



Consolidated Financial Statements

For the year ended December 31, 2025 and 2024

DAVIDSON

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
EverGen Infrastructure Corp.

Opinion

We have audited the accompanying consolidated financial statements of EverGen Infrastructure Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of net loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation/Impairment of Intangible Assets and Goodwill

As described in Notes 9 and 10 to the consolidated financial statements, the carrying amount of the Company's Goodwill was \$6.65 million and the carrying amount of the Company's Intangible assets was \$16.93 million as of December 31, 2025. As more fully described in Note 3 to the consolidated financial statements, the Company determines whether an impairment indicator is identified, and if so, management tests for impairment. The Company determined there was an indicator of impairment.

The test for impairment of Goodwill and Intangible Assets, necessitates the determination of the recoverable amount of the combined components of the cash-generating units (“CGUs”). Goodwill is tested for impairment at least annually, or more frequently if an event occurs or circumstances arise that would indicate that the recoverable amount of a reporting unit was below its carrying value. An impairment loss is recognized if the carrying value amount of a CGU to which the goodwill relates exceeds its recoverable amount. The carrying value as at December 31, 2025 did not exceed the recoverable amount, and as a result, no impairment loss was recorded for the year then ended.

The principal considerations for our determination that the assessment of impairment of Goodwill and Intangible Assets is a key audit matter are potential variances between management’s assumptions and estimations, and market conditions, which could have a material effect on the Company’s future financial position and results of operations. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures to evaluate audit evidence relating to the estimates made by management in their assessment of the impairment test.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures include, among others:

- Evaluated how management determined the recoverable amount of the CGUs, which included the testing of the appropriateness of the method used and the mathematical accuracy of the discounted cash flow models.
- Tested the reasonableness of the assumptions and estimates related to uncontracted and contracted cash flows, increases in production levels following capital expenditure costs estimated by management in the discounted cash flow models by comparing them to the budget, historical actuals, management’s strategic plans, and available third-party data where applicable.
- Tested the completeness and accuracy of underlying data and significant assumptions and estimates included in the discounted cash flows model and evaluated the consistency with external market and industry data where applicable.
- Professionals with adequate experience in valuations assisted the audit team in testing and supporting the reasonableness of the discount rates and other inputs applied by management in the discounted cash flow models.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management’s Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

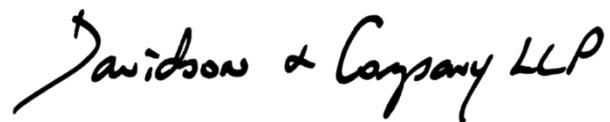
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of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

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

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

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

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

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants

Vancouver, Canada

April 29, 2026

EverGen Infrastructure Corp.

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All amounts in Canadian \$000s, unless otherwise indicated

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at December 31	Notes	2025	2024
Current assets			
Cash and cash equivalents		1,460	414
Restricted cash	4	750	-
Accounts receivable	5	2,866	4,586
Assets held for sale	6	502	3,187
Other assets and prepaid expenses	7	1,819	444
		7,397	8,631
Property, plant and equipment	8	43,392	42,533
Intangible assets	9	16,934	18,780
Goodwill	10	6,654	6,654
Equity-accounted investment	11	686	902
Other assets		400	200
Total assets		75,463	77,700
Current liabilities			
Accounts payable and accrued liabilities		4,107	6,018
Loans payable	12	1,785	1,745
Loans payable – related parties	24	1,000	-
Lease liabilities and financial liability – sale and leaseback	13, 14	966	1,016
Contingent consideration	15	394	802
		8,252	9,581
Loans payable	12	14,306	15,937
Loans payable – related parties	24	-	1,000
Lease liabilities	13	6,066	6,933
Financial liability – sale and leaseback	14	2,616	-
Other long-term liabilities		376	376
Deferred tax	21	621	1,872
Total liabilities		32,237	35,699
Shareholders' equity			
Share capital	16a	67,273	62,165
Contributed surplus	16c	7,173	6,364
Accumulated deficit		(33,623)	(29,095)
Non-controlling interest		2,403	2,567
Total shareholders' equity		43,226	42,001
Total liabilities and shareholders' equity		75,463	77,700

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

Basis of presentation and liquidity risk 2c

Commitments 8,23

Subsequent events 27

On behalf of the board of directors:

Signed: "Chase Edgelow"

Chase Edgelow, Director

Signed: "Varun Anand"

Varun Anand, Director

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CONSOLIDATED STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS

(Thousands of Canadian Dollars and shares, except per share amounts)

For the year ended December 31	Notes	2025	2024
Revenue	17	11,747	14,226
Direct operating costs	8, 9, 18	(10,487)	(13,232)
General and administrative expenses	16c, 19	(4,998)	(4,532)
Finance costs	20	(1,891)	(2,623)
Equity-accounted loss	11	(216)	(606)
Contingent consideration gain	15	-	698
Impairment losses	2, 9, 10	-	(12,265)
Loss on write-down of assets	6	(146)	(1,075)
Loss on sale of asset		(160)	(194)
Other income – net		167	289
Net loss before income tax recovery		(5,984)	(19,314)
Income tax recovery	21		
Current		-	-
Deferred		1,118	2,226
Net loss and comprehensive loss		(4,866)	(17,088)
Non-controlling interest in net loss and comprehensive loss		337	360
Net loss and comprehensive loss attributable to shareholders		(4,529)	(16,728)
Loss per share attributable to shareholders – basic and diluted		(\$0.24)	(\$1.20)
Weighted average number of common shares outstanding – basic and diluted	22	19,186	13,963

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

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CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Thousands of Canadian Dollars and shares)

	Notes	Share capital #	Share capital \$	Contributed surplus \$	Accumulated deficit \$	Non-controlling interest \$	Total \$
Balance, December 31, 2023		13,897	61,763	5,926	(12,367)	2,257	57,579
Net loss for the year		-	-	-	(16,728)	(360)	(17,088)
Share-based payment expense	16c,19	-	-	742	-	-	742
Conversion of loans payable – related parties to equity	24	-	-	-	-	670	670
Common shares issued upon vesting of RSUs and other	16c	124	402	(304)	-	-	98
Balance, December 31, 2024		14,021	62,165	6,364	(29,095)	2,567	42,001
Net loss for the year		-	-	-	(4,529)	(337)	(4,866)
Share-based payment expense	16c,19	-	-	993	-	-	993
Contributions from non-controlling interest in subsidiaries		-	-	-	-	172	172
Common shares issued upon private placement	24	8,333	5,000	-	-	-	5,000
Share issue costs, net of tax		-	(102)	-	-	-	(102)
Common shares issued upon vesting of RSUs and other	16c	73	210	(184)	1	1	28
Balance, December 31, 2025		22,427	67,273	7,173	(33,623)	2,403	43,226

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

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CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended December 31	Notes	2025	2024
Operating activities			
Net loss		(4,866)	(17,088)
Adjustments for:			
Depreciation and amortization	8,9	4,435	4,857
Loss on sale of property, plant and equipment	8	160	194
Loss on write-down of assets	6,8	146	1,075
Impairment losses	2, 9, 10	-	12,265
Share-based payment expense	16c	993	742
Finance costs	20	1,891	2,623
Equity-accounted loss	11	216	606
Contingent consideration gain	15	-	(698)
Deferred income tax recovery	21	(1,118)	(2,226)
Changes in non-cash working capital	25	(2,783)	1,714
Net cash flow (used in) from operating activities		(926)	4,064
Investing activities			
Expenditures on property, plant and equipment	8	(2,363)	(3,653)
Contingent consideration payment	15	(408)	-
Proceeds from government grants	5	3,120	-
Funding advanced to equity-accounted investment	11	(798)	-
Loan repayment from equity-accounted investment	11	-	500
Investment in equity-accounted investment	11	-	(500)
Proceeds from disposition of property, plant and equipment		68	-
Net cash flow used in investing activities		(381)	(3,653)
Financing activities			
Advances of loans payable	12	-	3,270
Repayment of loans payable	12	(1,630)	(394)
Interest paid on loans payable	20	(964)	(1,505)
Interest paid on loans payable – related parties	15,24	-	(46)
Payment of lease liabilities	13	(1,147)	(1,157)
Interest paid on lease liabilities	20	(603)	(655)
Proceeds from sale lease back transaction	14	2,620	-
Proceeds from private placement	16	5,000	-
Share issuance costs		(140)	-
Capital provided by non-controlling interest in subsidiaries		172	-
Changes in restricted cash	4	(750)	-
Financing costs related to loans payable		(71)	-
Other		(134)	(94)
Net cash flow (used in) from financing activities		2,353	(582)
Net change in cash and cash equivalents		1,046	(171)
Cash and cash equivalents at beginning of year		414	585
Cash and cash equivalents at end of year		1,460	414

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

Supplementary cash flow information note 25

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF BUSINESS

As at December 31, 2025, EverGen Infrastructure Corp. (“EverGen” or the “Company”) operated two organic waste management facilities and two renewable natural gas (“RNG”) facilities. During 2025, EverGen closed one of its organic waste management facilities located in the City of Regina.

EverGen was incorporated under the British Columbia Business Corporations Act on May 13, 2020, and trades on the TSX Venture Exchange under the symbol “EVGN” and the Over-The-Counter exchange (“OTCQB”) under the symbol “EVGIF”.

The Company’s principal place of business is located at 305 – 1110 Hamilton Street, Vancouver, British Columbia and its registered office is located at 1200 Waterfront Centre, 200 Burrard Street Vancouver, British Columbia.

2. BASIS OF PREPARATION AND LIQUIDITY RISK

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”).

The policies applied in these consolidated financial statements are based on IFRS Accounting Standards issued, effective and outstanding as of December 31, 2025 and the accounting policies in note 3 have been applied consistently to all years presented in these consolidated financial statements.

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on April 29, 2026.

b) Basis of measurement, functional and presentation currency

These consolidated financial statements have been prepared under the assumption that the Company, and its subsidiaries operates on a going concern basis and have been presented in Canadian dollars, which is also the Company and its subsidiaries’ functional currency.

c) Liquidity risk

As at December 31, 2025, the Company had a working capital deficit of \$855. Subsequent to year end and prior to the authorization of these financial statements, the Company completed financing transactions to strengthen its liquidity position. In January 2026, the Company announced the closing of its previously announced \$13,000 asset-level debt facility through its wholly owned subsidiary Fraser Valley Biogas Ltd. (“FVB”), repaid the majority of the Company’s senior term loan, and closed the second tranche of its previously announced non-brokered private placement for gross proceeds of approximately \$1,900. The proceeds from the private placement were used to repay certain indebtedness outstanding and for working capital and general corporate purposes.

In addition, in the first quarter of 2026, the Company received \$700 of the grant funding accrued for as at December 31, 2025, related to the development of the RNG expansion projects at Pacific Coast Renewables (“PCR”) (see notes 5 and 8).

Based on the Company’s liquidity position as at December 31, 2025, the completion of the above financing transactions, the receipt of grant funding, and expected cash flows from operations, management has concluded that the Company has sufficient liquidity to meet its obligations as they become due for at least the next twelve months from December 31, 2025. Accordingly, no material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern.

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All amounts in Canadian \$000s, unless otherwise indicated

d) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. Subsidiaries are entities which the Company has exposure to, or has rights to, variable returns from its involvement with the entity and has the ability to use power over the investee to affect its returns. The accounts of the Company's subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intercompany balances, transactions, revenues and expenses are eliminated in full in these consolidated financial statements and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

e) Subsidiaries

Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtained control, and continue to be consolidated until the date when control is lost. The following provides information about the Company's wholly owned consolidated subsidiaries as at December 31, 2025:

Name of subsidiary	Jurisdiction	Ownership percentage
Pacific Coast Renewables Corp.	British Columbia, Canada	100%
Sea to Sky Soils and Composting Inc.	British Columbia, Canada	100%
Fraser Valley Biogas Ltd.	British Columbia, Canada	100%
Prairie Sky Organics Ltd.	Saskatchewan, Canada	100%
1000208169 Ontario Inc.	Ontario, Canada	100%
Grow the Energy Circle Ltd.	Alberta, Canada	67%

The Company has determined that Grow the Energy Circle Ltd. ("GrowTEC") is a non-wholly owned subsidiary of the Company based on its assessment of control. For non-wholly owned subsidiaries, control is achieved when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

f) Joint Ventures

The Company accounts for its interests in jointly controlled entities using the equity method (note 11). The investment is initially recognized at cost and subsequent to initial recognition, the carrying value of the Company's interest in a joint venture is adjusted for the Company's share of comprehensive loss and equity transactions of the investee. Profit and losses resulting from transactions with a joint venture are recognized in the consolidated financial statements based on the interests of unrelated investors in the investee. The carrying value of joint ventures is assessed for impairment at each reporting date. Impairment losses on equity-accounted investments may be subsequently reversed in net loss.

g) New standards, interpretations and amendments adopted by the Company

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after January 1, 2025. The Company has reviewed these updates and determined that many of these updates are not applicable or consequential to the Company and have been excluded from discussion within these material accounting policies.

Standards issued but not yet effective

The Company has elected to not early adopt standards, interpretations or amendments that have been issued but are not yet effective. The new and amended standards and interpretations that have been issued, but are not yet effective, up to the date of issuance of the Company's consolidated financial statements are disclosed below. If applicable, the Company intends to adopt when they become effective.

IFRS 18: Presentation and Disclosure in Financial Statements. In April 2024, the IASB issued amendments to IAS 1, "Presentation of Financial Statements" to specify the requirements for reporting and disclosures.

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The amendments clarify: categories for income and expenses; and requirement to disclose performance measures in the notes to financial statements.

The amendments are effective for annual reporting periods beginning on or after January 1, 2027. The company is currently evaluating the impact of adopting IFRS 18 on the consolidated financial statements.

IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments. In May 2024, the IASB issued amendments to IFRS 9, "Financial Instruments," and IFRS 7, "Financial Instruments: Disclosures." The amendments clarify the classification and measurement of financial assets, including the assessment of the "solely payments of principal and interest" condition, and introduce related disclosure requirements under IFRS 7.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026. The Company has reviewed these amendments and determined that they are not expected to have a material impact on the consolidated financial statements.

h) Critical accounting judgements

Impairment

At each reporting period, management applies judgment in assessing whether there are any indicators of impairment relating to property and equipment, intangible assets, goodwill and equity-accounted investments. Goodwill is tested for impairment at least annually (note 10). If any such indicator exists, then an impairment test is performed by management to determine whether carrying amounts exceed recoverable values. Such indicators include but are not limited to changes in the Company's business plans, economic performance of the assets, changes in activity levels, an increase in the discount rate or evidence of physical damage or obsolescence.

As part of the Company's annual goodwill test, management assessed that an impairment indicator existed relating to the market capitalization of the Company, and performed a qualitative and quantitative test for impairment. The Company concluded that there was no impairment relating to goodwill, intangibles, property, plant and equipment and equity-accounted investments.

i) Estimation uncertainty

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which estimates are revised and for any future years affected.

Critical estimates made by management and utilized in the normal course of preparing the Company's consolidated financial statements are outlined below.

Impairment

The recoverable amounts of each cash-generating unit ("CGU") is the higher of its fair value less cost of disposal ("FVLCD") and its value in use. The FVLCD calculation is based on the discounted cash flow model. Significant assumptions used by management in the discounted cash flow model include contracted cash flows, estimates of uncontracted cash flows, increases in production levels following capital expenditure, capital expenditure cost and discount rates for each CGU. Assumptions on uncontracted cash flows are based on several variables, such as comparing the specifications on a particular CGU with actual results of other CGUs and assumptions on rates to be achieved from external sources.

All impairment assessment calculations demand a high degree of estimation uncertainty. Management makes complex assessments of the expected cash flows arising from such assets and the selection of discount rates. Changes to these estimates could have a significant impact on the carrying value of CGUs.

Depreciation and amortization

The cost of the Company's property, plant and equipment are depreciated on a straight-line basis over each asset's estimated useful life to an estimated residual value. The estimated useful life of the Company's property, plant and equipment including individual components, takes into account design life, commercial considerations and regulatory restrictions. These estimates may change as more knowledge is obtained or as general market conditions change, or as technological advancements are made. The determination of the components, if any, of an asset and the estimated useful life of such asset or components involves judgment. The cost of the Company's intangible assets are amortized on a straight-line basis over their estimated useful lives.

Going concern

The Company's assessment of its ability to continue operating on a going concern basis requires judgment and the estimation of the probability in obtaining additional sources of financing and, or the continuing cooperation of existing creditors, to meet its obligations and commitments and minimum liquidity requirements under its financial covenants.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently by EverGen for all periods presented in these financial statements.

a) Revenue recognition

The Company generates revenue primarily from fees charged to customers upon receipt of organic waste at the Company's organic waste facilities, the sale of RNG, the sale of electricity, the sale of organic compost and soil, the sale of carbon credits, and management fee services rendered. Revenues are influenced by various factors such as the type and weight or volume of waste materials disposed of at the Company's facilities and the volumes of RNG and electricity produced.

Revenue is recognized in profit or loss in accordance with the pattern of the Company satisfying its performance obligations under a contract with the customer. This occurs when control of a good is transferred, or service provided, to the customer, the customer has obtained the significant risks and rewards of ownership and the goods or service have been delivered to the customer. The Company's revenue transactions do not contain significant financing components and payments are typically due within 30 days of recognizing revenue. The Company does not have contracts where the period between the transfer of the promised goods or services to the customer and payments by the customer exceeds one year.

The transaction price represents the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer. Recognition of revenue from fees charged upon receipt of organic waste, and the sale of RNG, electricity and carbon credits occur based on individual contractual terms and when indicators of the transfer of control exist, which is generally satisfied when the services are completed, or goods are transferred, in accordance with the performance obligations under a contract at a point in time. This occurs when control of a good is transferred, or service provided, to the customer as follows:

- i. Revenue from the sale of organic compost and soil is recognized when transfer of control exists, primarily at the transfer of finished goods inventory to the customer.
- ii. Revenue from fees charged to customers upon the receipt of organic waste is recognized when transfer of control exists, primarily at the point of transfer of organic waste from the customer to the Company.

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- iii. Revenue from the sale of RNG and electricity is recognized when transfer of control exists, primarily at the transfer of the good to the customer, which is generally when the good leaves the Company's premise or when the good is provided to the customer at a contracted delivery point.
- iv. Revenue from the sale of carbon credits is recognized when transfer of control exists, primarily at the transfer of the carbon credits to the customer, which is generally when the carbon credits are sold by a third party to the end customer.
- v. Revenue from the rendering of management fee services is recognized following completion of agreed upon services, based on a fixed annual amount.

b) Direct operating costs

Direct operating costs are costs incurred to earn revenue and includes all attributable expenses, including but not limited to labour, fuel charges, disposal costs, freight costs, hauling costs, the preparation and the processing of screening, blending and curing organic waste for conversion into saleable organic compost and soil, repairs and maintenance, equipment rental, insurance, utilities, licenses, permits and depreciation and amortization expenses.

c) General and administrative expenses

General and administrative expenses include head office personnel costs, share-based payment expense, professional fees, which includes fees for consulting, legal, audit and tax services; and other general and administrative expenses.

d) Insurance proceeds

Insurance proceeds are recognized when it is virtually certain that an inflow of economic benefits will arise.

e) Property, plant and equipment classified as held for sale

The Company classifies assets as held for sale when management has committed to a plan to sell the asset and expects the sale to close within the next 12 months. Upon classifying an asset as held for sale, the asset is recorded at the lower of its carrying amount or its estimated fair value, net of selling costs. Gains or losses related to the expected sale of these assets are not recognized until the transaction closes. Once an asset is classified as held for sale, depreciation expense is no longer recorded.

f) Property, plant and equipment

Recognition and measurement:

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset, including the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets. Assets under construction are transferred to property, plant and equipment once the item is available for its intended use.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and are recognized net within other income.

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Depreciation:

Depreciation on property, plant and equipment is calculated on a straight-line basis over its expected useful life to its estimated residual value. The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

Asset class	
Buildings and leasehold improvements	15 – 20 years
Equipment, vehicles and other	5 – 25 years
Right-of-use assets	2 – 20 years
Assets under construction ⁽¹⁾	N/A

1) Depreciation of an asset commences when it is available for use.

Depreciation methods, expected useful lives and estimated residual values are reviewed at each financial year end, with the effect of any changes recognized on a prospective basis.

g) Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. The Company recognizes a right-of-use asset and corresponding lease liability at the lease commencement date for contracts that are, or contain, a lease component, except for short-term leases and leases of low value.

The right-of-use assets are initially measured at cost, which includes the initial amount of the lease liability plus initial direct costs incurred by the lessee. Adjustments may also be required for lease incentives, payments at or prior to commencement and restoration obligations. Subsequently, the right-of-use assets are measured at cost less accumulated depreciation and impairment losses, if any. The right-of-use assets are depreciated on a straight-line basis over the lease term or the end of the useful life of the underlying asset, depending on the lease terms.

The lease liabilities are initially measured at the present value of the expected lease payments over the lease term, discounted at the rate implicit in the lease, or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability, when applicable, may comprise fixed payments, variable payments that depend on an index or rate, amounts expected to be payable under a residual value guarantee and the exercise price under a purchase, extension or termination option that the Company is reasonably certain to exercise. The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is remeasured when there are changes in the following: i) the lease term; ii) the Company's assessment of whether it will exercise a purchase option; iii) a change in an index or a change in the rate used to determine the payments; and iv) amounts expected to be payable under residual value guarantees.

Lease payments are allocated between the liability and finance costs. The finance cost is charged to net loss over the lease term.

Leases that have a term of less than twelve months or leases on which the underlying asset is of low value are recognized as an expense in net loss over the lease term.

h) Intangible assets

Intangible assets are measured at cost less accumulated amortization and impairment losses, if any. Cost includes the purchase price to acquire an asset or costs directly attributable to the internal generation of an asset.

Intangible assets acquired as part of a business combination are capitalized separately from goodwill if the asset is separable or arises from contractual or legal rights, and the fair value can be measured reliably on initial recognition. Expenditures on research activities undertaken with the prospect of gaining technical knowledge are expensed as incurred.

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Intangible assets are amortized on a straight-line basis over their estimated useful lives. Intangible assets with an indefinite useful life are not amortized. The following useful lives are utilized for each determining amortization:

Asset class	
Brands	20 years
Customer contracts and stakeholder relationships	2 – 25 years

i) Impairment

At each reporting date the Company assesses whether there is any indication that assets or CGUs, relating specifically to its property, plant and equipment, intangible assets, goodwill and equity-accounted investments, are impaired. This assessment includes a review of internal and external factors which includes, but is not limited to, changes in the technological, political, economic or legal environments in which the Company operates, structural changes in the industry, changes in the level of demand, physical damage and obsolescence due to technological changes.

An impairment is recognized if the recoverable amount, determined as the higher of the estimated FVLCD or the value in use, is less than the carrying value of the asset or CGU. In cases where an active second-hand sale and purchase market does not exist, the Company uses a discounted cash flow approach to estimate the FVLCD of its assets. The value in use is the present value of the future cash flows that the Company expects to derive from the asset or CGU. The projections of future cash flows take into account the relevant operating plans and management's best estimate of the most probable set of conditions anticipated to prevail.

If the recoverable amount is less than the carrying value, an impairment loss is recognized immediately in the consolidated statements of net loss and comprehensive loss.

Impairment losses, other than goodwill, recognized in prior periods are assessed at each reporting date for any indicators that the impairment losses may no longer exist or may have decreased. In the event that an impairment loss reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the carrying amount does not exceed the amount that would have been determined had no impairment loss been recognized on the asset in prior periods. The amount of the reversal is recognized in the consolidated statements of net loss and comprehensive loss.

Goodwill is evaluated for impairment on an annual basis or more frequently if an event occurs or circumstances change that would indicate that the recoverable amount of a reporting unit was below its carrying value. Impairment is determined for goodwill by assessing if the carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated FVLCD or the value in use. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU. Any goodwill impairment is charged to impairment expense on the consolidated statements of net loss and comprehensive loss in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed.

j) Goodwill

Goodwill represents the excess of the price paid for the acquisition of a business over the fair value of the net tangible and intangible assets and liabilities acquired. Goodwill is allocated to the CGU or CGUs to which it relates.

k) Income taxes

Income tax comprises current and deferred tax.

Current income assets and liabilities are measured at the amount expected to be paid to tax authorities, net of recoveries, based on the tax rates and laws enacted or substantively enacted at the reporting date.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that deductions, tax credits and tax losses can be utilized and are measured using enacted, or substantively enacted, tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities, of a change in tax rates, is included in profit or loss in the period that includes the substantive enactment date. The carrying amount of deferred income tax assets are reviewed at each reporting date and reduced to the extent it is no longer probable that the income tax asset will be realized.

Deferred income tax liabilities are provided for using the liability method on temporary differences between the tax bases used in the computation of taxable income and carrying amounts of assets and liabilities in the consolidated financial statements.

l) Equity-settled share-based payments

EverGen has equity-settled incentive programs for the granting of additional shares. EverGen follows the fair value method of valuing share-based compensation instruments. Under this method, compensation cost is measured at the fair value of the date of grant and expensed over the vesting period with a corresponding increase to contributed surplus. Upon the exercise of an instrument, consideration paid together with the amount previously recognized in contributed surplus is recorded as an increase to share capital. The fair value of each tranche within an award is measured at the date of the grant using the Black-Scholes option pricing model.

m) Loss per share

Basic loss per share is calculated by dividing the net loss attributable to common shareholders by the weighted average number of common shares outstanding during the period.

Diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. As the Company has recorded a loss in all periods presented in these consolidated financial statements, the effect of outstanding options, restricted share units (or "RSUs") and deferred share units (or "DSUs") has not been included in the diluted loss per share calculation, as their effect would be anti-dilutive.

n) Financial instruments

Recognition and measurement:

The Company's financial assets consist of cash and cash equivalents, restricted cash and accounts receivable. The Company's financial liabilities consist of accounts payable and accrued liabilities, contingent consideration, lease liabilities, loans payable, and loans payable – related parties.

The classification of financial assets depends on the specific business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

At initial recognition, the Company measures a financial asset or liability at its fair value plus, in the case of a financial asset not at fair value through profit or loss (or "FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset.

Financial assets are measured at amortized cost dependent on their contractual cash flow characteristics and the business model for which they are held. Financial assets classified as amortized cost are recorded initially at fair value, then subsequently measured at amortized cost using the effective interest rate method, less any impairment.

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The table below summarizes the Company's classification and measurement of financial assets and liabilities:

	Measurement Category	Consolidated Statement of Financial Position Account
Financial assets:		
Cash and cash equivalents	Amortized Cost	Cash and cash equivalents
Restricted cash	Amortized Cost	Restricted cash
Accounts receivable	Amortized Cost	Accounts receivable
Financial liabilities:		
Accounts payable and accrued liabilities	Amortized Cost	Accounts payable and accrued liabilities
Contingent consideration	FVTPL	Contingent consideration
Lease liabilities	Amortized Cost	Lease liabilities
Financial liability – sale and leaseback	Amortized Cost	Financial liability – sale and leaseback
Loans	Amortized Cost	Loans payable and Loans payable – related parties

Impairment

An expected credit loss ("ECL") model applies to the Company's financial assets measured at amortized cost. The Company's financial assets measured at amortized cost and subject to the ECL model consist primarily of trade receivables. In applying the ECL model, loss allowances on trade receivables are measured based on lifetime ECLs, which are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company has elected to measure loss allowances for trade receivables using a provision matrix which specifies fixed provision rates depending on the number of days that a trade receivable is past due, using reference to the past default experience of the debtor and an analysis of the debtors current financial position, which also forms a basis for the Company's future expectations for potential defaults of the debtor. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

o) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value measurement is disaggregated into three hierarchical levels: Level 1, 2 or 3. Fair value hierarchical levels are based on the degree to which the inputs to the fair value measurement are observable. The levels are as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date;

Level 2: 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), through correlation with market data at the measurement date and for the duration of the asset or liability's anticipated life; and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs) and reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs in determining the estimate.

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4. RESTRICTED CASH

Restricted cash as at December 31, 2025, represents cash pledged as security for the Company's senior term loan.

5. ACCOUNTS RECEIVABLE

At December 31	2025	2024
Trade receivables	1,678	2,035
Grant receivable ⁽¹⁾	995	2,472
Other	193	79
	2,866	4,586

⁽¹⁾ Relates to amounts receivable to support the development of the RNG expansion project at GrowTEC and Pacific Coast Renewables Corp.

6. PROPERTY, PLANT AND EQUIPMENT CLASSIFIED AS HELD FOR SALE

As at December 31, 2025 certain items of property, plant and equipment were classified as held for sale as a result of their expected sale within one year from December 31, 2025.

	Segment	2025	2024
Balance, beginning of year		3,187	650
<i>Additions:</i>			
Land	RNG	-	2,620
Equipment, vehicles and other	Organics waste and composting	121	37
Right-of-use asset ⁽²⁾	Organics waste and composting	-	502
Assets under construction ⁽³⁾	Organics waste and composting	-	-
<i>Loss on write-down</i> ⁽²⁾	Organics waste and composting	(98)	-
<i>Transfer to property, plant and equipment:</i>			
Land ⁽¹⁾	RNG	(2,620)	-
<i>Disposal:</i>			
Equipment, vehicles and other	Organics waste and composting	(88)	(70)
<i>Reclassification:</i>			
Assets under construction ⁽³⁾	Organics waste and composting	-	(552)
Balance, end of the year		502	3,187

⁽¹⁾ Relates to the sale and leaseback of land owned at Fraser Valley Biogas, which the company completed in March 2025. See notes 8 and 14.

⁽²⁾ Relates to an items of machinery purchased for organic compost processing at Sea to Sky Soils Composting Inc. which the Company does not require for current operations, that is expected to be disposed of in the coming 12 months. During the year ended December 31, 2025, the Company recognized an impairment loss of \$98 due to a longer than anticipated timeline to dispose of the asset. Management remains committed to completing the sale within 12 months of the balance sheet date.

⁽³⁾ Relates to an item of equipment purchased for the RNG construction project at Pacific Coast Renewables Corp. which, as at December 31, 2023, was no longer required and a sale of such equipment had been probable throughout 2024. Following reassessment of a potential sale, management no longer deemed the sale of the equipment to be probable in the 12 months following December 31, 2024, and thus was reclassified to property, plant and equipment at year-end.

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7. OTHER ASSETS AND PREPAIDS

At December 31	2025	2024
Loan receivable from equity-accounted investment ⁽¹⁾	798	-
Prepays	204	148
Other ⁽²⁾	817	296
	1,819	444

⁽¹⁾ Represents a loan advanced to the Company's equity-accounted investment (see note 11).

⁽²⁾ Includes but not limited to purchase prepayment amounts related to an equipment transaction and deferred financing costs associated with the asset-level term loan, both of which were finalized subsequent to year-end.

8. PROPERTY, PLANT AND EQUIPMENT

Cost	Land	Buildings and leasehold improvements	Equipment, vehicles and other	Right-of-use assets	Assets under construction	Total
At December 31, 2023	3,238	8,253	25,552	9,244	5,520	51,807
Additions:						
RNG production	-	-	1,239	615	80	1,934
Organic waste and composting	-	-	247	288	629	1,164
Corporate and other	-	-	9	-	-	9
Transfer to assets in use	-	-	-	508	(508)	-
Transfer to assets held for sale	(3,238)	-	(48)	(693)	(15)	(3,994)
Transfer from assets held for sale	-	-	-	-	552	552
Transfer to leasehold improvements	-	1,390	-	-	(1,390)	-
Loss on write-down of assets ⁽¹⁾	-	-	-	-	(344)	(344)
Disposals	-	-	(630)	-	-	(630)
Other	-	-	(431)	(141)	(1,411)	(1,983)
At December 31, 2024	-	9,643	25,938	9,821	3,113	48,515
Additions:						
RNG production	-	-	227	-	238	465
Organic waste and composting	-	12	25	-	1,330	1,367
Corporate and other	-	-	8	57	-	65
Transfer to assets in use ⁽³⁾	2,620	-	-	-	-	2,620
Transfer to assets held for sale (note 6)	-	-	(52)	-	-	(52)
Disposals	-	-	(590)	-	-	(590)
Other ⁽²⁾	-	-	(57)	(108)	(492)	(657)
At December 31, 2025	2,620	9,655	25,499	9,770	4,189	51,733

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Accumulated depreciation						
At December 31, 2023	-	982	1,202	1,317	-	3,501
Depreciation	-	485	1,575	672	-	2,732
Transfer to assets held for sale (note 6)	-	-	(2)	(77)	-	(79)
Other	-	-	(172)	-	-	(172)
At December 31, 2024	-	1,467	2,603	1,912	-	5,982
Depreciation	-	535	1,439	615	-	2,589
Disposals	-	-	(230)	-	-	(230)
At December 31, 2025	-	2,002	3,812	2,527	-	8,341
Carrying value						
At December 31, 2024	-	8,176	23,335	7,909	3,113	42,533
At December 31, 2025	2,620	7,653	21,584	7,243	4,293	43,392

⁽¹⁾ During the year ended December 31, 2024, the Company derecognized the carrying amount of certain costs that were deemed to no longer be recoverable, following a change of operations at one of its operating sites, resulting in the write-off of the capitalized costs of \$319.

⁽²⁾ Includes amounts receivable under government grants, to support the development of the RNG expansion project at GrowTEC and Pacific Coast Renewables Corp.

⁽³⁾ During the year ended December 31, 2025, the Company entered into a sale and leaseback agreement involving the land owned at Fraser Valley Biogas (previously held for sale as at December 31, 2024). See notes 6 and 14.

As at December 31, 2025, the Company was committed to \$280 of future capital expenditures.

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9. INTANGIBLE ASSETS

Cost	Brands	Customer contracts and stakeholder relationships	Total
At December 31, 2023, 2024 and 2025	1,180	28,530	29,710
Accumulated amortization			
At December 31, 2023	177	5,647	5,824
Amortization	59	2,066	2,125
At December 31, 2024	236	7,713	7,949
Amortization	40	1,806	1,846
At December 31, 2025	276	9,519	9,795
Impairment loss			
At December 31, 2024 and 2025 ⁽¹⁾	296	2,685	2,981
Carrying value			
At December 31, 2024	648	18,132	18,780
At December 31, 2025	608	16,326	16,934

⁽¹⁾ Relates to impairment losses allocated from the impairment of CGUs during the year ended December 31, 2024. See note 10 for further details.

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10. GOODWILL

The Company's goodwill is allocated to the following CGUs:

At December 31	2025	2024
Pacific Coast Renewables Corp.	3,420	3,420
Fraser Valley Biogas Ltd.	3,234	3,234
	6,654	6,654

The Company conducted its annual goodwill impairment evaluation on October 1, 2025. The Company concluded there was a potential indicator of impairment due to a decline in the market capitalization of the Company. Management performed a qualitative and quantitative assessment for impairment and concluded that no impairment had occurred as the recoverable amount, based on the FVLCD using a discounted cash flow model, was greater than the carrying value at the time of the impairment test.

As at December 31, 2024, the Company concluded there was a potential indicator of impairment due to a decline in the market capitalization of the Company and the Company conducted an additional goodwill impairment evaluation. Management performed a qualitative and quantitative assessment for impairment. As at result of the impairment test, the recoverable amount of the Sea to Sky Soils and Composting Inc. ("SSS") CGU and the GrowTEC CGU was determined to be lower than the carrying value by \$9,765 and \$2,500, respectively. Accordingly, an impairment loss of \$12,265 was recognized. The impairment losses were first allocated to the carrying value of goodwill within the CGUs. The excess impairment was allocated on a pro rata basis to the carrying amount of assets in the CGU, however, no portion of the impairment losses were allocated to property, plant and equipment as doing so would have reduced the carrying amount of those assets below their respective recoverable amount. On that basis, the remaining impairment losses were allocated to intangible assets (see note 9).

The estimates regarding the expected future cash flows and discount rates are Level 3 fair value inputs based on various assumptions including the terms of existing contracts, expected production levels following the Company's anticipated investments into property, plant and equipment and historical information. Prior to 2024, the Company had not previously recorded any impairment expense related to the carrying amount of goodwill.

The significant assumptions used in the estimation of the recoverable amount include the utilization of discount rates ranging from 8.5% to 9.5%, cash flow periods for 20 years and future leverage assumptions for the Company. The cash flow projections include specific estimates for 20 years due to the long-term nature of the Company's RNG and organic waste contracts.

The discount rate is a post-tax measure, with a possible debt leveraging of 36% for 2025 (2024 - 36%) estimated based on the long-term target leverage of the Company, at market interest rates of 5.5% for 2025 (2024 - 6.2%).

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11. EQUITY-ACCOUNTED INVESTMENT

In May 2022, the Company entered into an agreement to acquire a 50% interest in an entity that holds a portfolio of RNG development projects ("Project Radius") in Ontario, Canada, which provides the Company with the right to participate in funding its proportionate share of capital to construct RNG infrastructure and the eventual cash flows that will result. The following table presents the changes in the balance of the Company's equity-accounted investment in Project Radius:

	Total
At December 31, 2023	1,008
Capital contribution	500
Equity-accounted loss ⁽¹⁾	(606)
At December 31, 2024	902
Equity-accounted loss	(216)
At December 31, 2025	686

⁽¹⁾ Includes the Company's 50% share of the loss and comprehensive loss as set out in the table below. For the year ended December 31, 2024, this also includes the elimination of the Company's share of management fees charged to Project Radius related to the development of the project in the amount of \$227 resulting in a total equity accounted loss of \$606.

The following tables present summarized financial information assuming a 100% ownership interest in the Company's equity-accounted investment.

At December 31	2025	2024
Cash and cash equivalents	40	40
Other current assets	185	288
Non-current assets	3,360	3,360
Current liabilities	(2,023)	(1,694)
Non-current liabilities	-	-

For the year ended December 31	2025	2024
Revenues	-	-
Loss and comprehensive loss	(432)	(757)
Ownership interest	50%	50%
Equity-accounted loss	(216)	(379)

The Company's investment in equity-accounted investment and its interest in the net loss of its equity-accounted investment are included in the Company's RNG production segment.

During the year ended December 31, 2025, the Company entered into an on-demand loan agreement to provide \$798 to Project Radius, which is repayable from future investment proceeds.

On January 1, 2023, the Company entered into a loan agreement to provide \$500 to Project Radius. The loan accrued interest on the unpaid principal amount at a rate of 14.25% per annum. During the year ended December 31, 2024, the outstanding principal balance and accrued interest owing to the Company were repaid and the Company made a capital contribution to Project Radius of \$500.

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12. LOANS PAYABLE

	2025	2024
Balance, beginning of year	17,997	15,000
Advances	-	3,270
Interest expense (note 20)	844	1,625
Loan payments	(2,594)	(1,898)
Total principal	16,247	17,997
Less: deferred financing costs & other	(156)	(315)
Total borrowings	16,091	17,682
Less: current portion	(1,785)	(1,745)
Long-term portion	14,306	15,937

In January 2024, the Company entered into an agreement providing for a syndicated senior term loan of up to \$31,000. The term loan will be used to support the upgrade and construction of the Company's RNG facilities and provides for \$15,000 for refinancing of existing debt and construction at Fraser Valley Biogas and \$16,000 at PCR. During the year ended December 31, 2025, the \$16,000 undrawn tranche of the term loan, related to PCR was cancelled. The term loan is repayable over a term of five years, with a 10-year amortization period and interest only payments for the first 12 months. The term loan bears interest at a rate of the Canadian Variable Rate + 4.0% per annum. The term loan is secured by the assets of the Company and certain of its subsidiaries.

The senior term loan facility agreement is subject to certain conditions and covenants, including, but not limited to, maintaining a minimum consolidated working capital ratio and "fixed charge coverage ratio" as defined in the agreement, and a maximum debt to capitalization ratio, which are tested quarterly on a trailing twelve-month basis.

As at December 31, 2025, the Company was not in compliance with certain of its covenant requirements under the syndicated term loan and obtained a waiver from the lenders as at that date, for limited suspension of the covenant compliance requirements under the facility.

Subsequent to December 31, 2025, the Company entered into a credit agreement through its wholly owned subsidiary Fraser Valley Biogas with Farm Credit Canada for a \$13,000 term loan and a \$250 operating line of credit. The proceeds were used primarily to refinance a majority of the Company's senior term loan. Refer to Note 27 for further details.

In January 2024, the Company, through Grow the Energy Circle Ltd. ("GrowTEC"), entered into an agreement providing for a term loan of up to \$3,500. The term loan is repayable over a term of five years, with a 10-year amortization period and interest only payments for the first 12 months. The term loan bears interest at a rate of the Canada Prime Rate + 1.0% per annum. The term loan is secured by certain assets of GrowTEC. As at December 31, 2025, GrowTEC had drawn \$3,270 under this term loan.

The term loan facility agreement is subject to certain conditions and covenants, including, but not limited to, a minimum debt service coverage ratio as defined in the agreement. The covenants are tested annually on a trailing twelve-month basis.

As at December 31, 2025, the Company was not in compliance with certain of its covenant requirements under the term loan and obtained a waiver from the lenders as at that date, for limited suspension of the covenant compliance requirements under the facility.

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13. LEASE LIABILITIES

	2025	2024
Balance, beginning of year	7,949	7,761
Additions	52	1,321
Interest expense (note 20)	603	655
Lease payments	(1,621)	(1,814)
Other	1	26
Balance, end of the year	6,984	7,949
Less current portion	(918)	(1,016)
Long-term portion	6,066	6,933

The Company's lease liabilities are calculated using discount rates ranging from 4.9% to 9.9% per annum.

14. FINANCIAL LIABILITY – SALE AND LEASEBACK

	Total
At December 31, 2024	-
Additions	2,620
Interest expense (note 20)	173
Lease payments	(129)
As December 31, 2025	2,664
Less current portion	(48)
Long-term portion	2,616

As at December 31, 2025, the Company entered into a sale and leaseback agreement involving the land owned at Fraser Valley Biogas (previously held for sale as at December 31, 2024). Under the terms of the agreement the Company transferred legal title of the land to the purchaser and entered into a lease to continue using the land and the agreement contains a repurchase option which can be exercised by the Company. As a result, the transaction has been accounted for as a financing transaction, not a sale. The asset remains recognized on the consolidated statement of financial position (see note 6), and a corresponding financial liability has been recognized equal to the consideration of the transaction. A portion of the sale proceeds from the sale of land were deferred until certain conditions of the sale were met. The deferred proceeds were received in full in May 2025.

15. CONTINGENT CONSIDERATION

	2025	2024
Balance, beginning of year	802	1,500
Payment	(408)	-
Gain on fair value adjustment of liability ⁽¹⁾	-	(698)
Balance, end of the year	394	802
Less current portion	394	802
Long-term portion	-	-

⁽¹⁾ Recorded in contingent consideration gain on the consolidated statements of net loss and comprehensive loss for the year ended December 31, 2024.

As at December 31, 2022, the Company had a liability of \$279 relating to contingent consideration on the acquisition of SSS, which was the disputed estimate based upon an offer made by the Company to the vendors. During the year ended December 31, 2023, as a result of the ongoing proceedings of the dispute, including the provision of estimates and analysis from third-party experts, a fair value adjustment gain of \$279 was recorded. During the year ended December 31, 2024, as a result of an arbitration ruling for the

on-going dispute, the Company recorded an estimate of the liability to be paid to the vendors and recognized a fair value adjustment loss of \$802. During the year ended December 31, 2025, a payment of \$408 was made related to the arbitration settlement and the final settlement payment was made subsequent to year end.

During the year ended December 31, 2022, the Company recognized \$2,890 of contingent consideration related to the acquisition of the GrowTEC subsidiary in 2022. The contingent consideration was payable upon the achievement of certain operational milestones. During the year ended December 31, 2023, pursuant to the GrowTEC share purchase agreement, the Company made contingent consideration payments of \$1,996 via a cash payment of \$1,016 and \$980 via the issuance of a loan from the vendors to the Company (see note 22). During the year ended December 31, 2024, the Company recognized a \$1,500 contingent consideration gain in re-measuring the liability taking into account the probability and expected timing of the settlement of the liability. During the year ended December 31, 2024, the contingent consideration related to the acquisition of GrowTEC was remeasured at \$nil as the Company does not expect to achieve the certain operational milestones associated with the second phase of development of the RNG facility given the decrease in scope of the optimized second phase.

16.SHAREHOLDERS' EQUITY

a) Authorized

The Company has authorized an unlimited number of common shares without par value and an unlimited number of preferred shares.

b) Private Placement

On May 21, 2025, the Company completed a non-brokered private placement of 8,333,333 common shares at \$0.60 per common share for gross proceeds of \$5,000 (the "Private Placement"). Following completion of the Private Placement, the purchaser became a new "Control Person" of the Company, as defined in the policies of the TSX Venture Exchange (the "TSXV"). The change of control was approved by a majority of shareholders of the Company by way of written consent, in accordance with TSXV policies. The Common Shares issued pursuant to the Private Placement are subject to a four month hold period pursuant to applicable securities laws. The Company expects to use the proceeds of the Private Placement for working capital and general corporate purposes.

Immediately prior to closing of the Private Placement, 1,211,026 options, performance share units, deferred shares units, restricted share units and options held by the then current and former members of the Company's management and Board were surrendered for cancellation for nominal consideration.

c) Share-based incentive programs and payment plans

Equity Incentive Plan

On March 18, 2021, the Company adopted an equity incentive plan (the "Original Equity Incentive Plan"), providing for the grant of equity-based compensation awards including stock options ("Options"), restricted share units ("RSUs"), and deferred share units ("DSUs"). 600,000 Performance Share Units ("PSU") were previously granted under the PSU Plan on December 31, 2020. Each PSU automatically terminates 10 years from the date of grant.

Effective December 11, 2025, the Company adopted an amended and restated equity incentive plan (the "Equity Incentive Plan"), which replaced and consolidated the Original Equity Incentive Plan and the PSU plan. The Equity Incentive Plan provides for the grant of Options, RSUs, PSUs and DSUs to directors, officers, employees and eligible consultants of the Company and its subsidiaries. As of the effective date,

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no further awards may be granted under the prior plans, and all awards outstanding under those plans continue to be governed by the Equity Incentive Plan.

The Equity Incentive Plan authorizes a maximum of 4,485,444 common shares issuable pursuant to equity-based awards. RSUs, PSUs and DSUs granted under the Equity Incentive Plan are subject to a minimum vesting period of one year.

The Company classifies these share-based compensation instruments as equity-settled and follows the fair value method of valuing these instruments. Under this method, compensation cost is measured at the fair value of the date of grant and expensed over the vesting period with a corresponding increase to contributed surplus.

Options

The following table presents the changes in the balance of the outstanding stock options:

	Number of Options (thousands) #	Weighted average exercise price \$
Balance, December 31, 2023	335	4.08
Granted	282	2.36
Balance, December 31, 2024	617	3.29
Granted	1,500	0.60
Expired	(15)	2.75
Cancelled ⁽¹⁾	(591)	3.19
Outstanding at December 31, 2025	1,511	0.67
Exercisable at December 31, 2025	11	9.40

⁽¹⁾ Cancelled on May 21, 2025, immediately prior to the Private Placement (see note 16b).

As at December 31, 2025, 1,511,000 stock options were outstanding enabling holders to acquire common shares as follows:

Exercise price \$	Options Outstanding			Options Exercisable	
	Number outstanding (thousands) #	Weighted average remaining contractual life (years)	Exercise price \$	Number exercisable (thousands) #	Weighted average exercise price \$
9.40	11	2.2	9.40	11	9.40
0.60	1,500	6.4	0.60	-	-

Options granted to directors, officers and employees

In May 2025, the Company granted 1,500,000 stock options to certain members of the Board of Directors of the Company at an exercise price of \$0.60 each. These options vest equally over a three-year period and are exercisable for a period of seven years from the grant date to purchase one common share for each stock option held.

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The estimated fair value of the stock options was calculated at the date of grant using the Black-Scholes model and the following assumptions:

	May 2025 Stock Options	June 2024 Stock Options	Jan 2024 Stock Options
Share price on grant date	0.45	1.91	2.35
Exercise price	0.60	2.21	2.44
Fair value per stock option	0.25	1.03	1.33
Expected volatility (percentage)	60	53	53
Risk-free rate (percentage)	3.16	3.28	3.21
Expected forfeiture rate (percent)	15	10	10
Expected life (years)	7	7	7
Expected dividend yield	-	-	-

Estimated forfeiture rates are adjusted to the actual forfeiture rate at time of forfeiture. Expected volatility is based on the historical volatility of the Company. Expected life is based on general option-holder behavior and the risk-free interest rate is based on Government of Canada bonds of a similar duration.

PSUs, RSUs and DSUs

The following table presents the changes in the balance of the outstanding PSUs, RSUs and DSUs:

(thousands)	Number of PSUs #	Number of RSUs #	Number of DSUs #
Balance, December 31, 2023	430	214	28
Granted	-	179	39
Forfeited	-	(3)	-
Vested	-	(131)	-
Balance, December 31, 2024	430	259	67
Granted	-	461	150
Forfeited	-	(19)	-
Cancelled ⁽¹⁾	(430)	(124)	(67)
Vested	-	(79)	-
Outstanding at December 31, 2025	-	498	150

(1) Cancelled on May 21, 2025, immediately prior to the Private Placement (see note 16b).

Deferred share units

During the year ended December 31, 2025, the Company granted 150,000 DSU awards to certain members of the Board of Directors of the Company, which had a grant date fair value of \$0.45.

Restricted share units

During the year ended December 31, 2025, the Company granted 460,500 RSU awards to certain directors, officers and employees of the Company, which vest equally over a one-to-three-year period and had a weighted average grant date fair value of \$0.41 per RSU.

As at December 31, 2025, the Company had 497,614 RSUs outstanding, which vest over a remaining weighted average period of 0.5 years, with a weighted average grant date fair value of \$0.53 per RSU.

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Share-based payment expenses

For the year ended December 31	2025	2024
Options	551	318
RSUs	374	332
DSUs	68	92
Total ⁽¹⁾	993	742

(1) Included in general and administrative expenses (see note 19).

17. REVENUE

The Company generates revenue primarily from fees charged to customers upon receipt of organic waste at the Company's organic waste facilities, sale of RNG, sale of electricity, sale of carbon credits, the sale of organic compost and soil and the provision of management services. With the exception for management services, the Company's revenue for the year ended December 31, 2025 and 2024 all relate to goods and services transferred at a point in time. The following tables contain the Company's revenue for the years ended December 31, 2025 and 2024, by source and by segment:

For the year ended December 31, 2025	RNG production	Organic waste and composting	Total
Tipping fees	321	3,754	4,075
RNG	5,500	-	5,500
Organic compost and soil sales	-	385	385
Electricity sales	195	-	195
Carbon credits	1,503	-	1,503
Management services and other	12	77	89
Total	7,531	4,216	11,747

For the year ended December 31, 2024	RNG production	Organic waste and composting	Total
Tipping fees	322	6,607	6,929
RNG	4,450	-	4,450
Organic compost and soil sales	-	544	544
Electricity sales	253	-	253
Carbon credits	685	40	725
Management services and other	1,311	14	1,325
Total	7,021	7,205	14,226

During the year ended December 31, 2025, the Company had one customer in the RNG production segment that provided for revenues of 54% and one customer in the organics waste and composting segment that provided for revenues of 18% of the Company's consolidated revenues from contracts with customers.

During the year ended December 31, 2024, the Company had one customer in the RNG production segment that provided for revenues of 23% and one customer in the organics waste and composting segment that provided for revenues of 11% of the Company's consolidated revenues from contracts with customers.

All of the Company's revenues are generated in Canada.

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18. DIRECT OPERATING COSTS

For the year ended December 31	2025	2024
Salaries and wages	1,649	2,179
Depreciation and amortization	4,435	4,857
Repairs and maintenance	925	1,152
Fuel and freight expense	364	851
Utilities	906	1,213
Equipment rental	202	294
Other ⁽¹⁾	2,006	2,686
Total	10,487	13,232

⁽¹⁾ Other includes, but is not limited to, insurance, disposal costs, gas transmission fees and site supplies.

19. GENERAL AND ADMINISTRATIVE EXPENSES

For the year ended December 31	2025	2024
Salaries and wages	1,673	1,784
Share-based payment expense (note 16c)	993	742
Professional and consulting fees	1,336	892
Other ⁽¹⁾	996	1,114
Total	4,998	4,532

⁽¹⁾ Other includes, but is not limited to, insurance and business fees & licenses.

20. FINANCE COSTS

For the year ended December 31	2025	2024
Interest expense on loans payable (note 12)	844	1,625
Interest expense on loans payable related parties (note 24)	100	100
Interest expense on lease liabilities and financial liability – sale and leaseback (note 13 and 14)	776	655
Other	171	243
Total	1,891	2,623

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21. INCOME TAXES

The Company operates in provinces that have differing tax laws and rates. Consequently, a consolidated weighted average tax rate will vary from year to year according to the source of earnings or losses and changes in applicable tax rates. A reconciliation of income taxes at statutory rates for jurisdictions where the Company operates is as follows:

For the year ended December 31	2025	2024
Net loss before income tax	5,984	19,314
Statutory income tax rate (%)	27.0	27.0
Expected income tax recovery at statutory rate	1,616	5,215
Effect on taxes resulting from:		
Impairment losses	-	(2,493)
Non-deductible expenses and other	(498)	(496)
Tax recovery	1,118	2,226

Deferred tax balances and tax losses carried forward

The significant components of the Company's unrecognized tax effected temporary tax differences are as follows:

	Balance at December 31, 2024	Recognized in net loss	Recognized in equity	Recognized in Other Assets and Prepays	Balance at December 31, 2025
Deferred income tax liabilities					
Property plant and equipment	6,560	1,593	-	-	8,153
Intangible assets	5,070	(498)	-	-	4,572
Other taxable temporary differences	136	32	-	-	168
	11,766	1,127	-	-	12,893
Deferred income tax assets					
Non-capital losses	(7,471)	(2,717)	-	-	(10,188)
Share and debt issuance costs	(277)	224	(38)	(95)	(186)
Lease liabilities	(2,146)	248	-	-	(1,898)
	(9,894)	(2,245)	(38)	(95)	(12,272)
Deferred income tax liabilities	1,872	(1,118)	(38)	(95)	621

At December 31, 2025, the Company has approximately \$49,746 (December 31, 2024 - \$49,816) of tax pools that may be applied to reduce future taxable income. Of the tax pools that have an expiration date, the date at which they are set to expire is beyond three years after the reporting date.

22. LOSS PER SHARE

For all periods presented in these consolidated financial statements, no outstanding convertible securities were included in the computation of net loss per share attributable to shareholders - diluted, as their effect was anti-dilutive.

The weighted average number of common shares were as follows for the periods indicated:

	2025	2024
Weighted average common shares outstanding	19,186	13,963

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

For all periods in these consolidated financial statements, the Company's financial instruments consist of cash and cash equivalents, restricted cash, accounts receivable (including the loan advanced to the equity-accounted investment), accounts payable and accrued liabilities, contingent consideration, lease liabilities, loans payable and loans payable – related parties.

The fair values of cash and cash equivalents, restricted cash, accounts receivable and accounts payable and accrued liabilities approximates their carrying values because of the short-term nature.

The fair value of lease liabilities approximates their carrying value due to the specific non-tradeable nature of these instruments and given the discount rates used to recognize the liabilities and the market rates of interest.

The fair value of contingent consideration recognized in a business combination is initially measured at fair value on the date of acquisition using widely accepted valuation techniques (level 3) and is re-measured at fair value at each reporting period, with changes in fair value recognized in the consolidated statement of net loss and comprehensive loss.

The fair value of loans payable approximates their carrying value due to the loans bearing interest at a variable rate, which is the estimated market rate for the Company.

There were no transfers between the levels of the fair value hierarchy during the years ended December 31, 2025 and 2024. Additionally, there were no changes in the Company's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the year ended December 31, 2025 and 2024.

Financial risk management

The Company is exposed to the following risks: market risk, credit risk and liquidity risk. The following is a description of these risks and how they are managed:

Market risk

Market risk is defined for these purposes as the risk that the fair value or future cash flows of a financial instrument held by the Company will fluctuate because of changes in market prices. Market risk includes the risk of changes in interest rates, foreign currency exchange rates and changes in market prices due to factors other than interest rates or foreign currency exchange rates, such as changes in commodity prices or credit spreads.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to the impact of interest rate changes, primarily through its floating-rate borrowings that require it to make interest payments based on the Canadian Variable Rate. Significant increases in interest rates could adversely affect operating margins, results of operations and the Company's ability to service its debt.

At December 31, 2025, the Company is exposed to interest rate risk with respect to its loans payable. A 50 basis points increase or decrease, respectively, in the Company's interest rates is expected to increase or decrease finance costs for the year ended December 31, 2025 by \$79 or \$112, respectively.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company has very few transactions denominated in foreign currencies thereby minimizing risk associated with fluctuations in exchange rates.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk on customer accounts receivable is influenced mainly by the individual characteristics of each debtor and is concentrated with a few customers, primarily municipal governments, and the Company is therefore able to monitor credit risk on an individual account basis and apply lifetime expected loss provisions where any uncertainty on collectability is identified.

The Company's historical bad debt expense has not been significant and is usually limited to specific customer circumstances. The Company considers the credit worthiness of counterparties and past payment history as well as amounts past due.

The Company regularly monitors customers' payments and considers all amounts greater than 60 days to be past due. As at December 31, 2025, the Company had \$152 of contractual payments, included in accounts receivable, which are greater than 60 days past due. The maximum exposure to credit risk related to trade receivables is their carrying value as disclosed in these, consolidated financial statements. Based on only insignificant amounts of historical bad debts, as well as minimal expectation of future losses as a result of default, the Company has determined its credit risk to be low.

The Company held cash and cash equivalents of \$1,460 and restricted cash of \$750 as at December 31, 2025, which represents its maximum credit exposure on these assets (December 31, 2024 - \$414 cash and cash equivalents and nil restricted cash). The cash is held with major financial institution counterparties and management believes credit risk is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. As at December 31, 2025, the Company had a working capital deficit, being current assets less current liabilities, of \$855. Subsequent to year end and prior to the authorization of these financial statements, the Company completed financing transactions and received grant funding that significantly strengthened its liquidity position, as described in Note 2(c).

The Company's primary liquidity needs for the next twelve months are to make scheduled repayments of debt, to pay debt service costs, to pay existing committed capital expenditures, to pay direct operating costs, to fund general working capital requirements and to manage its working capital deficit.

Based on the Company's liquidity position as at December 31, 2025, the completion of post-year-end financing transactions, the receipt of grant funding, and expected cash flows from operations, management believes the Company has sufficient liquidity to meet its obligations as they become due for at least the next twelve months from December 31, 2025.

See Note 2c for the Company's assessment of its ability to meet these obligations for at least the one-year period to December 31, 2026.

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The following contractual maturities of financial obligations exist as at December 31, 2025:

	< 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Thereafter	Total
Accounts payable and accrued liabilities	4,107	-	-	-	-	-	4,107
Contingent consideration	394	-	-	-	-	-	394
Loan payments ⁽¹⁾	2,826	2,723	10,868	2,297	-	-	18,714
Loan payments related parties ⁽¹⁾	1,075	-	-	-	-	-	1,075
Lease and financial liability payments ⁽¹⁾	1,624	1,890	1,132	814	814	7,544	13,818
Total	10,026	4,613	12,000	3,111	814	7,544	38,108

⁽¹⁾ Includes principal and interest.

In addition, as at December 31, 2025, the Company had the following commitments that were not recognized as liabilities:

	< 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Thereafter	Total
Property, plant and equipment	280	-	-	-	-	-	280
Total	280	-	-	-	-	-	280

Capital management

The Company considers its capital to be the components of shareholders' equity and debt, including lease liabilities, less cash on hand. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its business and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through debt and equity financing and is supplemented by applying for government grant programs where available. Future financings are dependent on market conditions and the ability to identify sources of investment. There can be no assurance the Company will be able to raise funds in the future. There were no changes to the Company's approach to capital management during the year ended December 31, 2025.

24. RELATED PARTY BALANCES AND TRANSACTIONS

Key management compensation

The total value of compensation expenses and other fees for the board of directors and members of executive management of the Company is as follows:

For the year ended December 31	2025	2024
Salaries and benefits	675	732
Share-based payment expense	917	572
Directors' fees	71	-
Total	1,663	1,304

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Consulting Fees

During the year ended December 31, 2025, the Company received consulting services from entities controlled by certain directors of the Company. The services provided included strategic, operational and advisory support which amounted to \$128 and are recorded in general and administrative expenses for the year ended December 31, 2025 (year ended December 31, 2024 - \$nil).

Lease liabilities

In July 2022, a subsidiary of the Company entered into a lease agreement with related parties to lease the land on which the GrowTEC facility is located for a term of ten years, with the option to extend for an additional two five-year periods, at the option of the Company. The lease payments for the initial term were \$270 for the first year of the lease and \$120 per year for the remaining nine years. During the year ended December 31, 2025, the Company incurred lease expenses of \$120 relating to this lease (year ended December 31, 2024 - \$120).

Loans payable – related parties

	Total
At December 31, 2024	1,000
Interest expense (note 20)	100
Payments	(25)
Total principal and interest expense	1,075
Less: accrued interest ⁽¹⁾	(75)
Total principal - current	1,000

⁽¹⁾ Included in accounts payable and accrued liabilities as at December 31, 2025 on the consolidated statements of financial position.

Effective December 1, 2023, the Company entered into a loan agreement with the parties related to the acquisition of GrowTEC to provide proceeds of \$1,000 to the Company primarily to fund the repayment of amounts owing as contingent consideration related to the acquisition of the Company's 67% interest in GrowTEC in July 2022. The full outstanding balance of the loan is repayable on January 1, 2026, and bears interest at a rate of 10.0%, which the Company has the option to pay interest in cash, payment-in-kind, or a combination thereof. During the year ended December 31, 2025, the Company incurred interest expense of \$100, relating to this loan (year ended December 31, 2024 - \$100). In January 2026, the outstanding loan balance and accrued interest was settled by way of participation in the private placement (see note 27).

Land Disposition

In March 2025, the Company entered into a purchase and sale agreement with a related party of the Company in connection with the disposition of land owned on which Fraser Valley Biogas operates (the "Property"). In connection with the sale of the Property, the Company will enter into a long-term lease with the purchaser of the Property for the portion of the Property on which the Fraser Valley Biogas facility operates. The Property was transferred to property, plant and equipment as at December 31, 2025 (see notes 6 and 14). During the year ended December 31, 2025, the Company incurred lease expenses of \$129 (year ended December 31, 2024 – \$nil) relating to the lease.

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Private Placement

On May 21, 2025, the Company completed a non-brokered private placement of 8,333,333 common shares for gross proceeds of \$5,000, pursuant to which the purchaser became a new Control Person of the Company, as defined in the policies of the TSXV. The transaction resulted in the purchaser becoming a related party of the Company (see note 16b).

In connection with the private placement, 1,211,026 equity-settled incentive securities (options, PSUs, DSUs, and RSUs) held by current and former members of management and the Board of Directors were surrendered for cancellation for nominal consideration.

25. SUPPLEMENTARY CASH FLOW INFORMATION

The following table reconciles the net changes in non-cash working capital, excluding the non-cash working capital acquired on acquisitions, from the statement of financial position to the statements of cash flows:

For the year ended December 31	2025	2024
<i>Net changes in non-cash working capital:</i>		
Accounts receivable	(706)	(792)
Prepaid expenses and other assets	(384)	299
Accounts payable and accrued liabilities	(1,691)	2,207
Deferred revenue	(2)	-
	(2,783)	1,714
Taxes paid	-	-

26. SEGMENTED INFORMATION

Operating segments are determined in a manner consistent with internal reporting provided to the chief operating decision maker for the purposes of allocating resources and assessing performance of the operating segments. For the years ended December 31, 2025 and December 31, 2024, the Company had two operating segments. The Company's segments are based on the type of operation and include RNG production and Organic waste and composting as follows:

For the year ended December 31, 2025	RNG production	Organic waste and composting	Corporate and other	Total
Revenue	7,531	4,216	-	11,747
Direct operating costs	(5,611)	(4,792)	(84)	(10,487)
General and administrative expenses ⁽¹⁾	(1,335)	(1,424)	(2,239)	(4,998)
Finance costs	(1,741)	(842)	692	(1,891)
Equity-accounting loss	(216)	-	-	(216)
Loss on write-down of asset	-	(146)	-	(146)
Loss on sale of asset	-	(160)	-	(160)
Other income - net	51	117	(1)	167
Net loss before income tax expense (recovery)	(1,321)	(3,031)	(1,632)	(5,984)

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For the year ended December 31, 2024	RNG production	Organic waste and composting	Corporate and other	Total
Revenue	7,021	7,205	-	14,226
Direct operating costs	(5,947)	(7,207)	(78)	(13,232)
General and administrative expenses ⁽¹⁾	(1,111)	(2,162)	(1,259)	(4,532)
Finance costs	(1,525)	(903)	(195)	(2,623)
Equity-accounted loss	(606)	-	-	(606)
Contingent consideration gain	-	-	698	698
Impairment losses	(2,500)	(9,765)	-	(12,265)
Loss on write-down of assets	(618)	(457)	-	(1,075)
Loss on sale of asset	-	(194)	-	(194)
Other income - net	164	77	48	289
Net loss before income tax expense (recovery)	(5,122)	(13,406)	(786)	(19,314)

(1) Allocated to each segment based on estimated use of corporate resources

As at December 31, 2025

Total assets	39,485	35,852	126	75,463
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As at December 31, 2024

Total assets	39,820	36,996	884	77,700
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27.SUBSEQUENT EVENTS

- a) In January 2026, the Company announced that its wholly owned subsidiary, FVB entered into a credit agreement with Farm Credit Canada for a \$13,000 term loan and a \$250 operating line of credit. The proceeds from the term loan were used to repay \$12,000 under the Company's existing senior term loan and better align the Company's capital structure with its current operations and strategic focus. In connection with this financing, FVB also entered into an amended and restated lease agreement relating to land used on which the Fraser Valley Biogas facility operates, which eliminated FVB's option to repurchase the land. As a result of this amendment, the Company expects to account for the arrangement as a sale and leaseback commencing in 2026.
- b) In January 2026, the Company announced that it closed the second tranche of its previously announced non-brokered private placement (the "Offering") for gross proceeds of approximately \$1,900, through the issuance of 3,152,441 common shares of the Company (the "Common Shares") at a price of \$0.60 per Common Share. The first tranche of the Offering closed on May 21, 2025 (see note 16), pursuant to which the Company issued 8,333,333 Common Shares to ASK America, LLC for gross proceeds of \$5,000 in connection with the Company's recapitalization and change of management transaction. The principal use of proceeds from the Offering is to repay certain indebtedness outstanding and for working capital and general corporate purposes. All securities issued in connection with the Offering are subject to a statutory hold period of four months and one day from the date of issuance in accordance with applicable securities laws.



Management's Discussion and Analysis

For the three months and year ended December 31, 2025

Dated April 29, 2026

BASIS OF PRESENTATION

EverGen Infrastructure Corp. ("EverGen", "the Company", "we", "our", "us" or "its") has prepared this Management's Discussion and Analysis ("MD&A") for the three months and year ended December 31, 2025, as at April 29, 2026, in accordance with National Instrument 51-102F1, and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2025, which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). All references to "\$" are references to Canadian dollars and are presented in thousands of dollars, unless otherwise indicated. This MD&A and the unaudited interim consolidated financial statements of EverGen have been approved by the Audit Committee of the Board of Directors as of April 29, 2026.

Additional information relating to the Company, is available on SEDAR+ at www.sedarplus.ca. The Company's common shares trade on the TSX Venture Exchange ("TSXV") under the symbol "EVGN" and the OTCQB Market ("OTCQB") under the symbol "EVGIF".

READER ADVISORIES

This MD&A contains certain "forward-looking statements" within the meaning of Canadian securities legislation and introduces financial measures which are not defined under IFRS Accounting Standards aimed at helping the reader in making comparisons to metrics similarly disclosed by industry peers. Readers are cautioned that the MD&A should be read in conjunction with the Company's disclosure under "Non-GAAP Measures" and "Forward-Looking Information" included at the end of this MD&A.

FINANCIAL AND OPERATIONAL HIGHLIGHTS SUMMARY

	Three months ended				Year ended			
	Dec 31, 2025	Dec 31, 2024	\$ Change	% Change	Dec 31, 2025	Dec 31, 2024	\$ Change	% Change
FINANCIAL								
Revenue	4,247	3,163	1,084	34	11,747	14,226	(2,479)	(17)
Net loss	(611)	(14,415)	13,804	(96)	(4,866)	(17,088)	12,222	(72)
Net loss per share (\$), basic and diluted	(0.02)	(1.02)	1.00	(98)	(0.24)	(1.20)	0.96	(80)
EBITDA ⁽¹⁾	993	(14,244)	15,237	(107)	342	(11,834)	12,176	(103)
Adjusted EBITDA ⁽¹⁾	1,274	98	1,176	1,200	2,533	2,856	(323)	(11)
Total assets	75,463	77,700	(2,237)	(3)	75,463	77,700	(2,237)	(3)
Total long-term liabilities	23,985	26,118	(2,133)	(8)	23,985	26,118	(2,133)	(8)
Cash and cash equivalents and restricted cash	2,210	414	1,796	434	2,210	414	1,796	434
Working capital deficit ⁽¹⁾	(855)	(950)	95	(10)	(855)	(950)	95	(10)
COMMON SHARES (thousands)								
Outstanding, end of period	22,427	14,021	8,406	60	22,427	14,021	8,406	60
Weighted average – basic & diluted	22,427	14,019	8,408	60	19,186	13,963	5,223	37
OPERATING								
RNG (gigajoules)	54,812	41,694	13,118	31	198,893	160,027	38,866	24
Incoming organic feedstock (tonnes)	18,962	25,454	(6,492)	(26)	64,908	99,642	(34,734)	(35)
Organic compost and soil sales (yards)	2,013	2,860	(847)	(30)	22,006	26,552	(4,546)	(17)
Electricity (MWh)	833	627	206	33	3,424	3,446	(22)	(1)

⁽¹⁾ Non-GAAP measure as defined in the Non-GAAP measures section of this MD&A.

Revenue: For the three months ended December 31, 2025, revenues increased by \$1,084, or 34%, compared to the same period last year primarily due to increased carbon credit sales and increased Renewable Natural Gas ("RNG") production and associated revenues from the Fraser Valley Biogas Ltd. ("FVB") RNG expansion project and at Grow the Energy Circle Ltd. ("GrowTEC") as well as an increase in rates for volumes received at the organic waste and composting facilities, partially offset by decreased tipping revenues due to interim operations concluding at Prairie Sky Organics Ltd. ("PSO"), and the absence of management fees earned from Project Radius in 2025.

For the year ended December 31, 2025, revenues decreased by \$2,479, or 17%, compared to the same period last year, primarily due to lower tipping revenues due to lower volumes received at the organic waste and composting facilities during the first nine months of 2025 and interim operations concluding at PSO, and the absence of management fees earned from Project Radius in 2025, partially offset by the timing of carbon credit sales, increased RNG production and associated revenues from the FVB RNG expansion project and at GrowTEC as well as an increase in rates for volumes received at the organic waste and composting facilities.

Net loss: For the three months ended December 31, 2025, net loss decreased by \$13,804 or 96%, compared to the same period last year. This decrease was primarily due to a decrease of \$12,265 of non-cash impairment losses associated with Sea to Sky Soils and Composting Inc. ("SSS") and GrowTEC cash generating units ("CGU"s) and a contingent consideration loss associated with the SSS facility in 2024, an increase in revenues and a decrease in direct operating costs, general and administrative expenses and lower write down costs of assets.

For the year ended December 31, 2025, net loss decreased by \$12,222 or 72%, compared to the same period last year. This decrease was primarily due to a decrease of \$12,265 of non-cash impairment losses associated with SSS and GrowTEC CGUs in 2024, a decrease in direct operating costs and finance costs, partially offset by decreased revenues in 2025 and a decrease in contingent consideration gain.

Adjusted EBITDA: EverGen's Adjusted EBITDA of \$1,274 increased by \$1,176, for the three months ended December 31, 2025, compared to the same period last year, primarily due to an increase in revenues and a decrease in direct operating costs.

EverGen's Adjusted EBITDA of \$2,533 decreased by \$323, for the year ended December 31, 2025, compared to the same period last year, primarily due to a decrease in revenues and an increase in recurring general and administrative expenses, partially offset by a decrease in direct operating costs.

RNG Volumes: RNG production increased during the three months and year ended December 31, 2025, compared to the same periods last year, following continued stabilization of the FVB RNG expansion project. The Company set a new quarterly production record in Q4 2025. During October, November and December 2025, the FVB and GrowTEC facilities collectively produced on average approximately 18,000 gigajoules ("GJs"), per month. The FVB facility continues to deliver strong performance and set new monthly RNG production records, including close to 14,000 GJs in October 2025, and is approaching the nameplate capacity of the facility of 160,000 GJs of RNG per year.

RNG expansion and development projects: EverGen continues to progress on its core RNG expansion and development projects and regional expansion across Canada. In particular, EverGen's Pacific Coast Renewables Corp. ("PCR") RNG Expansion project passed a key regulatory milestone receiving support from Abbotsford City Council in July 2025 and Agricultural Land Commission approval in March 2026.

Debt Refinancing: In February 2025, EverGen through FVB, executed a letter of intent on a \$13,000 asset-level debt facility and a \$250 operating line of credit, with the proceeds used to refinance the Company's existing debt facility. In January 2026, the Company formally closed on this debt facility and repaid the majority of the Company's senior term loan.

Land Disposition and Leaseback: In March 2025, EverGen entered into a purchase and sale agreement with a related party in connection with the disposition of land owned on which FVB operates (the

"Property"), and concurrently entered into a long-term lease with the purchaser for the portion of the Property on which FVB operates.

Private Placement and Change of Management: In April 2025, EverGen entered into a share purchase and reorganization agreement (the "Agreement"), with Ask America, LLC (the "Purchaser"), an arm's length limited liability company existing under the laws of New Jersey. Pursuant to the terms of the Agreement, the Purchaser agreed to act as the lead investor of \$5,000 in a private placement of common shares of the Company for total gross proceeds of up to \$7,000 (the "Private Placement").

In May 2025, the Company closed the first tranche of the Private Placement, issuing 8,333,333 Common Shares at \$0.60 per share to the Purchaser for gross proceeds of \$5,000. Concurrently, the closing of the Private Placement resulted in the Purchaser becoming a new "Control Person" of the Company (as defined under TSXV policies), which was approved by a majority of shareholders by way of written consent. The majority of the Company's executive officers and directors resigned and were replaced with a new management team (the "Change of Management"). Immediately prior to closing, 1,211,026 options, warrants and other equity-settled incentive securities held by current and former members of management and the Board were surrendered for cancellation for nominal consideration.

In January 2026, the Company closed the second tranche of its previously announced non-brokered private placement for gross proceeds of approximately \$1,900. The proceeds from the private placement were used to repay certain indebtedness outstanding and for working capital and general corporate purposes.

With the improved debt financing terms at FVB and a strengthened balance sheet through the Private Placement, the Company is well positioned to unlock shareholder value by optimizing its existing core asset base, pursuing near-term expansion opportunities of core assets, and continuing to develop its RNG platform through strategic growth. Management's near-term focus remains on cost optimization and driving operational excellence across its assets.

Leadership: As part of the Change of Management mentioned above, the majority of the executive officers and directors of the Company resigned and were replaced with a new management team consisting of Chase Edgelow as Chief Executive Officer and Ron Green as Chief Operating Officer, and a new board of directors of the Company consisting of: Chase Edgelow, Varun Anand, Blake Almond, and Mischa Zajtmann.

In June 2025, EverGen announced that it had appointed Maria O'Sullivan as Interim Chief Financial Officer, replacing Sean Hennessy, who resigned effective the same date.

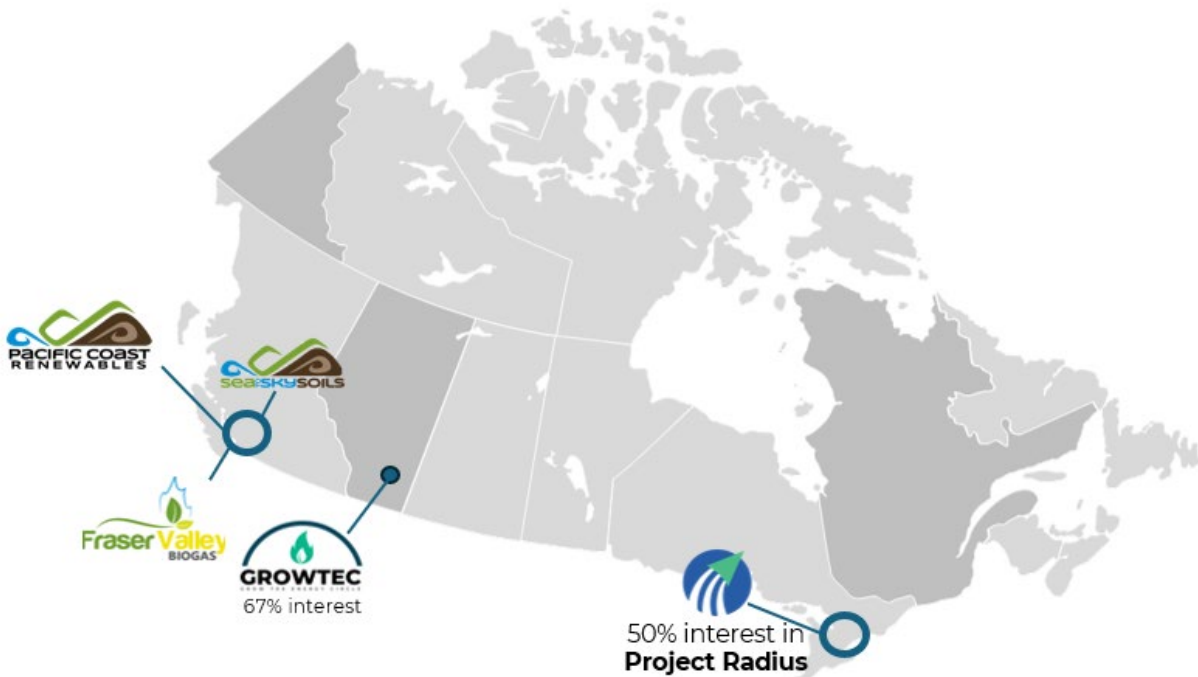
COMPANY OVERVIEW

EverGen, headquartered in Vancouver, British Columbia, is a sustainable infrastructure platform established to acquire, develop, build, own, operate, and consolidate a portfolio of RNG, waste to energy, and related infrastructure projects in Canada and other regions of North America.

EverGen commenced operations upon incorporation under the laws of British Columbia, Canada, on May 13, 2020.



EverGen currently owns and operates four facilities through its subsidiaries: PCR, SSS, FVB and GrowTEC, and holds a 50% interest in Project Radius, an entity that holds a portfolio of three RNG projects under development in Canada.



FVB is British Columbia's first RNG facility, which combines anaerobic digestion and biogas upgrading to produce RNG, primarily by converting agricultural waste from local dairy farms. The facility is currently operating under a new 20-year offtake agreement with FortisBC. In December 2023, the RNG expansion project at FVB was completed, which added additional RNG production capacity to the facility and is expected to exceed ~160,000 GJs of production per year, more than doubling RNG production from ~80,000 GJs per year. The FVB facility continued to set new monthly production records in 2025. In October 2025, a new monthly record of close to 14,000 GJs production was set.

PCR and SSS, based in British Columbia, are currently operating as organic waste conversion facilities, which process inbound organics, yard waste and biosolids for a contracted tipping fee and produce high-quality organic compost and soils for farmers, gardeners and developers. PCR is undergoing a planned core RNG expansion project, which will add anaerobic digestion capabilities to produce biogas and will then be upgraded to RNG to feed into FortisBC's gas network. Construction of the upgrade will begin upon receipt of building and regulatory approvals, for which applications were submitted during 2023. In July 2025, the PCR RNG Expansion project passed a key regulatory milestone receiving support from Abbotsford City Council and in March 2026, PCR received additional key regulatory approval for the RNG Expansion. With the March 2026 approval removing the last major regulatory hurdle, the Company is updating previously completed development work, including sourcing long-lead equipment, in order to commence construction following receipt of standard building permits. During the second quarter of 2023, PCR was awarded funding of \$10.5 million from Natural Resources Canada ("NRCAN") to support the development of the core RNG expansion project at PCR and the contribution agreement was executed in February 2024. In 2025, the Company received amounts under this NRCAN funding agreement for costs that had been incurred to date. The majority of the revenue currently earned by the organic waste conversion facilities is sourced under long-term contracts with local municipalities and in November 2023 EverGen announced the renewed organic waste processing contract with the City of Abbotsford. In September 2025, PCR entered into a termination agreement with one of the municipalities, terminating a legacy organics processing contract from 2019.

GrowTEC is an operating RNG facility located in Lethbridge, Alberta. Following the acquisition of a 67% interest in the facility in Q3 2022, EverGen oversaw the installation of an RNG upgrader, and related equipment, required to upgrade biogas to produce RNG. The first phase of development was constructed and commissioned during the first quarter of 2023 and is expected to produce ~70,000 GJs of RNG annually. Following utility grid connection upon the completion of gas quality sampling, the facility began injecting RNG during the second quarter of 2023 and has been producing daily volumes of up to 220 GJs. With the first phase of development complete, EverGen is now completing engineering and design work for the next phase of the project, which is expected to expand RNG capacity to approximately ~120,000 GJs of RNG per year through the addition of preprocessing and depackaging equipment. In October 2024, EverGen was awarded \$2 million of funding from the Government of Canada to support the development of the second phase of the expansion project. In early 2025, the Company received amounts under this Government of Canada funding agreement.

In May 2022, EverGen acquired a 50% interest in Project Radius, a late-development stage portfolio of three high-quality, on-farm RNG projects, each capable of producing approximately 550,000 GJs of RNG per year. EverGen is currently working with its partner on developing Project Radius to advance to the notice-to-proceed phase of development.

COMMERCIAL STRATEGY

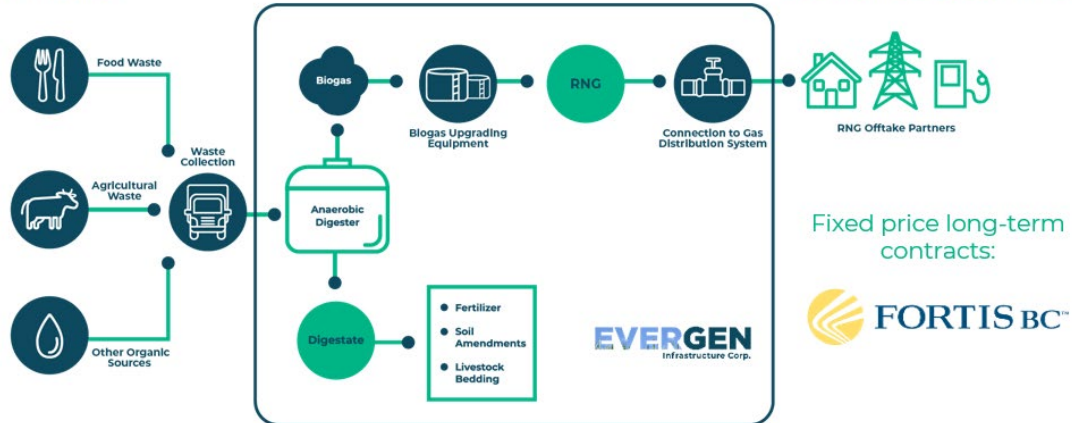
\$ Feedstock Revenue

Contracted with municipalities, waste haulers



\$ RNG Revenue

Base level contracted, upside in US spot market



EverGen was formed to acquire and develop existing underutilized RNG infrastructure, convert existing organic waste facilities into RNG infrastructure and build and operate new RNG infrastructure. From its existing platform, EverGen plans to further grow and develop RNG projects in its growth pipeline and provide RNG under long-term offtake contracts to FortisBC and other investment grade customers.

EverGen's purpose is to contribute to the circular economy, promoting socially conscious business models for waste recycling while providing sustainable returns for the planet by using its platform of investments and operational excellence to drive rapid RNG adoption and grid conversion in addition to:

- Completing the development and construction of EverGen's existing portfolio of core RNG expansion projects;
- Optimizing, diversifying and expanding existing organic waste processing capabilities;
- Continuing the growth of EverGen's project portfolio via strategic acquisitions and consolidation opportunities; and
- Developing strategic partnerships and advancing the RNG project pipeline.

OUTLOOK

The development of our core RNG expansion and development projects, as described above, demonstrates EverGen's ability to execute on projects and drive the consolidation and the growth of the RNG industry as we continue to expand our geographical base. EverGen plans continued growth through the pursuit of RNG consolidation opportunities across North America and the further development of projects within its pipeline. This is driven by underlying investments in sustainable operations that contribute to carbon-negative energy production, and positively impact climate change initiatives.

EverGen's growth, and increased financial performance, relies on the execution of its strategy to acquire, develop, build, own, operate and consolidate a portfolio of RNG, waste to energy and related sustainable infrastructure projects, including:

- Continuing development and construction of EverGen's existing portfolio of core RNG expansion projects;
- Optimizing and expanding existing organic waste processing facilities and RNG feedstock;
- Securing and optimizing long-term contracts for RNG offtake and feedstock to provide stable long-term low-risk cash flows;

- Securing municipal feedstock agreements through developed partnerships and vertically integrated operations;
- Diversifying feedstock suppliers to de-risk inbound revenue streams;
- Integrating talent, systems and processes across our projects to create efficiencies and best-in-class operations; and
- Continuing the growth of the project portfolio via the development of our project pipeline through strategic acquisitions and consolidation opportunities.

During 2025, following the Q2-2025 Private Placement and related changes in management previously discussed, EverGen's immediate focus was and continues to be on strengthening operational performance and positioning the Company for scalable long-term growth. We believe that EverGen is uniquely positioned to capitalize on expansion prospects in the RNG market and that the RNG industry is set to grow rapidly over the next several decades based on increased availability of feedstock through population growth and landfill diversion measures, and increased customer demand for lower carbon energy alternatives. We see growing societal expectations of carbon neutral and circular economy solutions and government support for these initiatives.

Executing strategic and accretive acquisitions

EverGen's ability to identify and develop projects in our project pipeline, and then execute and integrate these projects as accretive acquisitions into EverGen's platform is a key driver of our growth. Our growth is focused on realizing consolidation opportunities and achieving synergies in cost and margins through the operation and expansion of facilities under a unified business platform. The identification and development of projects, followed by the execution of acquisitions and consolidation opportunities, as well as their integration into a common operating platform with shared services and efficiency optimizations, is a key factor to our success. The successful execution and integration of acquisitions creates further opportunities within the market to EverGen, provides us with additional growth opportunities and drives further procurement and cost synergies across our operations.



¹ Source: Biogas World

Driving cost efficiencies

Our high-value services and high-quality products through strategically located facilities provide a foundation to continue to identify and develop projects in our pipeline, consolidate growth and realize operational and capital efficiencies. To do so, we have been investing in a scalable platform and capabilities. This investment is the basis to realize future operational and capital efficiencies and further enhance our competitive position on top of our existing strong competitive position currently supported by asset management discipline, investment in sustainable infrastructure and collaborative stakeholder relationships. EverGen's continued success depends upon our ability to leverage our scalable network and platform to build relationships with municipal, commercial and utility customers, realize operational and capital efficiencies, and extract procurement and cost synergies.

Building collaborations

EverGen's collaborative approach accelerates growth and extends our execution capabilities across our value chain and supply chain. Key relationships with local developers, First Nations and other stakeholders

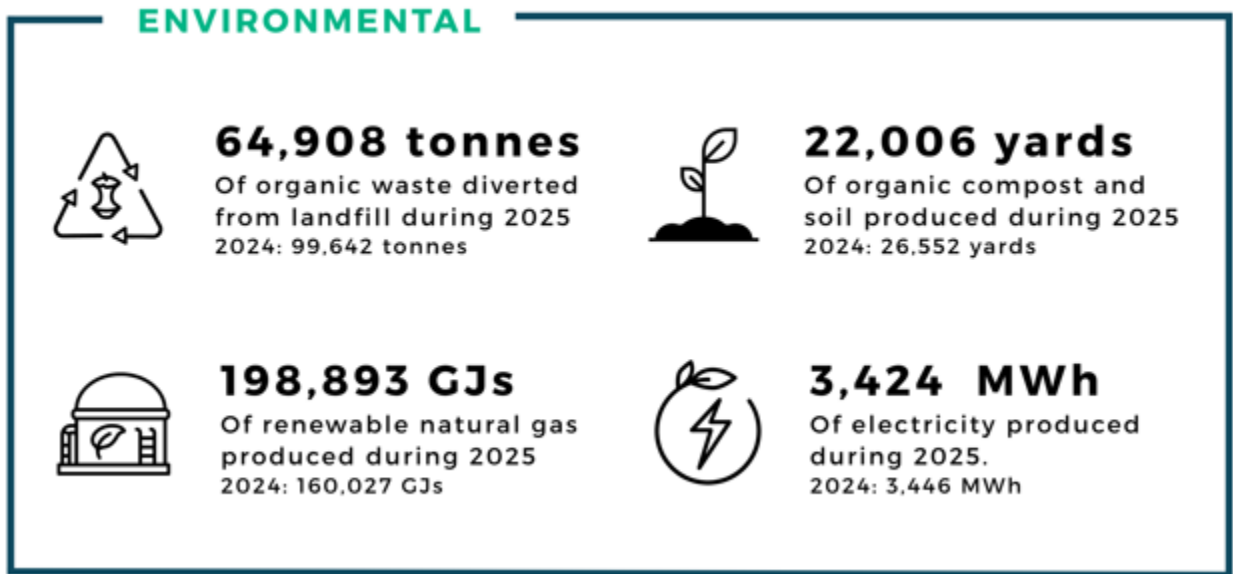
provide access to projects and leverages our capabilities in sourcing new organic waste streams and extending our business model to fulfill societal and customer expectations of waste recycling and waste to energy production combined with reduced greenhouse gas emissions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

EverGen was established for the purpose of contributing to a circular economy in waste recycling and waste to energy production through sourcing, operating and developing sustainable infrastructure and fulfilling our ESG values.

EverGen is proactively engaged with local businesses, such as restaurants and food and beverage producers and distributors, to advance socially conscious commerce and create mutually beneficial and socially responsible alternatives to traditional waste disposal to achieve a reduced carbon footprint. These potential new relationships represent a significant area of growth and diversification from EverGen's existing customer base and provides the opportunity for market expansion while fulfilling society's expectations of directing organic waste for recycling and the production of renewable energy.

EverGen delivers on its ESG values as follows:



SOCIAL



\$65 million
Invested in global energy
infrastructure



+46
Green jobs created
since 2020



50%
Indigenous workforce
at Sea to Sky Soils site

GOVERNANCE



50%
Of board members are
independent



33%
Of executive team
women

RESULTS OF OPERATIONS

Revenue

Revenue is generated primarily through contracted RNG sales, tipping fees charged to municipalities and other customers for the disposal of organic waste at EverGen's facilities, from the sale of high-quality organic compost and soils, from electricity sales, from carbon credit sales and from the provision of management services.

RNG and electricity sales are all attributable to EverGen's RNG production operating segment. The majority of tipping fees are included in EverGen's organic waste and composting operating segment, with only a nominal amount included in the RNG production operating segment. Organic compost sales and soil sales are all attributable to EverGen's organic waste and composting operating segment. The majority of carbon credit sales are included in EverGen's RNG production operating segment. The Company's revenue is exposed to fluctuations because of the inherent seasonality of organic waste processing and the sale of organic compost and soil, which is typically lower during winter months.

Revenue by source:

	Three months ended			Year ended		
	Dec 31, 2025	Dec 31, 2024	% Change	Dec 31, 2025	Dec 31, 2024	% Change
RNG sales	1,514	1,125	35	5,500	4,450	24
Tipping fees	1,401	1,587	(12)	4,075	6,929	(41)
Organic compost and soil sales	52	64	(19)	385	544	(29)
Electricity sales	45	55	(18)	195	253	(23)
Carbon credits	1,159	-	100	1,503	725	107
Other	76	332	(77)	89	1,325	(93)
Total	4,247	3,163	34	11,747	14,226	(17)

Production volumes:

	Three months ended			Year ended		
	Dec 31, 2025	Dec 31, 2024	% Change	Dec 31, 2025	Dec 31, 2024	% Change
RNG (gigajoules)	54,812	41,694	31	198,893	160,027	24
Incoming organic feedstock (tonnes)	18,962	25,454	(26)	64,908	99,642	(35)
Organic compost and soil sales (yards)	2,013	2,860	(30)	22,006	26,552	(17)
Electricity (MWh)	833	627	33	3,424	3,446	(1)

Revenues from RNG production increased by \$389, or 35%, and \$1,050, or 24%, for the three months and year ended December 31, 2025, respectively, primarily due to increased production at FVB associated with improved operations and throughput at the facility following the completion of the FVB RNG expansion project in December 2023.

Revenues from tipping fees decreased \$2,854, or 41%, for the year ended December 31, 2025, compared to the same period last year, due to decreased volumes of incoming feedstock. During the first quarter of 2025, incoming volumes were reduced at the organic waste and composting facilities primarily to manage inventory levels. During the year ended December 31, 2025, the Company continued with the same focus and increased screening activities to take advantage of favorable weather conditions, further reducing incoming volumes. Volumes also decreased following interim operations concluding at the PSO interim site in January 2025 and PCR entering into a termination agreement with the one of the municipalities, terminating a legacy organics processing contract from 2019. These decreases were partially offset by an increase in rates.

Tipping fee revenues in the three months ended December 31, 2025, were largely consistent with the prior period, with the modest decrease primarily attributable to the conclusion of interim operations at the PSO interim site rather than the operational factors that attributed to the year-to-date decrease described above.

Revenues from carbon credit sales increased by \$1,159 or 100%, and \$778, or 107% compared to prior period due to increased market demand in 2025 at increased carbon credit pricing and additional credits available to be sold as a result of increased RNG production.

Other revenue decreased by \$256, or 77%, and \$1,236, or 93%, for the three months and year ended December 31, 2025, respectively, compared to the same periods last year, primarily due to the absence of management fees charged to Project Radius for the development of the project.

Revenue by segment:

	Three months ended			Year ended		
	Dec 31, 2025	Dec 31, 2024	% Change	Dec 31, 2025	Dec 31, 2024	% Change
RNG production	2,815	1,589	77	7,531	7,021	7
Organic waste and composting	1,432	1,574	(9)	4,216	7,205	(41)
Total	4,247	3,163	34	11,747	14,226	(17)

Direct operating costs

Direct operating costs are costs incurred to earn revenue and comprise all attributable expenses, including but not limited to labour, fuel and freight charges, disposal costs, repairs and maintenance, equipment rental, insurance, utilities, and depreciation and amortization expenses. EverGen's direct operating costs are exposed to fluctuations due to the impact of seasonal weather and the related fluctuations in volumes processed.

	Three months ended			Year ended		
	Dec 31, 2025	Dec 31, 2024	% Change	Dec 31, 2025	Dec 31, 2024	% Change
Direct operating costs	2,870	3,318	(14)	10,487	13,232	(21)

Direct operating costs decreased by \$448, or 14% and \$2,745, or 21%, for the three and year ended December 31, 2025, respectively, compared to the same periods last year, primarily due to reduced production at certain organics and composting sites while the Company managed inventory levels and increased screening activities and interim operations concluding at the PSO interim site (as described above), and lower depreciation and amortization costs due to asset disposals in 2024 and non-cash impairment in Q4-2024. These decreases were partially offset by increases in residual and unscreened compost disposal at PCR and a less than proportionate increase in costs to the increase in revenues at our RNG facilities. Total direct operating costs for the year ended December 31, 2025, were further reduced by grant receivables recorded against certain costs pertaining to the RNG expansion at PCR.

General and administrative expenses

General and administrative expenses consist primarily of head office personnel costs, share-based compensation, professional and consulting fees and other general and administrative expenses.

	Three months ended			Year ended		
	Dec 31, 2025	Dec 31, 2024	% Change	Dec 31, 2025	Dec 31, 2024	% Change
General and administrative expenses	1,255	1,298	(3)	4,998	4,532	10

General and administrative expenses for the three months ended December 31, 2025, remained in line compared to the same period last year.

General and administrative expenses increased by \$466, or 10%, for the year ended December 31, 2025, compared to last year, primarily due to increased legal fees primarily related to sale and lease back transaction in early-2025 and strategic process review ahead of the Private Placement in May 2025, as well as increased consulting fees related to the sale of carbon credits in the year and an increase in non-cash share-based payment expense. In connection with the Private Placement, certain equity instruments held by management and directors were surrendered and cancelled. Under accounting standards, the Company was required to accelerate recognition of the remaining unamortized expense associated with these awards, resulting in a non-cash expense in the period.

Finance costs

EverGen's finance costs primarily relate to interest expense recognized on loans payable and the associated interest expense on lease liabilities, which were used to finance the growth in the Company's asset base.

	Three months ended			Year ended		
	Dec 31, 2025	Dec 31, 2024	% Change	Dec 31, 2025	Dec 31, 2024	% Change
Interest expense on loans payable	207	380	(46)	844	1,625	(48)
Interest expense on loans payable - related parties	25	25	-	100	100	-
Interest expense on lease liabilities	206	162	27	776	655	18
Other	51	96	(47)	171	243	(30)
Total	489	663	(26)	1,891	2,623	(28)

Finance costs decreased by \$174, or 26%, and \$732, or 28%, for the three months and year ended December 31, 2025, respectively, compared to the same periods last year, primarily due to decreased interest rates and decreased balance on loans payable.

Contingent consideration (loss) gain

	Three months ended			Year ended		
	Dec 31, 2025	Dec 31, 2024	% Change	Dec 31, 2025	Dec 31, 2024	% Change
Contingent consideration (loss) gain	-	802	(100)	-	698	(100)

A contingent consideration loss of \$802 was recognized during the three months December 31, 2024, as a result of an arbitration ruling for an on-going dispute relating to contingent consideration on the acquisition of SSS.

During the year ended December 31, 2024, the contingent consideration related to the acquisition of GrowTEC was remeasured at \$nil as the achievement of certain operational milestones associated with the second phase of development of the RNG facility upon acquisition are not expected to be met given the decrease in scope of the optimized second phase, resulting in a contingent consideration gain of \$1,500, partially offset by the \$802 fair value adjustment loss discussed above.

There was no contingent consideration (loss) gain recognized during 2025.

Impairment losses

	Three months ended			Year ended		
	Dec 31, 2025	Dec 31, 2024	% Change	Dec 31, 2025	Dec 31, 2024	% Change
Impairment losses	-	12,265	(100)	-	12,265	(100)

As at December 31, 2024, EverGen concluded there was a potential indicator of impairment due to a decline in its market capitalization and conducted a goodwill impairment evaluation. Management performed a qualitative and quantitative assessment for impairment. As a result of the impairment test, the recoverable amount of the SSS CGU and the GrowTEC CGU was determined to be lower than the carrying value by \$9,765 and \$2,500, respectively. Accordingly, an impairment loss of \$12,265 was recognized. The impairment losses were first allocated to the carrying value of goodwill within the CGUs in the amount of \$9,284. The excess impairment was allocated on a pro rata basis to the carrying amount of assets in the CGU, however, no portion of the impairment losses were allocated to property, plant and equipment as doing so would have reduced the carrying amount of those assets below their respective recoverable amount. On that basis, the remaining impairment losses were allocated to intangible assets in the amount of \$2,981.

There was no impairment losses recognized during 2025.

Income taxes

Income taxes consist of current and deferred income taxes.

	Three months ended			Year ended		
	Dec 31, 2025	Dec 31, 2024	% Change	Dec 31, 2025	Dec 31, 2024	% Change
Current tax recovery	-	-	-	-	-	-
Deferred tax expense (recovery)	3	(1,692)	(100)	(1,118)	(2,226)	(50)
Total	3	(1,692)	(100)	(1,118)	(2,226)	(50)

The decrease in the income tax recovery for the three months and year ended December 31, 2025, compared to the same periods last year, is primarily due to a decrease in taxable net loss.

EBITDA and Adjusted EBITDA ⁽¹⁾

Management considers EBITDA and adjusted EBITDA key metrics in analyzing operational performance and the Company's ability to generate cash flow. EBITDA is measured as net income (loss) before interest, tax, depreciation and amortization ("EBITDA"). Adjusted EBITDA is measured as EBITDA adjusted for share-based payment expense, certain non-cash items and unusual or non-recurring items. EBITDA and adjusted EBITDA are non-GAAP measures as defined in the non-GAAP measures section of this MD&A.

	Three months ended			Year ended		
	Dec 31, 2025	Dec 31, 2024	% Change	Dec 31, 2025	Dec 31, 2024	% Change
Net loss	(611)	(14,415)	(96)	(4,866)	(17,088)	(72)
Tax expense (recovery)	3	(1,692)	(100)	(1,118)	(2,226)	(50)
Depreciation and amortization	1,112	1,200	(7)	4,435	4,857	(9)
Finance costs	489	663	(26)	1,891	2,623	(28)
EBITDA ⁽¹⁾	993	(14,244)	(107)	342	(11,834)	(103)
Share-based payment expense	85	125	(32)	993	742	34
Loss on sale of equipment	22	39	(44)	160	194	(18)
Non-recurring general and administrative expenses and other	81	346	(76)	778	861	(10)
Contingent consideration loss (gain)	-	802	(100)	-	(698)	(100)
Non-recurring general and administrative expenses and other related to equity-accounted investment	-	-	100	-	139	(100)
Impairment losses	-	12,265	(100)	-	12,265	(100)
Loss on write-down of assets	98	724	(100)	146	1,075	(86)
Consolidated adjusted EBITDA ⁽¹⁾	1,279	57	(2,144)	2,419	2,744	(12)
Adjusted EBITDA attributable to non-controlling interest	(5)	41	(112)	114	112	2
Adjusted EBITDA ⁽¹⁾	1,274	98	(1,200)	2,533	2,856	(11)

⁽¹⁾ Non-GAAP measure as defined in the Non-GAAP measures section of this MD&A.

EverGen's EBITDA of \$993 increased for the three months ended December 31, 2025, compared to the same period last year, primarily due to \$12,265 of non-cash impairment losses associated with SSS and GrowTEC CGUs and a contingent consideration loss in the prior period, as well as an increase in revenues and lower direct operating costs during the three months ended December 31, 2025, as described above.

EverGen's EBITDA of \$342 increased for the year ended December 31, 2025, compared to last year, primarily due to \$12,265 of non-cash impairment losses associated with SSS and GrowTEC CGUs in the prior period, lower loss on write-down of assets and lower direct operating costs, , partially offset by a decrease in revenues, a contingent consideration gain in the prior period and an increase in recurring general and administrative expenses as described above.

EverGen's Adjusted EBITDA of \$1,274 increased by \$1,176, for the three months ended December 31, 2025, compared to the same period last year, primarily due to an increase in revenues, and a decrease in direct operating costs, as described above.

EverGen's Adjusted EBITDA of \$2,533 decreased by \$323, for the year ended December 31, 2025, compared to the same period last year, primarily due to a decrease in revenues and an increase in recurring general and administrative expenses, partially offset by a decrease in direct operating costs.

SELECTED ANNUAL FINANCIAL INFORMATION

	Year ended		
	Dec 31, 2025	Dec 31, 2024	Dec 31, 2023
FINANCIAL			
Revenue	11,747	14,226	8,442
Net loss	(4,866)	(17,088)	(4,743)
Net loss per share (\$), basic and diluted	(0.24)	(1.20)	(0.32)
EBITDA ⁽¹⁾	342	(11,834)	(1,720)
Adjusted EBITDA ⁽¹⁾	2,533	2,856	773
Total assets	75,463	77,700	93,534
Total long-term liabilities	23,985	26,118	28,001
Cash and cash equivalents and restricted cash	2,210	414	585
Working capital surplus (deficit)	(855)	(950)	(3,558)
COMMON SHARES (thousands)			
Outstanding, end of period	22,427	14,021	13,897
Weighted average – basic & diluted	19,186	13,963	13,852
OPERATING			
RNG (gigajoules)	198,893	160,027	62,891
Incoming organic feedstock (tonnes)	64,908	99,642	80,608
Organic compost and soil sales (yards)	22,006	26,552	27,066
Electricity (MWh)	3,424	3,446	3,116

⁽¹⁾ Non-GAAP measure as defined in the Non-GAAP measures section of this MD&A.

Following its formation in 2020, EverGen has been executing on its corporate strategy to acquire and develop existing underutilized RNG infrastructure, convert existing organic waste facilities into RNG infrastructure and build and operate new RNG infrastructure. On December 31, 2020, EverGen acquired PCR and SSS. On April 16, 2021, EverGen acquired FVB and on July 13, 2022, EverGen acquired GrowTEC. EverGen completed the FVB core RNG expansion project on December 21, 2023.

EverGen's total assets for 2022 and 2023 increased as a result of these acquisitions and through investing capital into core RNG expansion projects, which also resulted in a decrease in cash and cash equivalents, as well as working capital, while these projects were under construction. The lower total asset balance in 2025 and 2024 is as a result of lower investment in capital as EverGen concentrated on optimizing existing assets and reducing its working capital deficit from prior year, and a non-cash impairment loss on certain CGUs in 2024, but which saw a reduction to its working capital deficit from prior year.

SUPPLEMENTAL QUARTERLY INFORMATION

	2025				2024			
	Dec 31 Q4	Sep 30 Q3	June 30 Q2	Mar 31 Q1	Dec 31 Q4	Sep 30 Q3	June 30 Q2	Mar 31 Q1
FINANCIAL								
Revenue	4,247	2,810	2,781	1,909	3,163	3,598	4,238	3,227
Net (loss) income	(611)	(1,106)	(1,947)	(1,202)	(14,415)	(472)	(875)	(1,326)
Net (loss) income per share (\$), basic and diluted	(0.02)	(0.05)	(0.10)	(0.08)	(1.02)	(0.02)	(0.05)	(0.10)
EBITDA ⁽¹⁾	993	205	(822)	(33)	(14,244)	1,227	966	217
Adjusted EBITDA ⁽¹⁾	1,274	471	339	450	98	983	1,122	654
Total assets	75,463	76,537	78,577	77,560	77,700	91,643	93,828	94,241
Total long-term liabilities	23,985	24,750	25,657	26,878	26,118	28,082	29,321	30,255
Working capital surplus (deficit) ⁽¹⁾	(855)	43	1,449	(1,913)	(950)	484	994	(1,064)
COMMON SHARES (thousands)								
Outstanding, end of period	22,427	22,427	22,426	14,059	14,021	14,002	13,979	13,918
Weighted average – basic & diluted	22,427	22,247	17,762	14,041	14,019	13,995	13,947	13,905
OPERATING								
RNG sales (gigajoules)	54,812	51,770	49,297	43,014	41,694	40,674	42,219	35,440
Incoming organic feedstock (tonnes)	18,962	15,310	17,220	13,416	25,454	25,555	30,647	17,786
Organic compost and soil sales (yards)	2,013	11,172	8,179	642	2,860	9,771	11,742	2,179
Electricity (MWh)	833	975	853	763	627	1,057	911	851

⁽¹⁾ Non-GAAP measure as defined in the Non-GAAP measures section of this MD&A.

The Company's revenue is exposed to fluctuations as a result of the inherent seasonality of organic waste processing and the sale of organic compost and soil. As a result, the Company typically sees higher revenues, net income, EBITDA and Adjusted EBITDA during Q2 and Q3 of a given year, when compared to Q1 and Q4, due to higher incoming organic feedstock and organic compost and soil sales during these periods. During Q2 2025 and Q3 2025 the Company did not see the typical higher revenues, net income, EBITDA and Adjusted EBITDA, as incoming tipping revenue volumes were reduced (as described above).

LIQUIDITY AND CAPITAL RESOURCES

	December 31, 2025	December 31, 2024	% Change
Cash and cash equivalents	2,210	414	434
Working capital (deficit) ⁽¹⁾	(855)	(950)	(10)

⁽¹⁾ Non-GAAP measure as defined in the Non-GAAP measures section of this MD&A.

We consider our capital to consist of shareholders' equity and debt (including lease liabilities) less cash and cash equivalents. The Company's objective when managing capital is to maintain adequate levels of funding to support the growth and development of its business and maintain the necessary corporate and administrative functions to facilitate these activities. The Company actively monitors its capital and operational spending activities to ensure that it can meet its future anticipated obligations incurred from normal ongoing operations, which may require the Company to adjust its capital structure. To maintain or adjust its capital structure, the Company may issue additional common shares, repay existing debt, seek additional debt financing or adjust its spending or capital expenditures. There is no assurance that any of these will be on acceptable terms to EverGen.

EverGen assesses its ability to meet its on-going obligations using the non-GAAP measures of EBITDA and adjusted EBITDA. These metrics are key measures of liquidity and the management of capital resources.

EverGen's working capital deficit has improved compared to December 31, 2024. This is primarily due to the share purchase and reorganization agreement the Company entered into in May 2025, where the purchaser agreed to act as the lead investor in a private placement of common shares of the Company and proceeds of \$5,000 were received by the Company, partially offset by a decrease in accounts payable and accrued liabilities due to the timing of payments primarily relating to outstanding accounts payable and accrued liabilities which built up within the Company's RNG and organic and composting operating segments.

In February 2025, EverGen through FVB, executed a letter of intent on a \$13,000 debt facility and a \$250 operating line of credit, with the proceeds used to refinance the Company's existing debt facility. In January 2026, the Company announced the closing of the previously announced \$13,000 asset-level debt facility, repaid the majority of the Company's senior term loan, and closed the second tranche of its previously announced non-brokered private placement for gross proceeds of approximately \$1,900. The proceeds from the private placement were used to repay certain indebtedness outstanding and for working capital and general corporate purposes. Based on the Company's liquidity position as at December 31, 2025, the completion of the above financing transactions, the receipt of grant funding, and expected cash flows from operations, management has concluded that the Company has sufficient liquidity to meet its obligations as they become due for at least the next twelve months from December 31, 2025.

As at December 31, 2025, EverGen was committed to \$280 of future capital expenditure, primarily related to the core RNG expansion project at PCR. These commitments are expected to be funded by existing liquidity, expected future operating cash flows and additional sources of financing.

As at December 31, 2025, EverGen was not in compliance with certain of its covenant requirements under its term loans and obtained waivers from the lenders, as at that date, for limited suspension of the covenant compliance requirements under the facilities.

Share capital

The Company had the following outstanding common shares and equity instruments as at December 31, 2025, and December 31, 2024:

(thousands)	December 31, 2025	December 31, 2024	% Change
Common shares	22,427	14,021	60
Options	1,511	617	145
Performance share units	-	430	(100)
Restricted share units	498	259	92
Deferred share units	150	67	124
Total outstanding securities	24,586	15,394	60

A description of EverGen's equity instruments can be found in note 16 to the consolidated financial statements for the year ended December 31, 2025.

As of the date of this MD&A, the following equity instruments were outstanding:

(thousands)	
Common shares	25,580
Options	1,511
Performance share units	-
Restricted share units	498
Deferred share units	150
Total outstanding securities	27,739

Summary of Cash Flows

	Year ended		% Change
	December 31, 2025	December 31, 2024	
Net operating cash flow	(926)	4,064	(123)
Net investing cash flow	(381)	(3,653)	(90)
Net financing cash flow	2,353	(582)	(504)
Total	1,046	(171)	(712)

The Company's net operating cash flows decreased for the year ended December 31, 2025, compared to the same period last year, primarily due to a decrease in revenues, as described above, and timing of changes in non-cash working capital.

Cash from investing activities for the year ended December 31, 2025, primarily related to government grant funding received, partially offset by property, plant and equipment expenditures associated with the Company's core RNG expansion projects at PCR and GrowTEC and a contingent consideration payment relating to one of the composting facilities. Cash used in investing activities for the year ended December 31, 2024, was primarily related to property plant and equipment expenditures associated with the Company's core RNG expansion projects at PCR, GrowTEC and FVB.

Cash provided by financing activities for the year ended December 31, 2025, increased compared to the same period in 2024, primarily due to net proceeds from the Private Placement and proceeds from the disposal of land at FVB. The increase was partially offset by the drawdown of the GrowTEC Loan in 2024, higher restricted cash balances in 2025 related to a portion of the FVB land sale proceeds being reserved for future debt payments, and higher principal debt repayments in 2025, as certain facilities were in interest-only payment periods during 2024.

ACCOUNTING STANDARDS, CHANGES AND PRONOUNCEMENTS

The Company's material accounting policies are included in Note 3 to the Company's annual financial statements for the year ended December 31, 2025.

CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of financial statements requires management to make certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant in the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

The Company's uses of estimates, judgements and assumptions are included in Note 2 to the Company's financial statements for the year ended December 31, 2025. There have been no significant changes to the Company's critical accounting estimates, judgments and assumptions during the year ended December 31, 2025.

MANAGEMENT'S REPORT ON INTERNAL CONTROLS

Management is responsible for the preparation and integrity of the Company's financial statements, including the maintenance of appropriate information systems, procedures and internal controls, and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. Disclosure controls and procedures should be designed to provide reasonable assurance that information required to be disclosed by the Company is recorded, processed, summarized and reported within the time periods specified under the Canadian securities law.

We have designed disclosure controls and procedures, as defined in National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), to provide reasonable assurance that material information is identified and communicated to management, including the Chief Executive Officer and Chief Financial Officer, in a timely manner to allow decisions regarding required disclosures.

We have also designed internal controls over financial reporting ("ICFR"), as defined in NI 52-109, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards.

A control system, including EverGen's disclosure controls and procedures and ICFR, no matter how well designed, has inherent limitations and can only provide reasonable, not absolute, assurance that the objectives of the control system will be met, and it should not be expected that the disclosure controls and procedures and ICFR will prevent all misstatements and instances of fraud, if any.

During the year ended December 31, 2025 there were no changes in ICFR that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

EverGen is not required to certify the design and evaluation of the issuer's DC&P and ICFR and has not completed such an evaluation and inherent limitations on the ability of the certifying officers to design and implement on a cost-effective basis DC&P and ICFR for the issuer may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

RELATED PARTY TRANSACTIONS

Key management compensation

The value of compensation and other fees paid to board of directors and members of executive management of EverGen is included in the table that follows.

	Three months ended			Year ended		
	Dec 31, 2025	Dec 31, 2024	% Change	Dec 31, 2025	Dec 31, 2024	% Change
Salaries and benefits	147	183	(20)	675	732	(8)
Share-based payment expense	76	91	(16)	917	572	60
Directors' fees	-	-	100	71	-	100
Total	223	274	(19)	1,663	1,304	28

Other related party transactions

In July 2022, a subsidiary of the Company entered into a lease agreement with related parties to lease the land on which the GrowTEC facility is located for a term of ten years, with the option to extend for an additional two five-year periods, at the option of the Company. The lease payments for the initial term are \$270 for the first year of the lease and \$120 per year for the remaining nine years. During the year ended December 31, 2025, the Company incurred lease expenses of \$120 relating to this lease (year ended December 31, 2024 - \$120).

Effective December 1, 2023, the Company entered into a loan agreement with the parties related to the acquisition of GrowTEC to provide proceeds of \$1,000 to the Company primarily to fund the repayment of amounts owing as contingent consideration related to the acquisition of the Company's 67% interest in GrowTEC in July 2022. The full outstanding balance of the loan was repayable on January 1, 2026 and bore interest at a rate of 10.0%, which the Company has the option to pay interest in cash, payment-in-kind, or a combination thereof. During the year ended December 31, 2025, the Company incurred interest expense of \$100, relating to this loan (year ended December 31, 2024 - \$100). The principal and accrued interest were repaid in connection with the January 2026 financing transactions described above.

In March 2025, the Company entered into a purchase and sale agreement with a related party in connection with the disposition of land owned on which FVB operates (the "Property"). In connection with the sale of the Property, the Company entered into a long-term lease with the purchaser of the Property for the portion of the Property on which the FVB facility operates. During the year ended December 31, 2025, the Company incurred lease expenses of \$129 relating to this lease (year ended December 31, 2024 - \$nil).

On May 21, 2025, the Company completed a non-brokered private placement of 8,333,333 common shares for gross proceeds of \$5,000, pursuant to which the purchaser became a new Control Person of the Company, as defined in the policies of the TSXV. The transaction resulted in the purchaser becoming a related party of the Company. In connection with the private placement, 1,211,026 equity-settled incentive securities (options, PSUs, DSUs, and RSUs) held by current and former members of management and the Board of Directors were surrendered for cancellation for nominal consideration.

During the year ended December 31, 2025, the Company received consulting services from entities controlled by certain directors of the Company. The services provided included strategic, operational and advisory support which amounted to \$128 and are recorded in general and administrative expenses for the year ended December 31, 2025 (year ended December 31, 2024 - nil).

OFF BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements.

FINANCIAL INSTRUMENTS

As at December 31, 2025, the Company's financial instruments consist of cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued liabilities, contingent consideration, lease liabilities, loans payable, loans payable – related parties and the financial liability – sale and leaseback. There have been no significant developments, including the associated risks, in the Company's financial instruments as included in the Company's annual consolidated financial statements as at and for the year ended December 31, 2025.

There were no significant changes in the Company's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the three months and year ended December 31, 2025.

RISKS AND UNCERTAINTIES

Risk is inherent in all business activities and cannot be entirely eliminated. EverGen's business and financial performance, which includes our results of operations and cash flows, are impacted by a number of risks. Additional risks and uncertainties, including those that we do not currently know of or that we deem immaterial, could materially and adversely affect the Company's investments, prospects, cash flows, results of operations or financial condition.

EverGen's management is committed to proactively monitoring, and where possible, mitigating risk. Issues affecting, or with the potential to affect, the Company's assets, operations and/or reputation, are generally of a strategic nature or are emerging issues that can be identified early and then managed, but occasionally include unforeseen issues that arise unexpectedly and must be managed on an urgent basis. EverGen takes a proactive approach to the identification and management of issues that may affect the Company's assets, operations and/or reputation and has established consistent and clear policies, procedures, guidelines and responsibilities for issue identification, management and mitigation.

Financial risk management

The Company is exposed to market risk (i.e., interest rate risk, foreign currency risk and commodity risk), credit risk and liquidity risk. The following is a description of these risks and how they are managed:

Market risk

Market risk is defined for these purposes as the risk that the fair value or future cash flows of a financial instrument held by the Company will fluctuate because of changes in market prices. Market risk includes the risk of changes in interest rates, foreign currency exchange rates and changes in market prices due to factors other than interest rates or foreign currency exchange rates, such as changes in commodity prices or credit spreads.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to the impact of interest rate changes, primarily through its floating-rate borrowings that require it to make interest payments based on the Canadian Variable Rate. Significant increases in interest rates could adversely affect operating margins, results of operations and the Company's ability to service its debt.

At December 31, 2025, the Company is exposed to interest rate risk with respect to its loans payable. A 50 basis points increase or decrease, respectively, in the Company's interest rates is expected to increase or decrease finance costs for the year ended December 31, 2025, by \$79 or \$112, respectively.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company has very few transactions denominated in foreign currencies thereby minimizing risk associated with fluctuations in exchange rates.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk on customer accounts receivable is influenced mainly by the individual characteristics of each debtor and is concentrated with a few customers, primarily municipal governments, and the Company is therefore able to monitor credit risk on an individual account basis and apply lifetime expected loss provisions where any uncertainty on collectability is identified.

The Company's historical bad debt expense has not been significant and is usually limited to specific customer circumstances. The Company considers the credit worthiness of counterparties and past payment history as well as amounts past due.

The Company regularly monitors customers' payments and considers all amounts greater than 60 days to be past due. As at December 31, 2025, the Company had \$152 of contractual payments, included in accounts receivable, which are greater than 60 days past due. The maximum exposure to credit risk related to trade receivables is their carrying value as disclosed in these, consolidated financial statements. Based on only insignificant amounts of historical bad debts, as well as minimal expectation of future losses as a result of default, the Company has determined its credit risk to be low.

The Company held cash and cash equivalents of \$1,460 and restricted cash of \$750 as at December 31, 2025, which represents its maximum credit exposure on these assets (December 31, 2024 - \$414 cash and cash equivalents and nil restricted cash). The cash is held with major financial institution counterparties and management believes credit risk is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. As at December 31, 2025, the Company had a working capital deficit, being current assets less current liabilities, of \$855. Subsequent to year end and prior to the authorization of these financial statements, the Company completed financing transactions and received grant funding that significantly strengthened its liquidity position.

The Company's primary liquidity needs for the next twelve months are to make scheduled repayments of debt, to pay debt service costs, to pay existing committed capital expenditures, to pay direct operating costs, to fund general working capital requirements and to manage its working capital deficit.

See the Liquidity and Capital Resources section above for an assessment of EverGen's ability to meet these obligations for at least the one-year period to December 31, 2026.

Other risks

The Company is also exposed to other risks and uncertainties. Additional risks and uncertainties, including those that we do not currently know of or that we deem immaterial, could materially and adversely affect the Company's investments, prospects, cash flows, results of operations or financial condition.

NON-GAAP MEASUREMENTS

EverGen uses certain financial measures referred to in this MD&A to quantify its results that are not prescribed by IFRS Accounting Standards. The following terms: "EBITDA", "adjusted EBITDA", and "working capital deficit" are not recognized measures under IFRS Accounting Standards and may not be comparable to that reported by other companies. EverGen believes that, in addition to measures prepared in accordance with IFRS Accounting Standards, these non-GAAP measurements provide useful information to evaluate the Company's performance and ability to generate cash, profit and meet financial commitments. EverGen calculates these adjustments consistently from period to period.

These non-GAAP measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS Accounting Standards.

EBITDA and Adjusted EBITDA

Management considers EBITDA and adjusted EBITDA key metrics in analyzing operational performance and the Company's ability to generate cash flow. EBITDA is measured as net income (loss) before interest,

tax, depreciation and amortization. Adjusted EBITDA is measured as EBITDA adjusted for share-based payment expense, unusual or non-recurring items, contingent consideration gains and losses, and non-controlling interests in adjusted EBITDA. A reconciliation of the non-GAAP measures, EBITDA and adjusted EBITDA, to the applicable IFRS Accounting Standards measure can be found under the Results of Operations section of this MD&A.

Working capital deficit

Working capital for EverGen is calculated as current assets less current liabilities. The following table provides a reconciliation of working capital, a non-GAAP measure to the applicable IFRS Accounting Standards measurements for the Company:

(thousands)	December 31, 2025	December 31, 2024	% Change
Current assets	7,397	8,631	(14)
Current liabilities	(8,252)	(9,581)	(14)
Working capital deficit	(855)	(950)	(10)

FORWARD LOOKING STATEMENTS

Readers are cautioned that this MD&A contains certain forward-looking statements and/or forward-looking information (collectively, "forward looking statements") within the meaning of applicable securities laws that involve risks, uncertainties and assumptions and relate to the Company's current expectations as of the date of this MD&A and views of future events. All statements other than statements of present or historical fact are forward-looking statements.

Forward-looking statements can often, but not always, be identified by the use of words such as "forecast", "target", "goal", "may", "might", "will", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "project", "predict", or "likely", or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. In particular, this MD&A contains forward-looking statements including, but not limited to:

- The timing of the completion of the Company's core RNG expansion projects, as well as the expected capital costs, RNG production, inbound organic feedstock capacity and increase in net income and EBITDA;
- EverGen's plans to grow and develop RNG facilities and construct a platform of sustainable infrastructure and reduce carbon emissions;
- Optimization, diversification and expansion of organic waste processing facilities and RNG feedstock;
- Continued growth through strategic acquisitions and consolidation opportunities;
- Developing strategic partnerships and advancing RNG project pipelines;
- EverGen's expectation to continue to pursue opportunities within its core markets and across North America;
- The ability to secure and optimize long-term contracts for RNG offtake and feedstock inputs;
- Continued growth of the feedstock opportunity from municipal and commercial sources and our ability to build relationships with municipal, commercial and utility customers;
- The ability to create efficiencies through the integration of talent, systems and processes across acquired capital;
- The growth of the RNG industry;
- The growth and success of EverGen focussed on realizing consolidation opportunities and achieving synergies in cost and margin;
- The ability for EverGen to complete certain financing initiatives;
- That funds received under loan facilities will be sufficient to fund the core RNG expansion projects; and

- That EverGen generates sufficient amounts of cash and cash equivalents from operating activities to maintain the current level of operations.

Such statements reflect the current views of EverGen with respect to future events, and are subject to certain risks, uncertainties and assumptions. Many factors could cause EverGen's actual results, performance or achievements to be materially different from any expected future results, performance or achievement that may be expressed or implied by such forward looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what benefits EverGen will derive therefrom. Events or circumstances may cause actual results to differ materially from those predicted as a result of numerous known and unknown risks, uncertainties and other factors, many of which are beyond the control of EverGen. These include, but are not limited to, risks associated with renewable energy sources, such as market competition, volatility of prices, currency fluctuations, environmental risk, and competition from other producers and ability to access sufficient capital from internal and external sources.

Although the Company believes that the expectations reflected in such forward-looking statements and information are reasonable, it can give no assurance that such expectations will prove to be accurate, as results and future events could differ materially from those expected or estimated in such statements. Forward-looking-statements, by their nature, involve risks and uncertainties. Certain of these risks are included in "Risks and Uncertainties" in this MD&A. Given these risks, uncertainties and assumptions, readers are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements contained in this MD&A are made as of the date hereof, and except as may be expressly required by applicable law, EverGen disclaims any intent, obligation or undertaking to publicly release any updates or revisions to any forward-looking statements contained herein whether as a result of new information, future events or results or otherwise. The forward-looking statements and information contained in this MD&A may not be appropriate for other purposes. In the event that subsequent events are reasonably likely to cause actual results to differ materially from forward-looking statements previously disclosed by the Company for a period that is not yet complete, EverGen will provide disclosure on such events and the anticipated impact of such events.