36,205	392	36,597
Acquired in business combinations (Note 4)	-	125	125
Additions	-	268	268
Disposals	-	(84)	(84)
Exchange difference	(92)	(5)	(97)
Balance as at September 30, 2021	**36,113**	**696**	**36,809**
Acquired in business combinations (Note 4)	**5,054**	**851**	**5,905**
Additions	**703**	**885**	**1,588**
Disposals	**-**	**(114)**	**(114)**
Exchange difference	**149**	**17**	**166**
Balance as at September 30, 2022	**42,019**	**2,335**	**44,354**
Accumulated depreciation			
Balance as at September 30, 2020	4,040	146	4,186
Depreciation for the year	4,700	178	4,878
Disposals	-	(58)	(58)
Exchange difference	(2)	(1)	(3)
Balance as at September 30, 2021	**8,738**	**265**	**9,003**
Depreciation for the year	**5,346**	**600**	**5,946**
Disposals	**-**	**(35)**	**(35)**
Exchange difference	**35**	**10**	**45**
Balance as at September 30, 2022	**14,119**	**840**	**14,959**
Net carrying value			
As at September 30, 2021	27,375	431	27,806
As at September 30, 2022	**27,900**	**1,495**	**29,395**

11. INTANGIBLE ASSETS

	Customer-related	Technology-based	Non-compete agreements	Trademarks	Total
	$	$	$	$	$
Cost					
Balance as at September 30, 2020	38,780	3,009	6,559	1,460	49,808
Additions	20	640	10	-	670
Exchange difference	(562)	2	(90)	-	(650)
Balance as at September 30, 2021	**38,238**	**3,651**	**6,479**	**1,460**	**49,828**
Final purchase price allocation impact (Note 4)	**7,452**	**-**	**4,258**	**6,199**	**17,909**
Acquired in business combinations (Note 4)	**3,708**	**-**	**836**	**2,641**	**7,185**
Additions	**-**	**298**	**-**	**-**	**298**
Disposals	**-**	**(7)**	**-**	**-**	**(7)**
Exchange difference	**1,444**	**15**	**607**	**648**	**2,714**
Balance as at September 30, 2022	**50,842**	**3,957**	**12,180**	**10,948**	**77,927**
Accumulated amortization					
Balance as at September 30, 2020	22,669	924	4,811	-	28,404
Amortization for the year	3,625	436	780	-	4,841
Exchange difference	(258)	-	(48)	-	(306)
Balance as at September 30, 2021	**26,036**	**1,360**	**5,543**	**-**	**32,939**
Amortization for the year	**5,776**	**366**	**1,516**	**-**	**7,658**
Exchange difference	**675**	**2**	**120**	**-**	**797**
Balance as at September 30, 2022	**32,487**	**1,728**	**7,179**	**-**	**41,394**
Net carrying value					
As at September 30, 2021	12,202	2,291	936	1,460	16,889
As at September 30, 2022	**18,355**	**2,229**	**5,001**	**10,948**	**36,533**

12. INVESTMENTS

	As at September 30, 2022	As at September 30, 2021
	$	$
Investment in associates	**1,138**	8,800
Investment in equity instruments	**5,031**	1,065
Investment in a limited partnership	**6,935**	-
Investment in joint venture	**314**	135
	13,418	10,000

13. GOODWILL

Goodwill acquired in business combinations and intangible assets with indefinite lives have been allocated to three cash-generating units ("CGUs") for impairment testing as follows:

- Fuel Containment CGU
- Processing Equipment CGU
- Service CGU

13.1 Goodwill reconciliation and allocation table

	Fuel Containment	Processing Equipment	Service	Total
	$	$	$	$
Balance as at September 30, 2020	7,619	5,035	-	12,654
Acquired in business combinations (Note 4)	17,763	-	-	17,763
Exchange difference	(271)	(57)	-	(328)
Balance as at September 30, 2021	**25,111**	**4,978**	**-**	**30,089**
Final purchase price allocation impact (Note 4)	**(17,449)**	**-**	**-**	**(17,449)**
Acquired in business combinations (Note 4)	**6,951**	**-**	**3,591**	**10,542**
Exchange difference	**955**	**94**	**-**	**1,049**
Balance as at September 30, 2022	**15,568**	**5,072**	**3,591**	**24,231**

The carrying amount of indefinite life intangible assets attributable to the Fuel Containment CGU is $10,948 as at September 30, 2022 ($1,460 as at September 30, 2021).

13.2 Impairment testing

TerraVest performed an annual impairment test for goodwill and indefinite life intangible assets. The recoverable values of the CGUs were determined based on value-in-use calculations, covering a five-year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives. The recoverable values of the Fuel Containment, Processing Equipment and Service CGUs exceeded their carrying amounts. Accordingly, no impairment loss was recognized on goodwill or indefinite life intangible assets for the years ended September 30, 2022 and 2021.

Management's primary assumptions about projected cash flows when determining value in use are as follows:

- Projected growth over the 5-year forecast period takes into account factors such as the nature of the industry in which the CGU operates, market growth projections, market maturity and TerraVest's strategic plan as set by management; and
- The discount rate reflects appropriate adjustments relating to market risk and specific risk factors of each CGUs.

	As at September 30, 2022			As at September 30, 2021		
	Fuel Containment	Processing Equipment	Service	Fuel Containment	Processing Equipment	Service
	%	%	%	%	%	%
Projected growth	**2.00**	**2.00**	**2.00**	2.00	2.00	N/A
Discount rate	**8.62**	**11.20**	**12.44**	9.08	13.13	N/A

14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at September 30, 2022	As at September 30, 2021
	$	$
Trade accounts payable	**45,126**	24,977
Accrued liabilities	**18,338**	11,345
Accrued compensation	**14,767**	14,033
Sales tax payable	**2,081**	434
Interest payable	**389**	571
Derivative financial instruments liability	**2,547**	-
	83,248	51,360

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

15.1 Short-term revolving credit facilities

The maximum borrowing amount available based on margin requirements and the amount drawn were as follows:

	As at September 30, 2022	As at September 30, 2021
	$	$
Revolving credit facilities		
Amount drawn	**3,332**	251
Maximum amount	**14,204**	3,460

15.1.1 Short-term revolving operating credit facility

As at September 30, 2022, a subsidiary of TerraVest operating in the Processing Equipment segment had a credit facility consisting of a revolving operating loan of $9,000 ($9,000 as at September 30, 2021) with a Canadian financial institution. Borrowing capacity is based on the margining of certain accounts receivable and inventories less certain accounts payable. The revolving operating loan can be used for general corporate purposes and bears interest at Canadian prime rate plus 65 basis points. As at September 30, 2022, the interest rate was 6.10% (3.10% as at September 30, 2021). The revolving operating loan is due on demand.

The revolving operating loan contains an obligation to comply with the following quarterly financial covenants:

Financial covenants	Required measurements	As at September 30, 2022
Total debt to equity ratio	≤ 2.50:1	**2.19**
Current ratio	≥ 1.15:1	**1.38**

The revolving operating loan is secured by:

- a first ranking security on all present and future personal property of a subsidiary operating in the Processing Equipment segment; and
- an assignment of insurance policies.

15.1.2 Credit facilities

As at September 30, 2022, a subsidiary of TerraVest operating in the Service segment had credit facilities with a Canadian financial institution. The credit facilities include a short-term revolving operating loan for a maximum borrowing capacity of $10,000, a revolving term loan of $9,500 and three term loans.

Borrowing capacity for the revolving operating loan is based on the margining of certain accounts receivable.

The revolving operating loan can be used for general corporate purposes and bears interest at Canadian prime rate or at the financial institution's U.S. base rate, depending on the currency of the borrowing, plus 100 basis points. As at September 30, 2022, the interest rate was 6.45%.

The revolving term loan can be used to finance the purchase or leasing of equipment up to 75% of its cost. It bears interest at Canadian prime rate or at the financial institution's U.S. base rate, depending on the currency of the borrowing, plus 100 basis points and/or bears interest at the financial institution fixed rate upon the use of term borrowings.

The credit facilities contain an obligation to comply with the following annual financial covenants:

Financial covenants	Required measurements	As at September 30, 2022
Funded debt to EBITDA ratio	≤ 2.50:1	**1.07**
Fixed charge coverage ratio	≥ 1.25:1	**2.06**

The credit facilities are secured by:

- a first ranking security on all present and future personal property and equipment financed under the revolving term credit facility of the subsidiary;
- a first ranking collateral floating charge on land on the present and future property of the subsidiary;
- a guarantee and postponement of claim supported by a general security agreement on the property of the subsidiary; and
- an assignment of insurance policies.

15.2 Long-term debt

	Notes	As at September 30, 2022	As at September 30, 2021
		$	$
Revolving credit facilities:			
Revolving credit facility, floating rate, maturing in December 2024	15.2.1	**127,153**	69,995
Revolving credit facilities, interest at prime rate plus 0.25%, maturing in February 2024	15.2.2	**45,659**	35,225
Revolving term loan, interest at 2.15%, payable in equal and consecutive monthly instalments of $73, maturing in May 2026	15.1.2	**3,068**	-
Interest bearing financing:			
Loan, interest at 6%, payable in 59 equal and consecutive monthly capital instalments of $450 plus interest, starting in June 2023 and final payment for the remaining balance at maturity, maturing in May 2028	15.2.3	**50,000**	50,000
Loans, interest at 5.45% and 6.25%, payable in 72 equal and consecutive monthly capital instalments totaling $23 plus interest, maturing in January 2025	15.2.4	**644**	903
Loan, interest at 2.15%, payable in equal and consecutive monthly instalments of $154, maturing in May 2026	15.1.2	**6,502**	-
Loan, interest at 2.92%, payable in equal and consecutive monthly capital instalments of $29 plus interest, maturing in June 2026	15.1.2	**1,324**	-
Loan, interest at prime rate plus 1%, payable in equal and consecutive monthly capital instalments of $50 plus interest, maturing in July 2027	15.1.2	**2,900**	-
Other		**541**	365
Non-interest bearing financing:			
Loans, effective interest rates between 2.70% and 3.95%, payable in 60 equal and consecutive monthly instalments totaling $20, maturing in February 2026		**743**	958
Loans, effective interest rates between 3.45% and 3.95%, payable in 72 equal and consecutive monthly instalments totaling $23, maturing in August 2026	15.2.4	**1,031**	1,249
		239,565	158,695
Current portion of long-term debt		**(11,106)**	(4,516)
		228,459	154,179

Revolving credit facilities

15.2.1 Revolving operating credit facility

As at September 30, 2022, certain subsidiaries of TerraVest operating in the Fuel Containment segment had a credit facility with a Canadian financial institution. The credit facility includes a revolving operating loan of $130,000 ($100,000 as at September 30, 2021) and a derivative risk facility in the amount of $7,000 ($7,000 as at September 30, 2021) granted to enter into forward exchange contracts and interest rate swap agreement. On June 3, 2022, the term of the credit facility was extended and now expires on December 1, 2024.

The revolving operating credit facility can be used to finance current operations, purchase PP&E and finance business acquisitions. It bears interest at Canadian or U.S. prime rate, depending on the currency of the borrowing, plus 0 to 75 basis points for open ended borrowings and/or bears interest at the financial institution offered rate, plus 140 to 265 basis points, upon the use of term borrowings. As at September 30, 2022, the interest rate was 5.70% on Canadian open ended borrowings and 7.00% on U.S. open ended borrowings (2.45% and 3.75% respectively as at September 30, 2021). Interest rates margin varies based on a prescribed ratio. As at September 30, 2022 and 2021 the standby fee was $nil.

The credit facility contains an obligation to comply with the following quarterly financial covenants:

Financial covenants	Required measurements	As at September 30, 2022
Interest-bearing debt to EBITDA ratio	≤ 4.00:1	**2.86**
Interest coverage ratio	≥ 3.50:1	**9.21**

The credit facility is secured by:

- a first ranking security in the amount of $150,000 over movable and immovable properties and movable assets, tangible and intangible, present and future of certain subsidiaries;
- a first ranking collateral charge on the universality of certain subsidiaries real property;
- a security agreement on machinery and equipment, inventory and accounts receivable of a specific subsidiary; and
- an assignment of insurance policies.

The transaction costs of $110, incurred during the year ended September 30, 2022 to renegotiate the credit facility, were recorded as prepaid expenses and are amortized on a straight-line basis over the remaining term.

15.2.2 Revolving credit facilities

As at September 30, 2022, certain subsidiaries of TerraVest operating in the Processing Equipment and Service segments had credit facilities totaling $55,000 ($50,000 as at September 30, 2021) with a Canadian financial institution. The credit facilities include a revolving operating loan for a maximum available borrowing capacity of $35,000 ($30,000 as at September 30, 2021) and a revolving term loan of $20,000. Borrowing capacity for the revolving operating loan is based on the margining of certain accounts receivable and inventories less certain accounts payable. On June 24, 2022, the terms of the credit facilities were extended and now expire on February 15, 2024.

The revolving operating loan can be used to finance current operations, including working capital requirements and permitted acquisitions. The revolving term loan can be used to refinance existing debt and to purchase PP&E. These credit facilities bear interest at Canadian or U.S. prime rate, depending on the currency of the borrowing, plus 25 basis points. As at September 30, 2022, the interest rate was 5.70% (2.70% as at September 30, 2021).

The credit facilities contain an obligation to comply with the following quarterly financial covenants:

Financial covenants	Required measurements	As at September 30, 2022
Funded debt to EBITDA ratio	≤ 3.00:1	**2.20**
Fixed charge coverage ratio	≥ 1.15:1	**2.03**

The credit facilities are secured by:

- a first ranking security on all present and future personal property and assets of certain subsidiaries operating in the Processing Equipment and Service segments and of TerraVest; and
- an assignment of insurance policies.

Transaction costs of $30, incurred during the year ended September 30, 2022 ($86 during the year ended September 30, 2021) to extend the term of the credit facilities, were recorded as prepaid expenses and are amortized on a straight-line basis over the remaining term.

Interest bearing and non-interest bearing financings

15.2.3 Term loan

As at September 30, 2022, a subsidiary of TerraVest operating in the Fuel Containment segment had an unsecured interest-bearing loan totaling $50,000 ($50,000 as at September 30, 2021) with a Canadian financial institution to finance business acquisitions.

The loan contains an obligation to comply with the following quarterly financial covenants:

Financial covenants	Required measurements	As at September 30, 2022
Funded debt to EBITDA ratio	≤ 3.50:1	**2.86**
Interest coverage ratio	≥ 3.50:1	**9.82**

15.2.4 Loans

The loans contain an obligation to comply with the following annual financial covenant:

Financial covenant	Required measurement	As at September 30, 2022
Fixed charge coverage ratio	≥ 1.20:1	**4.30**

The loans are secured by:

- a security in the amount of $4,008 over the universality of movable assets, tangible and intangible, present and future, of specific subsidiaries of TerraVest;
- a security agreement of $3,340 from a specific subsidiary of TerraVest; and
- an assignment of insurance policies.

15.3 Long-term debt maturities

The aggregate maturities of TerraVest's long-term debt for each of the next five years and beyond are as follows:

	Total principal payments
	$
2023	**11,106**
2024	**50,671**
2025	**136,811**
2026	**8,448**
2027	**5,929**
Beyond 2027	**26,600**
	239,565

15.4 Covenants

As at September 30, 2022 and throughout the year, TerraVest was in compliance with all of its financial and non-financial covenants.

16. LEASE LIABILITIES

	As at September 30, 2022	As at September 30, 2021
	$	$
Balance, beginning of year	**30,788**	34,897
Acquired in business combinations (Note 4)	**5,905**	125
Additions	**1,588**	268
Lease payments	**(5,753)**	(4,381)
Disposals	**(53)**	(26)
Exchange difference	**130**	(95)
	32,605	30,788
Current portion of lease liabilities	**(4,953)**	(4,640)
Balance, end of year	**27,652**	26,148

Rent payments were $7,094 for the year ended September 30, 2022 ($5,780 for the year ended September 30, 2021).

16.1 Lease liabilities maturities

The aggregate maturities of TerraVest's lease liabilities for each of the next five years and beyond are as follows:

	Principal	Interests	Total
	$	$	$
2023	**4,953**	**1,172**	**6,125**
2024	**4,680**	**990**	**5,670**
2025	**3,948**	**826**	**4,774**
2026	**3,695**	**677**	**4,372**
2027	**3,519**	**535**	**4,054**
Beyond 2027	**11,810**	**1,116**	**12,926**
	32,605	**5,316**	**37,921**

For details on right-of-use assets, please refer to Note 10.

17. INCOME TAXES

17.1 Reconciliation between earnings before income taxes and income tax expense

The following is a reconciliation of income taxes, calculated at the Canadian combined federal and provincial income tax rate, to the income tax expense included in the consolidated statements of income:

	As at September 30, 2022	As at September 30, 2021
	$	$
Earnings before income taxes	**58,655**	46,046
Income tax – statutory rate	**24.11%**	23.9%
Income taxes at statutory rate	**14,142**	11,005
Income tax rates in other jurisdictions and rate changes	**535**	838
Non-taxable items	**(2,892)**	(1,217)
Change in unrecognized assets	**38**	(726)
Change in estimates related to prior years	**27**	(281)
Other	**35**	17
Income tax expense	**11,885**	9,636

17.2 Income tax expense

	As at September 30, 2022	As at September 30, 2021
	$	$
Current income tax expense		
Current year	**9,181**	8,661
Deferred income tax expense		
Origination and reversal of temporary differences	**2,425**	2,329
Change in income tax rates	**44**	(500)
Change in unrecognized deductible temporary differences	**38**	(726)
Adjustment for prior years	**280**	(56)
Other	**(83)**	(72)
	2,704	975
Income tax expense	**11,885**	9,636

Deferred income tax expense reflects the net effect of losses carried forward and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

17.3 Significant components of TerraVest's deferred income tax assets and liabilities

	As at September 30, 2022	As at September 30, 2021
	$	$
Deferred income tax assets		
Inventories	**909**	367
Non-capital losses carried forward	**15,772**	4,447
Income tax credits carried forward	**3,388**	1,989
Goodwill and intangible assets	**7,231**	6,834
Property, plant and equipment	**352**	278
Net defined benefit liability	**1,106**	1,378
Accounts payable and accrued liabilities	**796**	1,593
Lease liabilities	**7,992**	7,574
Other	**540**	370
Deferred income tax assets	**38,086**	24,830
Offset by deferred income tax liabilities	**(15,866)**	(12,741)
	22,220	12,089
Deferred income tax liabilities		
Inventories	**1,347**	582
Property, plant and equipment	**19,521**	10,194
Right-of-use assets	**7,191**	6,836
Goodwill and intangible assets	**6,579**	982
Net defined benefit asset	**1,785**	1,594
Other	**1,014**	719
Deferred income tax liabilities	**37,437**	20,907
Offset by deferred income tax assets	**(15,866)**	(12,741)
	21,571	8,166

17.4 Movement in deferred income tax assets and liabilities

						As at September 30, 2022
	Net assets (liabilities), opening balance	**Final purchase price allocation impact (Note 4)**	**Acquired in business combinations (Note 4)**	**Recognized in shareholders' equity**	**Recognized in profit or loss**	**Net assets (liabilities), closing balance**
	$	**$**	**$**	**$**	**$**	**$**
Non-capital losses carried forward	**4,447**	**-**	**11,797**	**-**	**(472)**	**15,772**
Income tax credits carried forward	**1,989**	**-**	**1,102**	**-**	**297**	**3,388**
Goodwill and intangible assets	**5,852**	**(4,298)**	**(1,697)**	**-**	**795**	**652**
Property, plant and equipment	**(9,916)**	**(1,212)**	**(6,163)**	**-**	**(1,878)**	**(19,169)**
Right-of-use assets	**(6,836)**	**-**	**(1,358)**	**-**	**1,003**	**(7,191)**
Net defined benefit asset	**(1,594)**	**-**	**-**	**89**	**(280)**	**(1,785)**
Inventories	**(215)**	**-**	**371**	**-**	**(594)**	**(438)**
Accounts payable and accrued liabilities	**1,593**	**-**	**36**	**-**	**(833)**	**796**
Lease liabilities	**7,574**	**-**	**1,358**	**-**	**(940)**	**7,992**
Net defined benefit liability	**1,378**	**-**	**-**	**(470)**	**198**	**1,106**
Other	**(349)**	**-**	**(88)**	**(37)**	**-**	**(474)**
	3,923	**(5,510)**	**5,358**	**(418)**	**(2,704)**	**649**

					As at September 30, 2021
	Net assets (liabilities), opening balance	**Acquired in business combinations (Note 4)**	**Recognized in shareholders' equity**	**Recognized in profit or loss**	**Net assets (liabilities), closing balance**
	$	**$**	**$**	**$**	**$**
Non-capital losses carried forward	4,031	1,966	-	(1,550)	4,447
Income tax credits carried forward	-	1,785	-	204	1,989
Goodwill and intangible assets	5,601	-	-	251	5,852
Property, plant and equipment	(10,147)	63	-	168	(9,916)
Right-of-use assets	(7,904)	(30)	-	1,098	(6,836)
Net defined benefit asset	-	(1,632)	(11)	49	(1,594)
Inventories	256	(584)	-	113	(215)
Accounts payable and accrued liabilities	-	1,572	-	21	1,593
Lease liabilities	8,516	30	-	(972)	7,574
Net defined benefit liability	-	1,389	(25)	14	1,378
Other	23	19	(20)	(371)	(349)
	376	4,578	(56)	(975)	3,923

17.5 Deferred income tax

As at September 30, 2022, TerraVest has non-capital losses carried forward of $64,664 ($18,867 as at September 30, 2021). These losses expire between 2032 and 2042, except for certain losses in the amount of $12,328 which can be carried forward indefinitely. These losses are available to carry forward indefinitely, but may only be used to offset up to 80% of taxable income in any one tax period. Deferred income tax assets have been recognized in respect of these losses as it is probable that future taxable profit will be available against which TerraVest can utilize these benefits.

TerraVest also has capital losses of $54,281 ($54,406 as at September 30, 2021) that are available for carry forward indefinitely. No deferred income tax asset has been recognized with respect to these capital losses.

18. POST-EMPLOYMENT BENEFITS

18.1 Description of the plans

A subsidiary of TerraVest administers two defined benefit pension plans and one unfunded post-retirement healthwelfare plan to various groups of its employees and retirees. One of the defined benefit plans was frozen in 2000 and is currently in the process of being closed. TerraVest's subsidiary defined benefit plan funding policy is to contribute annually amounts which at least meet the funding requirement under the Employee Retirement Income Security Act of 1974 (ERISA) of the United States Department of Labor.

18.2 Exposure to actuarial risk

TerraVest is exposed to the following actuarial risks:

Investment risk

All assets selected for inclusion in the portfolios must have a readily ascertainable market value and must be generally considered marketable at time of purchase. TerraVest believes the plan asset allocation as presently structured will ensure the long-term rate of return will be attained while appropriately minimizing investment risk.

Interest rate risk

A decrease in interest rate on high quality corporate bonds, which would reduce the discount rate used, would increase the present value of the defined benefit obligation. However, this increase would be partially offset by an increase in the fair value of certain plan assets.

Longevity risk

An increase in life expectancy of plan participants would increase the defined benefit obligation as the plans are providing benefits for life to plan participants.

18.3 Change in the present value of the defined benefit obligation

			As at September 30, 2022
	Defined benefit pension plans	**Post-retirement plan**	**Total**
	$	**$**	**$**
Balance, beginning of year	**26,675**	**5,512**	**32,187**
Current service cost	**534**	**125**	**659**
Interest expense	**730**	**150**	**880**
Benefits paid	**(1,359)**	**(150)**	**(1,509)**
Settlement payments	**(3,815)**	**-**	**(3,815)**
Actuarial (gains) losses arising from:			
Effect of changes in demographic assumptions	**(42)**	**79**	**37**
Effect of changes in financial assumptions	**(5,449)**	**(1,460)**	**(6,909)**
Effect of experience adjustments	**(632)**	**(578)**	**(1,210)**
Exchange difference	**1,705**	**371**	**2,076**
Balance, end of year	**18,347**	**4,049**	**22,396**

The weighted average duration of the defined benefit obligation is 10.2 years at September 30, 2022.

			As at September 30, 2021
	Defined benefit pension plans	**Post-retirement plan**	**Total**
	$	**$**	**$**
Balance, beginning of year	-	-	-
Acquired in business combinations (Note 4)	27,203	5,636	32,839
Current service cost	40	14	54
Interest expense	79	16	95
Benefits paid	(114)	(25)	(139)
Actuarial (gains) losses arising from:			
Effect of changes in financial assumptions	(487)	(105)	(592)
Effect of experience adjustments	64	-	64
Exchange difference	(110)	(24)	(134)
Balance, end of year	26,675	5,512	32,187

The weighted average duration of the defined benefit obligation is 12.3 years at September 30, 2021.

18.4 Change in the fair value of plan assets

	As at September 30, 2022	As at September 30, 2021
	$	$
Balance, beginning of year	**32,453**	-
Acquired in business combinations (Note 4)	**-**	33,025
Interest income	**890**	96
Return on plan assets, excluding amounts included in interest income	**(6,496)**	(378)
Employer contributions	**672**	25
Benefits paid	**(1,509)**	(139)
Settlement payments	**(3,815)**	-
Administrative expenses	**(234)**	(42)
Exchange difference	**2,139**	(134)
Balance, end of year	**24,100**	32,453

18.5 Net defined benefit asset (liability)

	As at September 30, 2022	As at September 30, 2021
	$	$
Fair value of plan assets	**24,100**	32,453
Defined benefit obligation	**(22,396)**	(32,187)
Net defined benefit asset	**1,704**	266
Presented as follows in the consolidated statements of financial position:		
Net defined benefit asset	**5,753**	5,778
Net defined benefit liability	**(4,049)**	(5,512)
	1,704	266

18.6 Cost of benefits

	As at September 30, 2022	As at September 30, 2021
	$	$
Cost of benefits recognized in profit or loss		
Current service cost	**659**	54
Net interest expense (income)	**(10)**	(1)
Administrative expenses	**234**	42
	883	95
Cost of benefits recognized in retained earnings (accumulated deficit)		
Actuarial (gains) losses	**(8,082)**	(528)
Return on plan assets, excluding amounts included in net interest	**6,496**	378
	(1,586)	(150)

18.7 Composition of pension plan assets

	As at September 30, 2022	As at September 30, 2021
	$	$
Plan assets quoted in active markets		
Cash and cash equivalents	**3,496**	3,237
Debt instruments	**1,835**	3,146
Investment funds	**11,086**	15,077
Equity instruments	**4,605**	6,278
	21,022	27,738
Plan assets not quoted in active markets		
Debt instruments	**3,078**	4,715
Total plan assets	**24,100**	32,453

18.8 Expected contributions

During fiscal 2023, TerraVest does not expect to contribute to its defined benefit pension plans.

18.9 Actuarial assumptions

The key actuarial assumptions used for the valuation of the defined benefit obligation are as follows:

	As at September 30, 2022	As at September 30, 2021
Defined benefit obligation		
Discount rate	**5.27%**	2.76%
Mortality table [i)]	**PRI-2012**	PRI-2012

[i)] As at September 30, 2022, the mortality table used was the PRI-2012 with MP-2021 Projection, Blue Collar for one defined benefit plan (PRI-2012 with MP-2020 Projection, Blue Collar as at September 30, 2021)

18.10 Sensitivity analyses

The sensitivity analyses were prepared in accordance with TerraVest's accounting policies described in Note 2.8. The sensitivity analyses of the defined benefit obligation were calculated based on reasonably possible changes to each key actuarial assumption without considering simultaneous changes to several key actuarial assumptions. A change in one actuarial assumption could trigger a change in another actuarial assumption, which could amplify or mitigate the impact of the change in these assumptions on the present value of the defined benefit obligation. The actual results of items subject to assumptions may differ.

Assumption	Change in assumption	Impact [i)] of increase in assumption	Impact [i)] of decrease in assumption
		$	$
Discount rate	0.25%	(506)	528
Mortality table – life expectancy of plan participants	1 year	746	(761)

[i)] Increase (decrease) in the defined benefit obligation.

19. SHARE CAPITAL AND SHARE-BASED PAYMENTS

19.1 Common shares

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

	As at September 30, 2022		As at September 30, 2021	
	Number	**Amount**	**Number**	**Amount**
		$		**$**
Balance, beginning of year	**17,567,455**	**141,712**	18,681,250	149,284
Issued on business combination, net of transaction costs (Note 4)	**361,663**	**9,118**	-	-
Issued on exercise of stock options	**-**	**-**	120,031	2,304
Repurchased and cancelled	**(43,100)**	**(363)**	(1,233,826)	(9,876)
Balance, end of year	**17,886,018**	**150,467**	17,567,455	141,712

During the year ended September 30, 2022, TerraVest issued 361,663 common shares on business combination. The transaction was recognized at the acquisition-date fair value price of $25.27 per common share based on the Toronto Stock Exchange closing trading price. Transaction costs of $21 were incurred to issue the shares and were accounted as a deduction from the carrying value of the shares issued. In addition, during the year ended September 30, 2022, TerraVest repurchased 43,100 common shares (1,233,826 during the year ended September 30, 2021) under its common shares normal course issuer bid ("NCIB") for total consideration of $982 ($21,103 during the year ended September 30, 2021). The difference between the amount paid for the common shares and their carrying value was recorded in share premium.

On March 17, 2022, TerraVest renewed its common shares NCIB under which it may repurchase 947,259 common shares. The common shares NCIB expires on March 16, 2023. On July 20, 2022, TerraVest has entered into an Automatic Share Purchase Plan ("ASPP") in order to facilitate, on any trading day, the repurchase of common shares under its common shares NCIB. The remaining number of common shares available for repurchase under the current common shares NCIB was 904,159 as at September 30, 2022.

19.2 Share-based payments arrangement

TerraVest has a stock option plan for which options are granted to key management personnel to purchase common shares of TerraVest. On February 9, 2022, TerraVest amended and restated its existing stock option plan to a "rolling" plan, whereby the amount of common shares that may be reserved for issuance shall be up to 10% of the issued common shares outstanding from time to time. As at February 14, 2022, an aggregate of 1,792,911 common shares were reserved for issuance under the stock option plan. Of the 1,792,911 common shares reserved for issuance, 442,411 were available for grant under the stock option plan as at September 30, 2022.

Total expense arising from the share-based payment transactions recognized during the year ended September 30, 2022 as compensation expense was $621 ($70 for the year ended September 30, 2021).

The stock options outstanding and the weighted average exercise prices as at September 30, 2022 were as follows:

Grant Date	Expiry Date	Exercise price	Opening balance	Granted	Closing balance	Vested and exercisable	Unvested
Mar. 9, 2017	Mar. 9, 2024	$9.10	267,500	-	267,500	267,500	-
Jan. 20, 2020	Jan. 20, 2027	$13.12	100,000	-	100,000	66,666	33,334
Feb. 18, 2022	Feb. 18, 2032	$24.49	-	583,000	583,000	-	583,000
Feb. 18, 2022	Feb. 18, 2032	$26.99	-	100,000	100,000	-	100,000
Feb. 18, 2022	Feb. 18, 2032	$29.49	-	100,000	100,000	-	100,000
Feb. 18, 2022	Feb. 18, 2032	$31.99	-	100,000	100,000	-	100,000
Feb. 18, 2022	Feb. 18, 2032	$34.49	-	100,000	100,000	-	100,000
			367,500	983,000	1,350,500	334,166	1,016,334
	Weighted average exercise price		$10.19	$27.03	$22.45	$9.90	

During the year ended September 30, 2022, no stock options were settled, exercised or forfeited and TerraVest granted 983,000 stock options to key management personnel. The option grant price is equal to the volume-weighted average trading price of TerraVest's common shares on the Toronto Stock Exchange for the five trading days immediately preceding the date of grant. The stock options granted expire ten years from the grant date, may only be exercised for common shares of TerraVest and vest as follows:

	Number of options
On the first anniversary of the grant date	**194,333**
On the second anniversary of the grant date	**227,666**
On the third anniversary of the grant date	**261,000**
On the fourth anniversary of the grant date	**100,000**
On the fifth anniversary of the grant date	**100,000**
On the sixth anniversary of the grant date	**66,667**
On the seventh anniversary of the grant date	**33,334**
	983,000

The grant-date fair value of stock options granted during the year was $1.43 to $2.25 per option. The fair value of each option granted was determined using the Black-Scholes option pricing model which incorporates the following assumptions:

Options granted	**983,000**
Risk-free interest rate	**1.72% and 1.73%**
Expected dividend yield	**1.78% to 2.30%**
Expected volatility [i)]	**19.23% to 20.11%**
Expected option life	**5.5 to 8.5 years**
Forfeiture rate	**Nil**
Liquidity discount	**40%**
Grant date share price	**$24.61**
Exercise price per share	**$24.49 to $34.49**

[i)] The underlying expected volatility was determined by reference to historical data of TerraVest's share price on the Toronto Stock Exchange.

19.3 Dividends

During the year ended September 30, 2022, TerraVest has declared dividends totaling $0.40 per common share ($0.40 per common share during the year ended September 30, 2021). As at September 30, 2022, $1,789 was included in dividends payable ($1,757 as at September 30, 2021) .

Subsequent to the end of the year, TerraVest declared a cash dividend of $0.125 per common share payable on January 10, 2023 to shareholders of record on December 31, 2022. This represents a 25% increase over the prior quarterly dividend.

20. 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:

	Years ended	
	September 30, 2022	**September 30, 2021**
Numerator		
Net income and diluted net income attributed to common shareholders	**$45,252**	$36,618
Denominator		
Common shares, beginning of year	**17,567,455**	18,681,250
Weighted average shares issued	**323,020**	41,435
Weighted average shares repurchased	**(12,534)**	(622,720)
Weighted average shares, end of year - basic	**17,877,941**	18,099,965
Dilutive effect of options	**215,737**	252,219
Weighted average shares, end of year - diluted	**18,093,678**	18,352,184
Net income per share - basic	**$2.53**	$2.02
Net income per share - diluted	**$2.50**	$2.00

21. OPERATING EXPENSES

	Years ended	
	September 30, 2022	**September 30, 2021**
	$	**$**
Cost of sales		
Personnel expenses	**110,556**	64,379
Depreciation of other property, plant and equipment	**18,582**	7,335
Depreciation of property, plant and equipment for rental	**1,954**	1,316
Depreciation of right-of-use assets	**5,065**	4,347
Administration		
Personnel expenses	**28,214**	14,863
Depreciation of other property, plant and equipment	**1,124**	881
Depreciation of right-of-use assets	**841**	495
Amortization of finite life intangible assets	**7,658**	4,841
Selling		
Personnel expenses	**13,984**	6,481
Depreciation of other property, plant and equipment	**25**	2
Depreciation of right-of-use assets	**40**	36

Government subsidies related to personnel expenses have not been included in the table above. Refer to Note 30 for complementary information.

22. FINANCING COSTS

	Years ended	
	September 30, 2022	**September 30, 2021**
	$	**$**
Interest on revolving credit facilities and long-term debt	**7,659**	2,803
Interest on lease liabilities	**1,341**	1,399
Amortization of financing costs	**342**	303
	9,342	4,505

23. OTHER (GAINS) LOSSES

	Years ended	
	September 30, 2022	**September 30, 2021**
	$	**$**
(Gain) loss on foreign exchange	**(5,175)**	2,119
Change in fair value of derivative financial instruments	**1,173**	(1,345)
Change in fair value of investment in equity instruments	**293**	(3,992)
(Gain) loss on disposal of other property, plant and equipment	**(1,110)**	(475)
(Gain) loss on disposal of property, plant and equipment for rental	**(801)**	(808)
(Gain) loss on disposal of intangible assets	**7**	-
(Gain) loss on remeasurement of an equity interest	**(1,956)**	-
Gain on bargain purchase	**(9,468)**	-
	(17,037)	(4,501)

24. SUPPLEMENTAL CASH FLOW INFORMATION

	Years ended	
	September 30, 2022	**September 30, 2021**
	$	**$**
Adjustments for items not affecting cash		
Depreciation of other property, plant and equipment	**19,731**	8,218
Depreciation of property, plant and equipment for rental	**1,954**	1,316
Depreciation of right-of-use assets	**5,946**	4,878
Amortization of intangible assets	**7,658**	4,841
Amortization of financing costs	**342**	303
Post-employment benefits costs	**883**	95
Share-based compensation expense	**621**	70
Inventory write-downs	**818**	(348)
Change in fair value of derivative financial instruments	**1,173**	(1,345)
Change in fair value of investment in equity instruments	**293**	(3,992)
(Gain) loss on disposal of other property, plant and equipment	**(1,110)**	(475)
(Gain) loss on disposal of property, plant and equipment for rental	**(801)**	(808)
(Gain) loss on disposal of intangible assets	**7**	-
(Gain) loss on remeasurement of an equity interest	**(1,956)**	-
Gain on bargain purchase	**(9,468)**	-
Deferred income tax expense	**2,704**	975
Share of associates and joint venture net loss	**62**	78
Forgiveness of long-term debt	**-**	(2,960)
Unrealized foreign exchange (gain) loss [i)]	**(4,679)**	31
	24,178	10,877

[i)] Includes $3,900 of unrealized foreign exchange loss on long-term debt for the year ended September 30, 2022.

	Years ended	
	September 30, 2022	**September 30, 2021**
	$	**$**
Change in non-cash operating working capital items		
Accounts receivable	**(30,801)**	812
Inventories	**(34,809)**	(33,435)
Other current assets	**506**	(1,903)
Accounts payable and accrued liabilities	**16,394**	11,257
Deferred revenues	**10,364**	(605)
	(38,346)	(23,874)
Investments		
Investment in equity instruments	**(3,905)**	(855)
Investment in a limited partnership	**(6,935)**	-
Investment in associate	**-**	(7,616)
Investment in joint venture	**(130)**	(200)
	(10,970)	(8,671)

24.1 Additional cash flow information

Deposits on purchase of PP&E of $838 were recorded in other current assets as at September 30, 2022 ($1,646 as at September 30, 2021).

Purchase of PP&E of $597 was unpaid and recorded as accounts payable and accrued liabilities as at September 30, 2022 ($nil as at September 30, 2021).

Proceeds from disposal of PP&E for rental of $nil was not received and was recorded as accounts receivable as at September 30, 2022 ($2,092 as at September 30, 2021).

Leases, for which an amount of $1,588 was recognized in right-of-use assets and lease liabilities during the year ended September 30, 2022 ($268 during the year ended September 30, 2021), had no cash impact on investing and financing activities at initial recognition.

25. FINANCIAL INSTRUMENTS RISKS

TerraVest is exposed to various risks in relation to financial instruments. The main type of risks are market risk, credit risk and liquidity risk. An analysis of these risks as at September 30, 2022, is provided below.

25.1 Market risk

TerraVest is exposed to market risk, through its use of financial instruments, specifically to foreign currency risk, interest rate risk and certain commodity price risk.

Foreign currency risk

Foreign currency risk arises from the fluctuation of foreign exchange rates and the degree of volatility of these rates relative to the Canadian dollar. TerraVest is subject to foreign currency risk for:

- sales and operating expenses denominated in foreign currencies made by Canadian entities; and
- financial instruments denominated in foreign currency in Canadian entities.

	As at September 30, 2022	As at September 30, 2021
	US$	US$
Financial assets and liabilities exposure		
Cash	**2,829**	3,243
Trade and other receivables	**8,493**	6,302
Investment in equity instruments	**3,667**	835
Accounts payable and accrued liabilities	**(8,135)**	(2,651)
Long-term debt	**(43,862)**	(15,000)
	(37,008)	(7,271)

Based on the net U.S. dollar exposure as at September 30, 2022, a one cent increase in the Canadian/U.S. dollar exchange rate would have had a unfavorable impact of $385 on net income ($70 for the year ended September 30, 2021). A one cent decrease in the Canadian/U.S. dollar exchange rate would have had an impact of a similar magnitude but in opposite directions on net income.

TerraVest does not have a policy to hedge its foreign currency risk and manages its exposure to foreign currency risk by periodically entering into forward exchange contracts. As at September 30, 2022, TerraVest had forward exchange contracts from Canadian dollars to US dollars totaling $36,934 ($30,002 as at September 30, 2021) and from US dollars to EUROS totaling US$2,496 (US$nil as at September 30, 2021) outstanding to sell, at various rates and expiring on various dates up to and including September 29, 2025. The fair value of forward exchange contracts was a liability of $2,547 as at September 30, 2022 included in accounts payable and accrued liabilities (an asset of $281 as at September 30, 2021 was included in other current assets).

Interest rate risk

TerraVest does not have a policy to hedge its interest rate risk and is exposed to interest rate risk arising from fluctuations in interest rates on revolving credit facilities and long-term debt at variable interest rates. As at September 30, 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 was an asset of $2,038 as at September 30, 2022 ($434 as at September 30, 2021) included in other current assets.

For the year ended September 30, 2022, a 1% increase in the interest rate would have had an unfavorable impact of $893 on net income ($590 for the year ended September 30, 2021), calculated using the average outstanding balances during the year on revolving credit facilities and long-term debt at variable interest rates. A 1% decrease in the interest rate would have had an impact of a similar magnitude but in opposite directions on net income.

Commodity price risk

TerraVest is sensitive to changes in commodity prices for crude oil and natural gas. Fluctuations in commodity prices for crude oil and natural gas have an indirect impact on TerraVest's portfolio businesses operating in the oil and natural gas sectors. The indirect impact is the effect that the price variations have on activity levels for customers of those portfolio businesses and, therefore, the demand for goods and services. The indirect impact is not quantifiable.

25.2 Credit risk

Credit risk is the risk that a counterparty will fail to perform its obligations to TerraVest. TerraVest's credit risk comes mainly from accounts receivable and is mitigated through credit policies that limit transactions according to counterparties' creditworthiness, which is assessed by considering counterparties' financial position, past experience and other factors. In addition, a large majority of TerraVest's clients are well established companies with a history of prompt payment. Accounts receivable amounts are presented on the consolidated statements of financial position net of the allowance for expected credit losses. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due. The expected loss rates are based on the payment profile for sales based on historical credit losses. Trade receivables are written off when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with TerraVest on alternative payment arrangement, amongst other, may be considered indicators of no reasonable expectation of recovery. The credit risk on cash is considered negligible since cash is held in reputable financial institutions with high quality external credit ratings. TerraVest's maximum exposure to credit risk is $118,072 as at September 30, 2022 ($71,285 as at September 30, 2021).

25.3 Liquidity risk

Liquidity risk refers to the possibility of TerraVest not being able to meet its financial obligations when due. TerraVest's objective is to maintain cash and cash availability to meet its liquidity requirements. TerraVest monitors its cash and trade receivable balances as well as cash flows generated from operations to meet its financial obligations. TerraVest also has access to various authorized revolving credit facilities to manage its liquidity need.

As at September 30, 2022 and 2021, TerraVest's contractual financial liabilities maturities are as follows:

		Contractual cash flows			
	Carrying value	**Next 12 months**	**2 to 5 years**	**Beyond 5 years**	**Total** [i)]
	$	**$**	**$**	**$**	**$**
Bank overdrafts	**360**	**360**	**-**	**-**	**360**
Revolving credit facilities	**3,332**	**3,332**	**-**	**-**	**3,332**
Accounts payable and accrued liabilities [ii)]	**66,400**	**66,400**	**-**	**-**	**66,400**
Dividends payable	**1,789**	**1,789**	**-**	**-**	**1,789**
Long-term debt [iii)]	**239,565**	**11,159**	**201,936**	**26,600**	**239,695**
Interest payments	**-**	**13,331**	**18,932**	**1,004**	**33,267**
As at September 30, 2022	**311,446**	**96,371**	**220,868**	**27,604**	**344,843**
As at September 30, 2021	212,941	64,050	134,777	34,775	233,602

[i)] The amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date.

[ii)] Excludes accrued compensation and sales tax payable.

[iii)] Include current and non-current portion of long-term debt.

26. CAPITAL MANAGEMENT

The capital structure of TerraVest consists of its revolving credit facilities, long-term debt and shareholders' equity attributable to common shareholders as presented in the consolidated statements of financial position. TerraVest's objective in managing its capital resources is to ensure that there are adequate capital resources to support the operations of its various business segments and maximize the return to shareholders. Management continually assesses TerraVest's capital needs to meet its objectives. There were no significant changes in TerraVest's capital management approach from the prior year.

The following table outlines TerraVest's capital structure:

	As at September 30, 2022	As at September 30, 2021
	$	$
Bank overdrafts	**360**	878
Drawn on current revolving credit facilities	**3,332**	251
Available on current revolving credit facilities, net of amount drawn	**10,872**	3,209
Drawn on long-term revolving operating loans	**153,638**	87,754
Available on long-term revolving operating loans, net of amount drawn	**11,362**	34,983
Long-term debt (current and non-current)	**85,927**	70,941
Shareholders' equity attributable to common shareholders	**183,573**	132,055
	449,064	330,071

Other than the financial covenants and restrictive non-financial covenants contained in the loan agreements described in Note 15, TerraVest is not subject to any externally imposed capital restrictions.

The Board of Directors does not establish quantitative return on capital criteria for management. TerraVest intends to maintain a flexible capital structure that is consistent with its stated objectives and adjust it in the light of changes in economic conditions and the risk characteristics of the underlying instruments. In order to maintain or adjust its capital structure, TerraVest may, from time to time, acquire shares for cancellation in connection with a substantial issuer bid ("SIB") or an NCIB, issue new shares, raise capital through various debt instruments or refinance current debt through instruments with different characteristics.

27. CONTINGENCIES

In the ordinary course of business, TerraVest is exposed to various proceedings and claims. TerraVest assesses the validity of these proceedings and claims. Provisions are made whenever a penalty seems probable and a reliable estimate can be made of the amount.

A number of these claims are related to a subsidiary of TerraVest who has been named as one of the defendants in numerous lawsuits alleging personal injury arising from asbestos-containing materials allegedly contained in certain boilers manufactured by the subsidiary or its predecessors, many of which are covered by insurance. The subsidiary is vigorously defending these lawsuits and as one of the numerous defendants initially named, the amount of damages sought and the proportionate share of liability, if any, is not estimable in this regard. Although management believes that the costs and liabilities associated with these lawsuits will not have a material adverse effect on its operations or financial position, there can be no assurance to this effect.

Management believes that any settlement arising from these claims will not have a significant effect on TerraVest's current consolidated financial position or on net income. Therefore, no provision has been recognized in these consolidated financial statements.

28. RELATED PARTY TRANSACTIONS

28.1 Identification

As at September 30, 2022 and 2021, TerraVest common shares were held by multiple shareholders, none of whom controlled TerraVest. As at September 30, 2022 and 2021, a member of TerraVest's Board of Directors was considered having significant influence over TerraVest.

A joint venture is an entity that TerraVest has significant influence over, by holding 50% of the voting rights of the entity. An associate is an entity that TerraVest has significant influence over, by holding 20% or greater of the voting rights of the entity. Key management personnel includes members of the Board of Directors, the President and Chief Executive Officer, the Chief Investment Officer and the Chief Financial Officer. Other related parties include close family members of key management personnel and entities controlled by a key management personnel.

28.2 Transactions and account balances

			Year ended September 30, 2022	
	Joint venture	**Associate**	**Key management personnel**	**Other related parties**
	$	**$**	**$**	**$**
Transactions				
Sales [i)]	**166**	**156**	**-**	**-**
Purchases [i)]	**91**	**609**	**-**	**-**
Professional fees expense [i)]	**-**	**-**	**-**	**182**
Consideration paid on business combination [ii]	**-**	**-**	**250**	**-**
Account balances				
Accounts receivable	**54**	**97**	**-**	**-**
Other current assets	**35**	**-**	**-**	**-**

[i)] The related party transactions during the year ended September 30, 2022 were carried out under market terms and conditions and as part of ordinary course of business.

[ii)] On November 1, 2021, as part of the acquisition of a controlling interest in GES, TerraVest purchased GES shares owned by a member of TerraVest's Board of Directors for a total cash consideration of $250. The transaction was carried out at the same terms and conditions as with the other shareholders of GES.

			Year ended September 30, 2021
	Joint venture	**Associate**	**Other related parties**
	$	**$**	**$**
Transactions			
Sales [i)]	31	292	-
Purchases [i)]	172	-	-
Professional fees expense [i)]	-	-	150
Rental expense [i)]	-	-	13
Account balances			
Accounts receivable	-	305	-
Other current assets	36	44	-
Accounts payable and accrued liabilities	12	-	-

[i)] The related party transactions during the year ended September 30, 2021 were carried out under market terms and conditions and as part of ordinary course of business.

28.3 Additional information on other related parties' transactions

	Years ended	
	September 30, 2022	**September 30, 2021**
	$	**$**
Professional fees expense		
Pellerin Strategies Conseils Inc. [i)]	**182**	150
Rental expense		
Clarke Inc.	**-**	13

[i)] Controlled by the Executive Chairman of TerraVest's Board of Directors.

28.4 Compensation of key management personnel

	Years ended	
	September 30, 2022	**September 30, 2021**
	$	**$**
Compensation expense including Directors' fee	**1,324**	1,076
Share-based compensation expense	**621**	70
	1,945	1,146

29. SEGMENTED INFORMATION

29.1 Reportable segments

TerraVest determines its reportable segments based on the structure of its operations, which as at September 30, 2022 and 2021, is divided into three operating business units: Fuel Containment, Processing Equipment and Service. Corporate is not a segment and is disclosed for reconciliation purposes.

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

					Year ended September 30, 2022
	Fuel Containment	**Processing Equipment**	**Service**	**Corporate**	**Total**
	$	**$**	**$**	**$**	**$**
Sales	**327,652**	**158,634**	**90,163**	**255**	**576,704**
Depreciation and amortization	**13,701**	**11,031**	**10,556**	**1**	**35,289**
Financing costs	**6,564**	**2,145**	**633**	**-**	**9,342**
Income tax expense (recovery)	**9,740**	**(1,575)**	**1,477**	**2,243**	**11,885**
Net income	**27,257**	**5,592**	**7,028**	**6,893**	**46,770**
Goodwill and intangible assets	**44,401**	**12,165**	**3,989**	**209**	**60,764**
Segment assets	**327,934**	**167,613**	**92,959**	**26,017**	**614,523**
Segment liabilities	**262,823**	**105,904**	**44,240**	**5,639**	**418,606**
Purchase of property, plant and equipment, net of proceeds	**8,211**	**9,328**	**7,367**	**-**	**24,906**

					Year ended September 30, 2021
	Fuel Containment	Processing Equipment	Service	Corporate	Total
	$	$	$	$	$
Sales	185,359	107,435	14,638	31	307,463
Depreciation and amortization	7,836	9,844	1,572	1	19,253
Financing costs	2,559	1,752	214	(20)	4,505
Income tax expense (recovery)	9,309	(777)	37	1,067	9,636
Net income (loss)	28,269	7,261	1,166	(286)	36,410
Goodwill and intangible assets	32,870	14,108	-	-	46,978
Segment assets	238,791	134,652	19,627	13,268	406,338
Segment liabilities	180,160	76,771	14,505	2,843	274,279
Purchase of property, plant and equipment, net of proceeds	7,472	6,486	726	2	14,686

For the years ended September 30, 2022 and 2021, no customer accounted for more than 10% of consolidated sales.

29.2 Geographical information

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

	Years ended	
	September 30, 2022	September 30, 2021
	$	$
SALES		
Canada	**308,289**	173,652
United States	**268,415**	133,811
	576,704	307,463

Certain non-current assets and goodwill by geographic segment:

			As at September 30, 2022
	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**

			As at September 30, 2021
	Canada	**United States**	**Total**
	$	**$**	**$**
Property, plant and equipment	64,538	21,395	85,933
Right-of-use assets	25,955	1,851	27,806
Intangible assets	11,134	5,755	16,889
Goodwill	6,915	23,174	30,089
	108,542	52,175	160,717

30. IMPACT OF COVID-19

Management continues to monitor and assess the ongoing development of the COVID-19 and respond accordingly. The impacts, if any, will be accounted for when they are known and may be assessed. During the year ended September 30, 2022, certain subsidiaries of TerraVest's recognized government subsidies totaling $2,452 ($18,095 during the year ended September 30, 2021) in net income. Government subsidies helped maintain employment during a period where revenues have been temporarily reduced.