

**EARTHRENEW INC.**  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
For the 3 and 9 Months Ended September 30, 2022 and 2021  
(UNAUDITED)

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REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, the financial statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of EarthRenew Inc. have been prepared by management and are the responsibility of management.

EarthRenew Inc's. independent auditor has not performed a review of the accompanying unaudited condensed consolidated interim financial statements in accordance with the standards established by CPA Canada for a review of interim financial statements by an entity's auditor.

EARTHRENEW INC.  
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)  
AS AT SEPTEMBER 30, 2022 AND DECEMBER 31, 2021

	Note	30-Sep-2022	31-Dec-2021
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		4,431,722	1,274,977
Trade and other receivables	6	6,259,783	3,029,633
Inventory	7	11,620,859	926,304
Other current assets	8	211,701	104,105
<b>Total Current Assets</b>		<b>22,524,065</b>	<b>5,335,019</b>
Property, plant, and equipment	9	9,368,129	8,790,922
Intangibles	10	10,054,392	10,943,067
Goodwill	11	1,722,983	1,722,983
<b>Total Assets</b>		<b>43,669,569</b>	<b>26,791,991</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	12	13,787,639	5,204,762
Current portion of long-term debt	13	727,397	588,651
Current portion of lease liabilities	14	106,275	65,434
Current portion of contingent consideration	15	1,426,243	1,868,749
<b>Total Current Liabilities</b>		<b>16,047,554</b>	<b>7,727,596</b>
Long-term debt	13	2,957,153	2,563,198
Lease liabilities	14	521,061	434,253
Contingent consideration	15	4,278,728	3,184,645
Deferred income tax liability	16	1,606,087	2,346,000
<b>Total Liabilities</b>		<b>25,410,583</b>	<b>16,255,692</b>
<b>Shareholders' Equity</b>			
Share capital	17	30,542,432	24,195,577
Warrants	18	5,120,859	1,120,601
Share-based payment reserve	19	1,706,521	1,224,504
Retained earnings (deficit)		(19,110,826)	(16,004,383)
<b>Total Shareholders' Equity</b>		<b>18,258,986</b>	<b>10,536,299</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>43,669,569</b>	<b>26,791,991</b>

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

EARTHRENEW INC.  
CONDENSED CONSOLIDATED STATEMENT OF EARNINGS (LOSS) AND COMPREHENSIVE INCOME (LOSS)  
(UNAUDITED)  
FOR THE 3 AND 9 MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

	Note	3 Months		9 Months	
		2022	2021	2022	2021
Revenue		2,722,955	2,283,957	12,645,863	3,695,364
Direct costs	20	2,330,935	1,972,338	11,225,548	3,045,033
<b>Gross Profit</b>		<b>392,020</b>	<b>311,619</b>	<b>1,420,315</b>	<b>650,331</b>
<b>Operating Expenses</b>					
Depreciation and amortization		493,907	411,788	1,405,830	783,262
Selling, general and administration	21	1,501,140	1,746,597	3,488,351	3,847,886
		<b>1,995,047</b>	<b>2,158,385</b>	<b>4,894,181</b>	<b>4,631,148</b>
<b>Earnings (Loss) from Operations</b>		<b>(1,603,027)</b>	<b>(1,846,766)</b>	<b>(3,473,866)</b>	<b>(3,980,817)</b>
<b>Non-Operating Expense (Income)</b>					
Finance costs	22	28,999	18,931	131,012	61,538
Transaction costs	23	324,987	-	324,987	147,447
Research and development		39,849	78,745	172,362	120,828
(Gain) loss on disposal of assets		14,746	-	20,982	-
(Gain) loss on foreign exchange		18,728	5,123	33,432	12,055
Other (income) expense	24	(253,751)	(4,801)	(341,240)	(524,880)
(Gain) loss on contingent consideration	15	(199,612)	472,498	651,577	472,498
		<b>(26,054)</b>	<b>570,496</b>	<b>993,112</b>	<b>289,486</b>
<b>Earnings (Loss) before Income Tax</b>		<b>(1,576,973)</b>	<b>(2,417,262)</b>	<b>(4,466,978)</b>	<b>(4,270,303)</b>
<b>Income Tax</b>					
Current tax expense (recovery)		-	-	-	-
Deferred tax expense (recovery)	16	(500,213)	-	(739,913)	-
		<b>(500,213)</b>	<b>-</b>	<b>(739,913)</b>	<b>-</b>
<b>Net Income (Loss)</b>		<b>(1,076,760)</b>	<b>(2,417,262)</b>	<b>(3,727,065)</b>	<b>(4,270,303)</b>
Other comprehensive income (loss)		-	-	-	-
<b>Comprehensive Income (Loss)</b>		<b>(1,076,760)</b>	<b>(2,417,262)</b>	<b>(3,727,065)</b>	<b>(4,270,303)</b>
<b>Net Income (Loss) per Common Share</b>					
Basic		(0.01)	(0.03)	(0.03)	(0.06)
Diluted		(0.01)	(0.03)	(0.03)	(0.06)

The accompanying notes are an integral part of these condensed consolidated interim financial statements  
Certain balances in the prior periods have been presented in accordance with current period presentation (see note 4)

EARTHRENEW INC.  
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)  
FOR THE 9 MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

	<b>30-Sep-2022</b>	<b>30-Sep-2021</b>
	<b>9 Months</b>	<b>9 Months</b>
<b>OPERATING ACTIVITIES</b>		
Net income (loss)	(3,727,065)	(4,270,303)
Items not affecting cash:		
Depreciation and amortization	1,405,830	783,262
Deferred tax expense (recovery)	(739,913)	-
Accretion expense	1,682	1,354
Foreign exchange (gain) loss	33,432	12,055
(Gain) loss on dispositions	20,982	-
(Gain) loss on contingent consideration	651,577	472,498
Share-based compensation expense (recovery)	598,387	840,732
Bad debt expense (recovery)	(354,640)	-
<b>Funds from (used in) operations</b>	<b>(2,109,728)</b>	<b>(2,160,402)</b>
Changes in non-cash working capital	(5,146,013)	785,789
<b>Cash from (used in) operations</b>	<b>(7,255,741)</b>	<b>(1,374,613)</b>
<b>INVESTING ACTIVITIES</b>		
Business acquisitions, net of cash acquired	-	(1,484,130)
Purchase of property, plant, and equipment	(1,022,654)	(1,068,587)
Disposal of property, plant, and equipment	57,095	-
<b>Cash from (used in) investing activities</b>	<b>(965,559)</b>	<b>(2,552,717)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from debt	889,472	3,010,478
Repayment of debt	(309,308)	(1,522,885)
Repayment of lease liabilities	(53,484)	(162,775)
Proceeds from share issuance, net of issue costs	9,418,865	628,259
Proceeds from stock options	12,500	22,000
Proceeds from warrants	1,420,000	1,229,150
<b>Cash from (used in) financing activities</b>	<b>11,378,045</b>	<b>3,204,227</b>
<b>Increase (decrease) in cash and equivalents</b>	<b>3,156,745</b>	<b>(723,103)</b>
Cash beginning of period	1,274,977	953,768
<b>Cash end of period</b>	<b>4,431,722</b>	<b>230,665</b>

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

EARTHRENEW INC.  
CONDENSED CONSOLIDATED STATEMENT OF EQUITY (UNAUDITED)  
FOR THE 9 AND 12 MONTHS ENDED SEPTEMBER 30, 2022 AND DECEMBER 31, 2021

	Note	30-Sep-2022 9 Months	31-Dec-2021 12 Months
<b>Share Capital</b>			
Balance, beginning of period	17	24,195,577	14,515,909
Issuance of share capital, net of issue costs	17	9,418,865	8,462,994
Warrants granted	17	(4,903,856)	(556,675)
Warrants exercised	17	1,808,541	1,739,309
Stock options exercised	17	23,305	34,040
<b>Balance, end of period</b>	17	<b>30,542,432</b>	<b>24,195,577</b>
<b>Warrants</b>			
Balance, beginning of period	18	1,120,601	1,097,804
Warrants granted	18	4,903,855	556,675
Warrants exercised	18	(388,541)	(510,159)
Warrants expired	18	(515,056)	(23,719)
<b>Balance, end of period</b>	18	<b>5,120,859</b>	<b>1,120,601</b>
<b>Share-Based Payment Reserve</b>			
Balance, beginning of period	19	1,224,504	1,087,976
Share-based payments expense (recovery)	19	598,387	840,732
Stock options exercised	19	(10,805)	(12,040)
Stock options expired	19	-	(479,210)
Stock options forfeited	19	(105,565)	(212,954)
<b>Balance, end of period</b>	19	<b>1,706,521</b>	<b>1,224,504</b>
<b>Retained Earnings</b>			
Balance, beginning of period		(16,004,383)	(12,017,225)
Net income (loss)		(3,727,065)	(4,703,041)
Warrants expired		515,057	23,719
Stock options expired/forfeited		105,565	692,164
<b>Balance, end of period</b>		<b>(19,110,826)</b>	<b>(16,004,383)</b>
<b>Total Shareholders' Equity</b>		<b>18,258,986</b>	<b>10,536,299</b>

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

## **1. Description of the Business**

EarthRenew Inc. (“EarthRenew” or the “Company”) is incorporated in the province of Ontario, Canada. The Company’s common shares are traded on the Canadian Securities Exchange (“CSE”) under the symbol “ERTH”. The head office is located at 610 – 600 6<sup>th</sup> Avenue SW, Calgary, Alberta, Canada, T2P 0S5.

The Company delivers leading regenerative fertilizer solutions to support a farm system that prioritizes healthy soils and grower profitability. By combining essential macro and micro nutrients with our proprietary manufacturing process, the Company has developed a sustainable alternative to synthetic fertilizers that enhances overall soil function and biology while providing valuable plant-available nutrients farmers rely upon for healthy crops. To learn more about the Company, visit the website at [www.replenishnutrients.com](http://www.replenishnutrients.com).

The Company's revenue and profits are impacted by seasonality. Activity peaks in the second and fourth fiscal quarters.

## **2. Basis of Presentation**

These condensed consolidated interim financial statements (the “financial statements”) have been prepared by management using accounting policies consistent with International Financial Reporting Standards (“IFRS”) and in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board. The financial statements do not include all the information required for full annual statements and should be read in conjunction with the annual audited consolidated financial statements for the years ended December 31, 2021 and 2020.

These financial statements were approved by the Company’s Board of Directors on November 24, 2022.

These financial statements have been prepared using accounting policies and estimates which are consistent with note 4 of the annual audited consolidated financial statements as at December 31, 2021 and for the years ended December 31, 2021 and 2020 as filed on SEDAR at [www.sedar.com](http://www.sedar.com).

These financial statements are recorded and presented in Canadian dollars, the Company’s functional currency, and have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. All values are rounded to the nearest dollar, except where otherwise indicated.

The financial statements of the Company comprise the financial statements of the Company and the entities it controls. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with subsidiaries and has the ability to affect those returns through its power over the subsidiaries’ relevant activities. Subsidiaries are consolidated from the date control is obtained and deconsolidated from the date control ceases. All intercompany transactions, balances, income, and expenses are eliminated on consolidation. The Company has applied uniform accounting policies throughout all consolidated entities and the reporting dates of the subsidiaries are all consistent with that of the Company.

## **3. Summary of Significant Accounting Policies, Estimates and Judgements**

### **Significant Accounting Policies**

The significant accounting policies adopted in the preparation of these financial statements are the same as those set out in the annual audited consolidated financial statements for the year ended December 31, 2021. Unless otherwise stated, these policies have been consistently applied to all periods presented.

### **Significant Estimates and Judgments**

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

The key estimates and judgments concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities include those related to the determination of cash generating units, depreciation and amortization, recoverability of assets, other provisions and contingent liabilities, inventory valuation, deferred income taxes, provision for expected credit losses, share-based payments, business combinations, and fair value of financial instruments. Readers are cautioned that the preceding list is not exhaustive and other items may also be affected by estimates and judgments.

### **4. Prior Period Presentation**

The Company has adjusted the presentation of the condensed consolidated statements of earnings (loss) and comprehensive income (loss) to better reflect the nature of the business and operations in line with industry peers and to provide readers a clear delineation of operating and non-operating activities. For greater certainty, there have been no changes to net earnings (loss) before income tax (recovery) or to net earnings (loss) or comprehensive income (loss). A summary of the changes includes grouping various selling, general and administrative costs into a single line and disclosing further detail in note 21, and presenting certain income and expenses, as seen on the face of the statement of earnings, as non-operating items given their nature, to assist the reader in understanding the financial results of the Company prior to the impacts of capital structure and non-recurring items.

### **5. Business Acquisitions**

On May 12, 2021, EarthRenew acquired 100% of the issued and outstanding securities of Replenish Nutrients Ltd. "Replenish", a regenerative fertilizer and nutrient company located in Okotoks, Alberta. The Company paid \$1,502,490 in cash and issued a total of 21,264,093 common shares of EarthRenew at a price of \$0.248 per common share. The acquisition has an effective date of May 1, 2021.

In addition, the security holders of Replenish ("Vendors") shall be entitled to nominate three individuals for election to EarthRenew's board of directors at its annual general meeting held each year for so long as the Vendors collectively hold at least 10% of the issued and outstanding EarthRenew Shares.

As additional consideration, the Company also agreed to pay the following:

- ongoing earn-out payments totaling an aggregate of up to \$7,000,000 based on qualifying gross annual revenue of Replenish multiplied by an earn-out factor for each of its 12-month fiscal periods ending June 30, 2025 payable by a combination of cash payments and the issuance of common shares of EarthRenew, provided the security holders of Replenish continue to be bound by consulting or employment agreements entered into with the Company; and
- supplemental earn-out payments of an aggregate amount of up to \$2,000,000 based on certain sales parameters, which shall be payable by a combination of cash payments and the issuance of EarthRenew shares and evidenced by promissory notes that have been issued to the security holders of Replenish.



EARTHRENEW INC.  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE 3 AND 9 MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (EXCEPT WHERE OTHERWISE NOTED)

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The EarthRenew shares issued to the Vendors are subject to a four month hold period expiring on September 11, 2021, and, on a monthly basis, each Vendor is restricted to disposing of that number of EarthRenew shares equal to such Vendor's proportionate ownership of the EarthRenew shares issued to all Vendors pursuant to the Transaction multiplied by 20% of the average monthly trading volume of EarthRenew Shares on the Canadian Securities Exchange ("CSE") for the 3 months preceding the month in which the disposition is made.

As a result of the acquisition, Replenish became a 100% wholly-owned subsidiary of EarthRenew. This acquisition was assessed as a business combination in accordance with IFRS 3 and was accounted for using the acquisition method, with the operating results included in the Company's financial and operating results commencing on the closing date of the acquisition.

The purchase price has been allocated as follows based on the provisional assessment of fair value of the assets and liabilities acquired in the transactions:

<b>Purchase price</b>	
Cash	1,502,490
EarthRenew common shares	5,273,496
Contingent consideration	5,326,000
<b>Total purchase price</b>	<b>12,101,986</b>
Shareholder loans	(2,807,333)
<b>Purchase consideration</b>	<b>9,294,653</b>
<b>Purchase Price Allocation</b>	
Cash	18,360
Accounts receivable and other current assets	2,651,492
Inventory	1,366,528
Property, plant, and equipment	3,068,577
Intangibles	11,733,000
Goodwill	1,722,983
Accounts payable and accrued liabilities	(3,744,531)
Shareholder loans	(2,807,333)
Notes payable	(503,785)
Debt	(1,775,882)
Lease liabilities	(158,258)
Deferred tax liability	(2,276,498)
<b>Net assets acquired</b>	<b>9,294,653</b>

The value of goodwill recognized on the transaction is primarily attributable to the cost synergies associated with the reduction of selling, general and administration expenses, revenue growth, and future market development. This goodwill is not deductible for tax purposes.

The results of Replenish are included in the Fertilizer segment, see Note 28.

EARTHRENEW INC.  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE 3 AND 9 MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (EXCEPT WHERE OTHERWISE NOTED)

**6. Accounts Receivable**

	<b>30-Sep-2022</b>	<b>31-Dec-2021</b>
Trade receivables	6,746,826	3,961,488
Other receivables	40,862	-
Allowance for doubtful accounts	(527,905)	(931,855)
	<b>6,259,783</b>	<b>3,029,633</b>
<b>Aged trade receivables</b>		
Current (<30 days)	3,376,892	2,197,295
31-60 days	240,974	350,802
61-90 days	54,016	283,069
>90 days	3,074,944	1,130,322
	<b>6,746,826</b>	<b>3,961,488</b>
	<b>30-Sep-2022</b>	<b>31-Dec-2021</b>
<b>Allowance for doubtful accounts</b>		
Balance, beginning of period	931,855	-
Additions during the period	-	931,855
Balances recovered and written-off	(403,950)	-
<b>Balance, end of period</b>	<b>527,905</b>	<b>931,855</b>

**7. Inventory**

	<b>30-Sep-2022</b>	<b>31-Dec-2021</b>
Raw materials	5,469,530	461,632
Work in progress	-	26,725
Finished goods	6,151,329	437,947
	<b>11,620,859</b>	<b>926,304</b>

For the 3 and 9 months ended September 30, 2022, \$2,070,120 and \$8,815,840 (\$199,519 and \$1,107,893 for period ending September 30, 2021) of inventory was recognized in cost of sales.

**8. Other Current Assets**

	<b>30-Sep-2022</b>	<b>31-Dec-2021</b>
Prepays	159,095	7,500
Deposits	52,606	96,605
	<b>211,701</b>	<b>104,105</b>

**9. Property, Plant and Equipment**

<b>Cost</b>	<b>Land</b>	<b>Plant &amp; Buildings</b>	<b>Equipment &amp; Auto</b>	<b>ROU Assets Equip &amp; Land</b>	<b>Total</b>
<b>December 31, 2020</b>	-	<b>3,605,805</b>	<b>500,000</b>	<b>750,859</b>	<b>4,856,664</b>
Acquisitions	1,250,825	660,650	1,140,500	16,602	3,068,577
Additions	-	85,790	1,880,057	-	1,965,847
<b>December 31, 2021</b>	<b>1,250,825</b>	<b>4,352,245</b>	<b>3,520,557</b>	<b>767,461</b>	<b>9,891,088</b>
Additions	-	722,084	300,570	179,675	1,202,329
Transfers	-	-	(148,026)	155,000	6,974
Disposals	-	-	(137,500)	(16,602)	(154,102)
<b>September 30, 2022</b>	<b>1,250,825</b>	<b>5,074,329</b>	<b>3,535,601</b>	<b>1,085,534</b>	<b>10,946,289</b>

<b>Accumulated Depreciation</b>	<b>Land</b>	<b>Plant &amp; Buildings</b>	<b>Equipment &amp; Auto</b>	<b>ROU Assets Equip &amp; Land</b>	<b>Total</b>
<b>December 31, 2020</b>	-	<b>144,232</b>	<b>150,000</b>	<b>386,200</b>	<b>680,432</b>
Depreciation	-	161,781	196,855	61,098	419,734
<b>December 31, 2021</b>	-	<b>306,013</b>	<b>346,855</b>	<b>447,298</b>	<b>1,100,166</b>
Depreciation	-	127,918	341,148	48,089	517,155
Transfers	-	-	-	-	-
Disposals	-	-	(22,559)	(16,602)	(39,161)
<b>September 30, 2022</b>	-	<b>433,931</b>	<b>665,444</b>	<b>478,785</b>	<b>1,578,160</b>

<b>Net Book Value</b>	<b>Land</b>	<b>Plant &amp; Buildings</b>	<b>Equipment &amp; Auto</b>	<b>ROU Assets Equip &amp; Land</b>	<b>Total</b>
December 31, 2020	-	3,461,573	350,000	364,659	4,176,232
December 31, 2021	1,250,825	4,046,232	3,173,702	320,163	8,790,922
<b>September 30, 2022</b>	<b>1,250,825</b>	<b>4,640,398</b>	<b>2,870,157</b>	<b>606,749</b>	<b>9,368,129</b>

The Company acquired certain assets in the Replenish business acquisition in May 2021. See note 5 for a summary of the assets acquired in the transaction.

As of September 30, 2022, Management assessed that there were no indicators of impairment since the last impairment test was performed as of December 31, 2021.

## 10. Intangibles

Cost	Customer Relationships	Brand Name	Assembled Workforce	Total
<b>December 31, 2020</b>	-	-	-	-
Acquisitions	6,225,000	5,392,000	116,000	11,733,000
<b>December 31, 2021</b>	<b>6,225,000</b>	<b>5,392,000</b>	<b>116,000</b>	<b>11,733,000</b>
Additions	-	-	-	-
Disposals	-	-	-	-
<b>September 30, 2022</b>	<b>6,225,000</b>	<b>5,392,000</b>	<b>116,000</b>	<b>11,733,000</b>

Accumulated Amortization	Customer Relationships	Brand Name	Assembled Workforce	Total
<b>December 31, 2020</b>	-	-	-	-
Amortization	415,000	359,467	15,466	789,933
<b>December 31, 2021</b>	<b>415,000</b>	<b>359,467</b>	<b>15,466</b>	<b>789,933</b>
Amortization	466,875	404,400	17,400	888,675
<b>September 30, 2022</b>	<b>881,875</b>	<b>763,867</b>	<b>32,866</b>	<b>1,678,608</b>

Net Book Value	Customer Relationships	Brand Name	Assembled Workforce	Total
December 31, 2020	-	-	-	-
December 31, 2021	5,810,000	5,032,533	100,534	10,943,067
<b>September 30, 2022</b>	<b>5,343,125</b>	<b>4,628,133</b>	<b>83,134</b>	<b>10,054,392</b>

The Company acquired certain assets in the Replenish business acquisition in May 2021. See note 5 for a summary of the intangible assets acquired in the transaction.

As of September 30, 2022, Management assessed that there were no indicators of impairment since the last impairment test was performed as of December 31, 2021.

## 11. Goodwill

	30-Sep-2022	31-Dec-2021
Opening balance	1,722,983	-
Acquired on business acquisition – see note 5	-	1,722,983
<b>Ending balance</b>	<b>1,722,983</b>	<b>1,722,983</b>

The Company acquired certain assets in the Replenish business acquisition in May 2021. See note 5 for a summary of the goodwill recognized in the transaction.

As of September 30, 2022, Management assessed that there were no indicators of impairment since the last impairment test was performed as of December 31, 2021.

## 12. Accounts Payable

	30-Sep-2022	31-Dec-2021
Trade payables	11,118,840	3,964,718
Other payables and accrued liabilities	2,668,799	1,240,044
	<b>13,787,639</b>	<b>5,204,762</b>

## 13. Debt

	Interest Rate	Maturity	30-Sep-2022	31-Dec-2021
CEBA loan <sup>1</sup>	5.000%	Dec 2023	68,275	66,592
AFSC loan <sup>2</sup>	2.875%	Jun 2024	438,929	500,000
AFSC loan <sup>2</sup>	3.644%	Dec 2026	1,946,270	1,260,478
AFSC loan <sup>2</sup>	3.520%	Dec 2026	1,223,476	1,250,000
Equipment loan <sup>3</sup>	4.100%	Feb 2023	7,600	74,779
<b>Balance</b>			<b>3,684,550</b>	<b>3,151,849</b>
Current portion			(727,397)	(588,651)
<b>Long term portion</b>			<b>2,957,153</b>	<b>2,563,198</b>

<sup>1</sup>On May 1, 2021, EarthRenew acquired all the outstanding loans from Replenish, which included a \$100,000 interest-free loan from the Canada Emergency Business Account Program (“CEBA”). By repaying the loan before December 31, 2023, the Company will benefit from a \$30,000 loan forgiveness, which has been recorded as a government grant in the Condensed Consolidated Statement of Earnings (Loss) and Comprehensive Income (Loss). If the loan is not repaid by December 31, 2023, it will be converted into a three-year term loan at an annual interest rate of 5%, with the entire loan to be repaid. The Company intends to repay the balance of \$70,000 in December 2023.

<sup>2</sup>Effective July 21, 2021, Replenish, a wholly owned subsidiary of EarthRenew, secured new senior secured asset-based credit facilities totaling \$3.2 million (the “ABL Facility”) from Agriculture Financial Services Corporation (“AFSC”). On February 28, 2022, the ABL Facility was increased to \$3.9 million.

The ABL Facility includes interest-only payments until June 1, 2022. Amounts drawn on the main facility bear interest at a rate of 3.52% and 3.644% respectively, per annum, while the inventory loan rate is 2.875% per annum. The ABL Facility is subject to compliance with financial covenants starting in 2022. EarthRenew has provided an unlimited guarantee as security for the ABL Facility. The proceeds of the ABL Facility were primarily used to fully repay previously existing senior debt facilities held by another lender.

<sup>3</sup>Equipment loans secured by the specific equipment in place.

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	30-Sep-2022	31-Dec-2021
Beginning balance	3,151,849	-
Acquired in business acquisition (see note 5)	-	1,775,882
Proceeds from debt	889,472	3,010,478
Accretion expense	1,682	2,179
Adjust fees and interest	(49,145)	
Discount on debt	-	(5,586)
Debt principal repayments	(309,308)	(1,631,104)
<b>Ending balance</b>	<b>3,684,550</b>	<b>3,151,849</b>

#### Scheduled Principal Repayments

For the 12 months ending	
September 2023	727,397
September 2024	752,817
September 2025	506,709
September 2026	525,395
September 2027	1,172,232
Thereafter	-
	<b>3,684,550</b>

#### Debt Covenants

Beginning on December 31, 2022, the Company is required to be in compliance with the following debt covenants. As such these covenants are not yet in effect for the period ending September 30, 2022, and the Company was in compliance with all debt covenants at September 30, 2022.

Debt service coverage ratio <sup>1</sup>	Not less than 1.25:1
Current ratio <sup>2</sup>	Not less than 1.2:1
Debt to equity ratio <sup>3</sup>	Not greater than 3.5

<sup>1</sup>Defined as the ratio of annual debt payments to earnings before interest, tax, depreciation, and amortization

<sup>2</sup>Defined as the ratio of current assets to current liabilities

<sup>3</sup>Defined as the ratio of total debt to total shareholders' equity

#### 14. Lease Liabilities

The Company has leases in place for land and office premises as well as equipment leases.

	30-Sep-2022	31-Dec-2021
Opening balance	499,687	393,323
Acquired in business combination (see note 5)	-	158,258
Additions and other adjustments	181,133	-
Lease principal repayments	(53,484)	(51,894)
<b>Balance</b>	<b>627,336</b>	<b>499,687</b>
Current portion	(106,275)	(65,434)
<b>Long-term portion</b>	<b>521,061</b>	<b>434,253</b>

### Scheduled Principal Repayments

For the 12 months ending	
September 2023	106,275
September 2024	120,404
September 2025	114,303
September 2026	109,658
September 2027	54,276
Thereafter	122,420
	<b>627,336</b>

### 15. Contingent Consideration

	30-Sep-2022	31-Dec-2021
Opening balance	5,053,394	-
Origination of contingent consideration (see note 5)	-	5,326,000
Changes to fair value	651,557	726,464
Settlements	-	(999,070)
<b>Balance</b>	<b>5,704,971</b>	<b>5,053,394</b>
Current portion	(1,426,243)	(1,868,749)
<b>Long-term</b>	<b>4,278,728</b>	<b>3,184,645</b>

As part of the acquisition of Replenish in May 2021, the Company agreed to pay the security holders of Replenish ongoing earn-out payments totaling an aggregate of up to \$7,000,000 based on qualifying gross annual revenue of Replenish multiplied by an earn-out factor for each of its 12-month fiscal periods ending June 30, 2025, payable by a combination of cash payments and the issuance of common shares of EarthRenew, provided the security holders of Replenish continue to be bound by consulting or employment agreements entered into with the Company.

As part of the acquisition of Replenish in May 2021, the Company also agreed to pay the security holders of Replenish supplemental earn-out payments of an aggregate amount of up to \$2,000,000 based on certain sales parameters, which shall be payable by a combination of cash payments and the issuance of common shares of EarthRenew and evidenced by promissory notes that have been issued to the security holders of Replenish.

The contingent consideration is initially recognized at fair value and subsequently remeasured at each reporting date, with the changes to fair value recognized in the statement of net earnings (loss).

For the remeasurement of contingent consideration at each reporting date, management uses a time value of money calculation using certain key assumptions such as (i) qualifying gross annual revenue, (ii) discount rates and (iii) the assessment of certain sales parameters.

On October 12, 2021, the Company paid the first earn-out payments for the period ending June 30, 2021, with respect to the Replenish acquisition in the aggregate amount of \$999,070, of which \$599,442 was settled by the issuance of 2,840,957 common shares of the Company, each with a deemed issuance price of \$0.211.

## 16. Income Tax

### Net Deferred Tax Liability Continuity

	30-Sep-2022	31-Dec-2021
Opening balance	(2,346,000)	-
Origination and reversal of temporary differences	739,913	(2,635,000)
Non-capital loss carry-forwards	-	289,000
<b>Ending balance</b>	<b>(1,606,087)</b>	<b>(2,346,000)</b>
Deferred income tax liability	(1,606,087)	(2,346,000)
Deferred income tax asset	-	-
<b>Net Deferred Tax Liability</b>	<b>(1,606,087)</b>	<b>(2,346,000)</b>

## 17. Shareholders' Equity

### Authorized Share Capital

Unlimited Voting Common Shares

Unlimited Voting Common Shares	Number	Amount
<b>Balance 31-Dec-2020</b>	<b>54,184,857</b>	<b>14,515,909</b>
Shares issued for acquisitions	21,264,093	5,273,496
Shares issued for debt settlement	2,184,663	541,796
Shares issued to settle contingent consideration	2,840,957	599,443
Private placement <sup>4</sup>	8,895,027	2,048,259
Warrants exercised	2,859,665	1,739,309
Warrants granted	-	(556,675)
Options exercised	100,000	34,040
<b>Balance 31-Dec-2021</b>	<b>92,329,262</b>	<b>24,195,577</b>
Common share offering	41,804,500	10,451,125
Share issue costs	-	(1,182,260)
Private placement <sup>6</sup>	600,000	150,000
Warrants exercised	7,100,000	1,808,541
Warrants granted	-	(4,903,856)
Options exercised	50,000	23,305
<b>Balance 30-Sep-2022</b>	<b>141,883,762</b>	<b>30,542,432</b>

On May 12, 2021, EarthRenew acquired all the issued and outstanding securities of Replenish Nutrients Ltd. which included the issuance of 21,264,093 common shares of EarthRenew at a deemed price of \$0.248 per EarthRenew common share. The acquisition has an effective date of May 1, 2021.

On May 21, 2021, the Company completed its shares for debt settlements with certain creditors of the Company's wholly-owned subsidiary, Replenish. The Company issued 2,184,663 common shares of the Company at a deemed price of \$0.248 per share at a 25% discount to market in satisfaction of outstanding debt of \$541,796.

On May 27, 2021, the Company closed a private placement financing by issuing 1,795,027 units at a price of \$0.35 per unit for gross proceeds of \$628,259. Each unit consists of one common share of the Company and one-half of one common share purchase warrant, entitling the holder of a whole warrant to acquire one additional common share at an exercise price of \$0.475 for a period of 36 months from issuance.



On October 12, 2021, the Company paid the first earn-out payments for the period ending June 30, 2021, with respect to the Replenish Acquisition in the aggregate amount of \$999,070, of which \$599,443 was settled by the issuance of 2,840,957 common shares of the Company, each with a deemed issuance price of \$0.211 at the 30-day weight average price of shares.

On October 20, 2021, the Company successfully closed the over-subscription of its non-brokered private placement financing of 7,100,000 units at a price of \$0.20 per unit, which was equal to market price, for gross proceeds of \$1,420,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one common share, at an exercise price of \$0.20 per common share, for a period of six months from the date of issuance.

On June 21, 2022, the Company successfully closed the over-subscribed prospectus share offering of 41,804,500 units at a price of \$0.25 per unit, for gross proceeds of \$10,451,125. Each unit consists of one common share of the Company and one common share warrant. Each warrant entitles the holder to acquire one common share, at an exercise price of \$0.32 per common share, for a period of 48 months from the date of issuance. The Company spent cost of issuance of \$1,182,260 for the prospectus offering and issued 2,508,270 broker warrants. Each broker warrant is exercisable into one common share and one warrant in the Company at a price of \$0.25 until June 21, 2024.

On September 30, 2022, the Company closed a private placement financing by issuing 600,000 units at a price of \$0.25, for gross proceeds of \$150,000. Each unit consists of one common share of the Company and one common share warrant. Each warrant entitles the holder to acquire one common share, at an exercise price of \$0.32 per common share, for a period of 48 months from the date of issuance.

#### Weighted-Average Shares Outstanding

	3 Months		9 Months	
	2022	2021	2022	2021
Basic	141,290,284	82,388,308	112,752,006	69,270,313
Diluted	141,290,284	82,388,308	112,752,006	69,270,313

#### 18. Warrants

	Number	Weighted Average Price	Value
<b>Balance 31-Dec-2020</b>	<b>6,078,565</b>	<b>0.43</b>	<b>1,097,804</b>
Granted	7,997,513	0.23	556,675
Exercised	(2,859,665)	0.43	(510,159)
Expired	(177,668)	0.30	(23,719)
<b>Balance 31-Dec-2021</b>	<b>11,038,745</b>	<b>0.29</b>	<b>1,120,601</b>
Granted	44,912,770	0.32	4,903,855
Exercised	(7,100,000)	0.20	(388,541)
Expired	(2,826,063)	0.44	(515,056)
<b>Balance 30-Sept-2022</b>	<b>46,025,452</b>	<b>0.32</b>	<b>5,120,859</b>

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Outstanding	Exercisable	Grant Date	Expiry Date	Exercise Price	Fair Value	Volatility	Life	Dividend Yield	Risk Free Rate
215,167	215,167	13-Oct-20	13-Oct-22	0.45	48,869	207%	2	0%	0.24%
897,513	897,513	27-May-21	27-May-24	0.48	168,134	147%	3	0%	0.51%
41,804,500	41,804,500	21-Jun-22	21-Jun-26	0.32	4,619,692	144%	4	0%	3.31%
2,508,270	2,508,270	21-Jun-22	21-Jun-24	0.25	241,144	144%	2	0%	3.31%
600,000	600,000	30-Sep-22	30-Sep-26	0.32	43,020	100%	4	0%	3.30%
<b>46,025,450</b>	<b>46,025,450</b>			<b>0.32</b>	<b>5,120,859</b>	<b>144%</b>	<b>4</b>	<b>0%</b>	<b>3.24%</b>

On June 8, 2020, the Company completed a 3:1 share consolidation. Prior to the consolidation, the Company had 2,328,200 warrants outstanding, and following the consolidation had 776,066 warrants outstanding. All current and comparative warrant amounts in these condensed consolidated interim financial statements have been retroactively adjusted to reflect the share consolidation.

The Company's outstanding warrants are valued at the fair value of the instruments issued, determined using the Black-Scholes option pricing model, using the above inputs.

### 19. Stock Options

The Company has an amended stock option compensation plan for directors, executives, employees, and contractors. In accordance with the terms of the plan, officers, non-independent directors, employees and contractors of the Company may be granted options to purchase common shares at exercise prices determined at the time of grant. The Company has adopted a Floating Stock Option Plan (the "Plan"), whereby the number of common shares reserved for issuance under the Plan is equivalent to up to 10% of the issued and outstanding shares of the Company. Options under the Plan which have been exercised or which have expired shall be available for subsequent grants. The option vesting terms are determined at the discretion of the board of directors.

Each share option converts into one common share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither right to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

	Number	Weighted Average Price	Value
<b>Balance 31-Dec-2020</b>	<b>3,765,000</b>	<b>0.41</b>	<b>1,087,976</b>
Granted	3,890,000	0.25	840,732
Exercised	(100,000)	0.22	(12,040)
Expired	(923,325)	0.75	(479,210)
Forfeited	(780,017)	0.34	(212,954)
<b>Balance 31-Dec-2021</b>	<b>5,851,658</b>	<b>0.26</b>	<b>1,224,504</b>
Granted	5,570,000	0.16	598,387
Exercised	(50,000)	0.25	(10,805)
Expired	-	-	-
Forfeited	(549,998)	0.28	(105,565)
<b>Balance 30-Sept-2022</b>	<b>10,821,660</b>	<b>0.21</b>	<b>1,706,521</b>

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Outstanding	Exercisable	Grant Date	Expiry Date	Exercise Price	Fair Value	Volatility	Life	Dividend Yield	Risk Free Rate
233,331	233,331	8-Jul-19	8-Jul-24	0.30	81,060	105%	5	0%	1.57%
366,665	366,665	25-Oct-19	25-Oct-24	0.18	52,030	110%	5	0%	1.57%
333,333	333,333	2-Apr-20	2-Apr-25	0.30	57,000	147%	5	0%	0.59%
668,331	668,331	5-Jun-20	5-Jun-25	0.33	192,279	135%	5	0%	0.52%
3,650,000	3,650,000	3-Aug-21	3-Aug-26	0.25	788,765	132%	5	0%	0.85%
5,570,000	4,895,000	13-Sep-22	13-Sep-27	0.16	675,084	100%	5	0%	3.30%
<b>10,821,660</b>	<b>10,146,660</b>			<b>0.21</b>	<b>1,783,217</b>	<b>115%</b>	<b>5</b>	<b>0%</b>	<b>2.12%</b>

The fair value of options issued is determined using the Black-Scholes option pricing model, using the above inputs. Volatility is estimated by using the historical volatility of the Company, adjusted for the Company's expectation of volatility going forward. The expected life in years represents the period of time that the options granted are expected to be outstanding. The risk-free interest rate is based on Bank of Canada government bonds with a remaining term equal to the expected life of the options.

## 20. Direct Costs

	3 Months		9 Months	
	2022	2021	2022	2021
Product costs	1,577,998	708,781	8,483,921	1,526,871
Transportation costs	375,912	438,413	1,742,095	600,506
Storage, processing and spreading costs	355,815	533,352	651,221	568,401
Personnel and contractor costs	94,613	117,807	375,566	151,141
Repairs and maintenance	78,751	112,946	187,104	125,802
Plant operations	22,969	30,570	74,570	36,692
Equipment rentals	22,298	30,469	65,711	35,620
	<b>2,528,356</b>	<b>1,972,338</b>	<b>11,580,188</b>	<b>3,045,033</b>
Bad debt expense (recovery)	(197,421)	-	(354,640)	-
	<b>2,330,935</b>	<b>1,972,338</b>	<b>11,225,548</b>	<b>3,045,033</b>

## 21. Selling, General and Administration

	3 Months		9 Months	
	2022	2021	2022	2021
Personnel and contractor costs	858,050	503,634	2,002,486	1,029,312
Professional, consulting, and regulatory	(39,431)	437,441	429,694	1,536,770
Share-based compensation	598,387	840,628	598,387	840,732
Office and administrative	85,616	(138,379)	400,581	165,277
Marketing, advertising, promotions	(1,482)	103,273	57,203	275,795
	<b>1,501,140</b>	<b>1,746,597</b>	<b>3,488,351</b>	<b>3,847,886</b>

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**22. Finance Costs**

	3 Months		9 Months	
	2022	2021	2022	2021
Interest on long-term debt	18,998	7,276	98,151	17,563
Interest on lease liabilities	10,001	10,860	31,179	42,621
Accretion expense	-	795	1,682	1,354
	<b>28,999</b>	<b>18,931</b>	<b>131,012</b>	<b>61,538</b>

**23. Transaction Costs**

	3 Months		9 Months	
	2022	2021	2022	2021
Replenish acquisition	-	-	-	147,447
Transaction costs <sup>1</sup>	324,987	-	324,987	-
	<b>324,987</b>	<b>-</b>	<b>324,987</b>	<b>147,447</b>

<sup>1</sup>One-time costs indirectly associated with the equity raise in June 2022 that are not eligible to be classified as share issue costs and offset against equity.

**24. Other Income and Expense**

	3 Months		9 Months	
	2022	2021	2022	2021
Government funding	137,850	1,250	182,325	64,038
Power generation, net	29,846	(9,206)	72,780	431,204
Insurance proceeds	36,870	-	36,870	-
Interest income	6,935	469	7,015	1,330
Other	42,250	12,288	42,250	28,308
	<b>253,751</b>	<b>4,801</b>	<b>341,240</b>	<b>524,880</b>

**25. Related Party Transactions**

	3 Months		9 Months	
	2022	2021	2022	2021
Office rent and expenses <sup>1</sup>	8,100	9,900	29,700	29,700
Fertilizer revenue <sup>1</sup>	4,640	260,484	214,223	781,452
Fertilizer operation expenses <sup>1</sup>	245,081	141,090	416,803	423,269
Salaries, wages and benefits <sup>2</sup>	346,827	167,903	1,099,874	503,708
Share-based payment expense <sup>2</sup>	563,580	605,080	563,580	605,080
	<b>1,168,228</b>	<b>1,184,457</b>	<b>2,324,180</b>	<b>2,343,209</b>

<sup>1</sup> The Company incurs expenses from and generates revenues with certain executive officers of the Company related to office rent and expenses and fertilizer revenues and operating expenses; these transactions are in the ordinary course of business and have been assessed to be a market rates for these services.

<sup>2</sup>Relates to the salaries, wages benefits, and share-based payment expense of stock options of named executive officers and board of directors of the Company.

## 26. Capital Management

	30-Sep-2022		31-Dec-2021	
Current assets	22,524,065		5,335,019	
Current liabilities	(16,047,554)		(7,727,596)	
<b>Net working capital (deficit)</b>	<b>6,476,511</b>		<b>(2,392,577)</b>	
Long-term debt	2,957,153		2,563,198	
Lease liabilities	521,061		434,253	
Contingent consideration	4,278,728		3,184,645	
	<b>7,756,942</b>	<b>30%</b>	<b>6,182,096</b>	<b>37%</b>
Shareholders' equity	<b>18,258,986</b>	<b>70%</b>	<b>10,536,299</b>	<b>63%</b>
	<b>26,015,928</b>	<b>100%</b>	<b>16,718,395</b>	<b>100%</b>

The Company's objectives when managing capital are to: (i) ensure the Company has the financial capacity to execute on its strategy of growing regenerative agriculture products and practices; (ii) maintain financial flexibility in order to meet financial commitments and maintain the confidence of shareholders, creditors, and the market; and (iii) optimize the use of capital and capital structure to provide a best-in-class risk-adjusted returns on investment to shareholders. Management considers the Company's working capital, defined as current assets less current liabilities, as well as the ratio of debt to equity, as the key components of capital to be managed.

The Company has established criteria to manage the capital structure based on current economic conditions, risk characteristics of underlying assets and planned capital and liquidity requirements. Total capitalization is maintained or adjusted by drawing on existing credit facilities, issuing new debt or equity securities or through the disposal of underperforming assets when required.

## 27. Risk Management

### Litigation

From time to time the Company is subject to claims and lawsuits arising in the ordinary course of operations. In the opinion of management, the ultimate resolution of such pending legal proceedings will not have a material adverse effect on the Company's financial position.

### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company's cash needs are met with cash generated by operations, strategic sale of non-core assets, and financing provided by debt and lease instruments. The Company manages liquidity risk through management of its capital structure, and monitoring and reviewing actual and forecasted cash flows and the effect on bank covenants to ensure there are available cash resources to meet the Company's liquidity needs. The Company's cash and cash equivalents, cash flow from operating activities, and strategic sale of non-core assets, are expected to be greater than anticipated capital expenditures and the contractual maturities of the Company's financial liabilities.

The following are undiscounted contractual maturities of financial liabilities, including estimated interest:

	<b>Total</b>	<b>&lt; 1 Year</b>	<b>1-3 Years</b>	<b>4-5 Years</b>	<b>After 5 Years</b>
Accounts payable and accrued liabilities	<b>13,787,639</b>	13,787,639			
Contingent consideration <sup>1</sup>	<b>5,704,971</b>	1,426,243	4,278,728	-	-
Long-term debt	<b>4,019,593</b>	842,429	1,417,683	1,759,481	-
Lease liabilities	<b>786,946</b>	156,372	304,079	194,495	132,000
<b>Total</b>	<b>24,299,149</b>	<b>16,212,683</b>	<b>6,000,490</b>	<b>1,953,976</b>	<b>132,000</b>

<sup>1</sup>The Company has the ability to settle up to 60% of the contingent consideration in common shares of the Company, which would reduce the cash obligation of this liability.

### Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Company manages exposure through its normal operating and financing activities. The Company has minimal exposure to interest rate risk as existing debt and leases have fixed interest rates and would only be subject to interest rate fluctuations when refinancing is required.

### Credit Risk

The Company is primarily exposed to credit risk from customers. The maximum exposure to credit risk is equal to the carrying value of the accounts receivable. The Company's trade receivables are with customers in the agriculture and energy industries and are subject to credit risk. In order to reduce credit risk, the Company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. Additionally, the Company continuously reviews individual customer trade receivables taking into account payment history and aging of the trade receivables to monitor collectability. In accordance with IFRS 9, Financial Instruments, the Company reviews impairment of its trade and other receivables at each reporting period and its allowance for expected future credit losses. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends, and other information. Monitoring procedures are in place to ensure that follow up action is taken to recover overdue amounts. The Company reviews receivables on a regular basis to ensure that an adequate loss allowance is made. Provisions recorded by the Company are reviewed regularly to determine if any balances should be written off. The allowance for doubtful accounts could materially change as a result of fluctuations in the financial position of the Company's customers. The Company completes a detailed review of its historical credit losses as part of its impairment assessment.

### Foreign Exchange Rate Risk

The Company is exposed to foreign exchange rate risk primarily through the purchase of certain US dollar denominated expenses, where the Company typically converts Canadian dollars to US dollars at a spot rate. At this time, there are typically minimal US dollar requirements in the day-to-day business.

## 28. Segmented Reporting

During the third quarter, the Company revised its reportable segments in accordance with IFRS 8 – Operating Segments. The Company believes the fertilizer and corporate segments provide the most relevant information for users to evaluate the nature and financial effects of the business activities and the economic environment in which the Company operates. Under these new segments the Company tracks revenues, expenses, and profitability metrics for which the Company’s chief operating decision maker evaluates performance and allocates resources. Prior period balances conform to current period presentation.

<b>3 Months September 30, 2022</b>	<b>Fertilizer</b>	<b>Corporate</b>	<b>Elim</b>	<b>Total</b>
Revenue	2,722,955	-	-	2,722,955
Direct costs	2,330,935	-	-	2,330,935
<b>Gross profit</b>	<b>392,020</b>	-	-	<b>392,020</b>
Depreciation	446,403	47,504	-	493,907
Selling, general and admin	1,017,277	483,863	-	1,501,140
<b>Operating expense</b>	<b>1,463,680</b>	<b>531,367</b>	-	<b>1,995,047</b>
<b>Operating income (loss)</b>	<b>(1,071,660)</b>	<b>(531,367)</b>	-	<b>(1,603,027)</b>
Non-op (income) expense	(121,723)	95,669	-	(26,054)
<b>Income (loss) before tax</b>	<b>(949,937)</b>	<b>(627,036)</b>	-	<b>(1,576,973)</b>

<b>9 Months September 30, 2022</b>	<b>Fertilizer</b>	<b>Corporate</b>	<b>Elim</b>	<b>Total</b>
Revenue	12,645,863	-	-	12,645,863
Direct costs	11,225,548	-	-	11,225,548
<b>Gross profit</b>	<b>1,420,315</b>	-	-	<b>1,420,315</b>
Depreciation	1,213,962	191,868	-	1,405,830
Selling, general and admin	2,064,954	1,423,397	-	3,488,351
<b>Operating expense</b>	<b>3,278,916</b>	<b>1,615,265</b>	-	<b>4,894,181</b>
<b>Operating income (loss)</b>	<b>(1,858,601)</b>	<b>(1,615,265)</b>	-	<b>(3,473,866)</b>
Non-op (income) expense	78,270	914,842	-	993,112
<b>Income (loss) before tax</b>	<b>(1,936,871)</b>	<b>(2,530,107)</b>	-	<b>(4,466,978)</b>

<b>3 Months September 30, 2021</b>	<b>Fertilizer</b>	<b>Corporate</b>	<b>Elim</b>	<b>Total</b>
Revenue	2,283,957	-	-	2,283,957
Direct costs	1,972,338	-	-	1,972,338
<b>Gross profit</b>	<b>311,619</b>	-	-	<b>311,619</b>
Depreciation	339,607	72,181	-	411,788
Selling, general and admin	359,318	1,387,279	-	1,746,597
<b>Operating expense</b>	<b>698,925</b>	<b>1,459,460</b>	-	<b>2,158,385</b>
<b>Operating income (loss)</b>	<b>(387,306)</b>	<b>(1,459,460)</b>	-	<b>(1,846,766)</b>
Non-op (income) expense	61,075	509,421	-	570,496
<b>Income (loss) before tax</b>	<b>(448,381)</b>	<b>(1,968,881)</b>	-	<b>(2,417,262)</b>

EARTHRENEW INC.  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE 3 AND 9 MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (EXCEPT WHERE OTHERWISE NOTED)

<b>9 Months September 30, 2021</b>	<b>Fertilizer</b>	<b>Corporate</b>	<b>Elim</b>	<b>Total</b>
Revenue	3,695,364	-	-	3,695,364
Direct costs	3,045,033	-	-	3,045,033
<b>Gross profit</b>	<b>650,331</b>	-	-	<b>650,331</b>
Depreciation	566,717	216,545	-	783,262
Selling, general and admin	671,821	3,176,065	-	3,847,886
<b>Operating expense</b>	<b>1,238,538</b>	<b>3,392,610</b>	-	<b>4,631,148</b>
<b>Operating income (loss)</b>	<b>(588,207)</b>	<b>(3,392,610)</b>	-	<b>(3,980,817)</b>
Non-op (income) expense	99,156	190,330	-	289,486
<b>Income (loss) before tax</b>	<b>(687,363)</b>	<b>(3,582,940)</b>	-	<b>(4,270,303)</b>

**Assets and Liabilities**

<b>September 30, 2022</b>	<b>Fertilizer</b>	<b>Corporate</b>	<b>Elim</b>	<b>Total</b>
Current assets	18,446,387	13,164,765	(9,087,087)	22,524,065
Property, plant, and equipment	5,672,493	3,695,636	-	9,368,129
Intangibles	10,054,392	-	-	10,054,392
Investments	-	9,294,653	(9,294,653)	-
Goodwill	1,722,983	-	-	1,722,983
<b>Total assets</b>	<b>35,896,255</b>	<b>26,155,054</b>	<b>(18,381,740)</b>	<b>43,669,569</b>
Current liabilities	23,230,165	1,904,476	(9,087,087)	16,047,554
Long-term debt and leases	3,139,048	339,166	-	3,478,214
Contingent consideration	-	4,278,728	-	4,278,728
Deferred tax liability	1,606,087	-	-	1,606,087
<b>Total liabilities</b>	<b>27,975,300</b>	<b>6,522,370</b>	<b>(9,087,087)</b>	<b>25,410,583</b>
<b>Total shareholders' equity</b>	<b>7,920,955</b>	<b>19,632,684</b>	<b>(9,294,653)</b>	<b>18,258,986</b>
<b>Total liabilities and shareholders' equity</b>	<b>35,896,255</b>	<b>26,155,054</b>	<b>(18,381,740)</b>	<b>43,669,569</b>

<b>December 31, 2021</b>	<b>Fertilizer</b>	<b>Corporate</b>	<b>Elim</b>	<b>Total</b>
Current assets	5,331,513	3,597,544	(3,594,038)	5,335,019
Property, plant, and equipment	4,945,875	3,845,047	-	8,790,922
Intangibles	10,943,067	-	-	10,943,067
Investments	-	9,294,653	(9,294,653)	-
Goodwill	1,722,983	-	-	1,722,983
<b>Total assets</b>	<b>22,943,438</b>	<b>16,737,244</b>	<b>(12,888,691)</b>	<b>26,791,991</b>
Current liabilities	8,833,977	2,487,657	(3,594,038)	7,727,596
Long-term debt and leases	2,690,802	306,649	-	2,997,451
Contingent consideration	-	3,184,645	-	3,184,645
Deferred tax liability	2,346,000	-	-	2,346,000
<b>Total liabilities</b>	<b>13,870,779</b>	<b>5,978,951</b>	<b>(3,594,038)</b>	<b>16,255,692</b>
<b>Total shareholders' equity</b>	<b>9,072,659</b>	<b>10,758,293</b>	<b>(9,294,653)</b>	<b>10,536,299</b>
<b>Total liabilities and shareholders' equity</b>	<b>22,943,438</b>	<b>16,737,244</b>	<b>(12,888,691)</b>	<b>26,791,991</b>