EVERGEN Infrastructure Corp.

Management's Discussion and Analysis

For the three months and year ended December 31, 2024

Dated April 30, 2025

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, 2024, as at April 30, 2025, 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, 2024, 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 30, 2025.

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 OTCQX Market ("OTCQX") 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, 2024	Dec 31, 2023	$ Change	% Change	Dec 31, 2024	Dec 31, 2023	$ Change	% Change
FINANCIAL								
Revenue	3,163	2,314	849	37	14,226	8,442	5,784	69
Net loss	(14,415)	(1,765)	(12,650)	717	(17,088)	(4,743)	(12,345)	260
Net loss per share ($), basic and diluted	(1.02)	(0.12)	(0.90)	758	(1.20)	(0.32)	(0.88)	274
EBITDA [(1)]	(14,244)	(705)	(13,539)	1,920	(11,834)	(1,720)	(10,114)	588
Adjusted EBITDA [(1)]	98	(9)	107	(1,187)	2,856	773	(2,083)	269
Total assets	77,700	93,534	(15,834)	(17)	77,700	93,534	(15,834)	(17)
Total long-term liabilities	26,118	28,001	(1,883)	(7)	26,118	28,001	(1,883)	(7)
Cash and cash equivalents	414	585	(171)	(29)	414	585	(171)	(29)
Working capital deficit [(1)]	(950)	(3,558)	2,608	(73)	(950)	(3,558)	2,608	(73)
COMMON SHARES (thousands)								
Outstanding, end of period	14,021	13,897	124	1	14,021	13,897	124	1
Weighted average – basic & diluted	14,019	13,890	129	1	13,963	13,852	111	1
OPERATING								
RNG (gigajoules)	41,694	22,926	18,768	82	160,027	62,891	97,136	154
Incoming organic feedstock (tonnes)	25,454	22,768	2,686	12	99,642	80,608	19,034	24
Organic compost and soil sales (yards)	2,860	4,763	(1,903)	(40)	26,552	27,066	(514)	(2)
Electricity (MWh)	627	669	(42)	(6)	3,446	3,116	330	11

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

Revenue: For the three months and year ended December 31, 2024, revenues increased by $849, or 37%, and $5,784, or 69%, respectively, compared to the same periods last year, primarily due to increased Renewable Natural Gas ("RNG") production and associated revenues from the completion of the Fraser Valley Biogas Ltd. ("FVB") RNG expansion project in Q4-2023 and the commencement of RNG production at Grow the Energy Circle Ltd. ("GrowTEC") in late Q2-2023, increased tipping fees associated with interim operations at Prairie Sky Organics Ltd. ("PSO") which commenced in Q3-2023 and increased pricing at Pacific Coast Renewables ("PCR"). Revenues for the three months and year ended December 31, 2024, also includes management fees earned from Project Radius related to the development of the project.

Net loss: For the three months ended December 31, 2024, despite and increase in revenue, as described above, net loss increased by $12,650 or 717%, compared to the same period last year. This increase was primarily due to $12,265 of non-cash impairment losses associated with Sea to Sky Soils and Composting Inc. ("SSS") and GrowTEC cash generating units ("CGU"s), a contingent consideration loss associated with the SSS facility, a decrease in insurance proceeds received, an increase in direct operating costs due to a set of disruptions arising from weather, seasonal and fire related operating disturbance at certain of the Company's operating sites in the fourth quarter of 2024, an increase in finance costs related to the investments made into the FVB RNG facility, and an increase in equity-accounted loss associated with developments costs for Project Radius during the three months ended December 31, 2024. This was partially offset by an increase in RNG revenues and a decrease in general and administrative expenses.

For the year ended December 31, 2024, despite and increase in revenue, as described above, net loss increased by $12,345, compared to the same period last year primarily due to $12,265 of non-cash impairment losses associated with SSS and GrowTEC cash generating units ("CGU"s), an increase in depreciation and amortization expense and finance costs related to the investments made into the FVB RNG facility, an increase in utility costs related to the increase in RNG production, a decrease in insurance proceeds received, and an increase in equity-accounted loss associated with developments costs for Project Radius during the year ended December 31, 2024. This was partially offset by increased revenues, an increase in contingent consideration gain (consisting of a contingent consideration gain associated with the GrowTEC acquisition, partially offset by a contingent consideration loss recognized related to the SSS facility)) and a decrease in general and administrative expenses.

Adjusted EBITDA: EverGen's Adjusted EBITDA of $98 increased by $107, for the three months ended December 31, 2024, compared to the same period last year, primarily due to an increase in revenues, and a decrease in recurring general and administrative expenses, partially offset by an increase in production related direct operating costs and residual and unscreened compost disposal costs at PCR, and a decrease in insurance proceeds.

EverGen's Adjusted EBITDA of $2,856 increased by $2,083, for the year ended December 31, 2024, compared to the same period last year, primarily due to an increase in revenues and a decrease in recurring general and administrative expenses, partially offset by a less than proportionate to revenue increase in production related direct operating costs and a decrease in insurance proceeds.

RNG Volumes: RNG production increased during the three months and year ended December 31, 2024, compared to the same period last year, following the completion of the FVB RNG expansion project in December 2023 and first injection of RNG at GrowTEC in late Q2 2023. In early 2025, the FVB facility set a new monthly RNG production record of over 12,000 gigajoules. Previous records were set throughout 2024, including a monthly RNG production record of 11,186 gigajoules in September 2024 and a daily RNG production record of 640 gigajoules in a day in October 2024.

RNG expansion and development projects: EverGen continues to progress on its core RNG expansion and development projects and regional expansion across Canada.

FVB

FVB continues to ramp up production and set new **record daily and monthly RNG production** following the **successful completion of the FVB RNG expansion project** in December 2023. In June 2024, EverGen announced the **execution of a 20-year offtake agreement** with FortisBC Energy Inc and a **long-**

term feedstock supply agreement with a waste disposal consolidator. Once the facility is fully ramped-up, RNG production is expected to exceed initial expectations of ~160,000 gigajoules of RNG per year. The project was completed for an all-in cost of approximately $13 million.

GrowTEC

In July 2022, **EverGen completed the acquisition of a 67% interest in GrowTEC** and subsequently entered into construction on the first phase of an **RNG expansion project** designed to produce ~70,000 gigajoules of RNG per year. Construction and successful commissioning of this project was completed in Q1 2023. **First injection of RNG occurred during Q2 2023**, following utility grid connection upon completion of gas quality sampling, and the facility has been producing volumes of up to 220 gigajoules per day. In November 2023, GrowTEC announced that it had entered into a **10-year RNG offtake agreement with Irving Oil** Ltd to supply up to 60,000 gigajoules of RNG per year, which provides for significant upside through revenue sharing opportunities and **in September 2024, GrowTEC commenced supplying RNG to FortisBC Energy under a 20-year offtake agreement**. With the first phase of development complete, EverGen is moving into the next phase of the project. The second phase expands RNG capacity through the addition of preprocessing and depackaging equipment to broaden the range of organic waste the facility can process and is expected to increase production to ~120,000 gigajoules of RNG per year. In October 2024, GrowTEC was awarded up to **$2 million of funding from the Government of Canada** to support the development of the second phase of the RNG expansion project, which is expected to commence construction in early-2025 and in March 2025, the Company received proceeds under this Government of Canada funding agreement.

PSO

In September 2023, **EverGen announced that it had entered into a 10-year agreement with the City of Regina** to process all of the organic waste pursuant to the City's Food and Yard Waste program, expected to provide up to **24,000 tonnes of organic waste annually**. The agreement provided access to a new market, and an opportunity to consolidate various streams of available organic waste in the region that are currently being sent to landfill. The Company began accepting material at an interim facility in September 2023, pending confirmation of a long-term location. In January 2025, the Company ceased processing materials at the interim facility, following a mutual agreement between the Company and local municipality to terminate the long-term agreement.

PCR

The **RNG expansion project at Pacific Coast Renewables** is expected to add RNG production of up to ~180,000 gigajoules per year. During the second quarter of 2023, **EverGen was awarded funding of $10.5 million from Natural Resources Canada** to support the development of the PCR RNG expansion project and a contribution agreement was executed in February 2024. During 2024 and early-2025, the Company started receiving funding under the contribution agreement. Since 2023, EverGen has been completing upgrades to existing infrastructure, necessary to secure regulatory approvals and optimize the development and construction. The RNG expansion project is currently undergoing development and is expected to commence construction following the receipt of regulatory approvals. In November 2023, EverGen announced the **renewed organic waste processing contract with the City of Abbotsford.**

Project Radius

In May 2022, **EverGen acquired a 50% interest in Project Radius**, which is a late-development-stage portfolio of three high-quality, on-farm RNG projects in Ontario. Collectively the projects are capable of producing ~2 million gigajoules of RNG per year, with the first project expected to start construction in 2026.

Financing

In January 2024, EverGen, through GrowTEC, signed a definitive agreement with Farm Credit Canada ("FCC") for a $3.5 million term loan to support the expansion of the GrowTEC facility (the "GrowTEC Loan"), including the procurement of depackaging equipment and front-end engineering and design work associated with the second phase of the RNG expansion project. EverGen made a drawdown of $3,270 under this facility in early-2024.

In October 2024, EverGen, through GrowTEC, was awarded up to $2,000 in funding from Agriculture and Agri-Food Canada, which provides for 40% of capital expenditures in the form of a non-repayable contribution. As at December 31, 2024, GrowTEC has incurred approximately $2,400 of expected eligible capital expenditure under the program and in early-2025 GrowTEC received the first installment of funding of $1,600 under the grant agreement.

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. EverGen expects to execute this agreement in May 2025.

In March 2025, EverGen 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 purchase of the Property, the Company has entered into a long-term lease with the purchaser of the Property for the portion of the Property on which the Fraser Valley Biogas operates.

In April 2025, EverGen announced that it had 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 has 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"). Upon execution of the Agreement, the purchaser paid a deposit of $1,800 to the Company in escrow, with the remaining $3,200 to be paid to the Company upon closing of the Private Placement. Pursuant to the terms of the Agreement, subject to and concurrent with the closing of the Private Placement, the majority of the executive officers and directors of the Company will resign and be replaced with a new management team ("Change of Management"). Completion of the Private Placement and the Change of Management is subject to approval of the TSX Venture Exchange and disinterested holders of Common Shares holding more than 50% of the Common Shares giving consent to the Private Placement and the Change of Management, in accordance with the policies and requirements of the TSX Venture Exchange by executing a written consent.

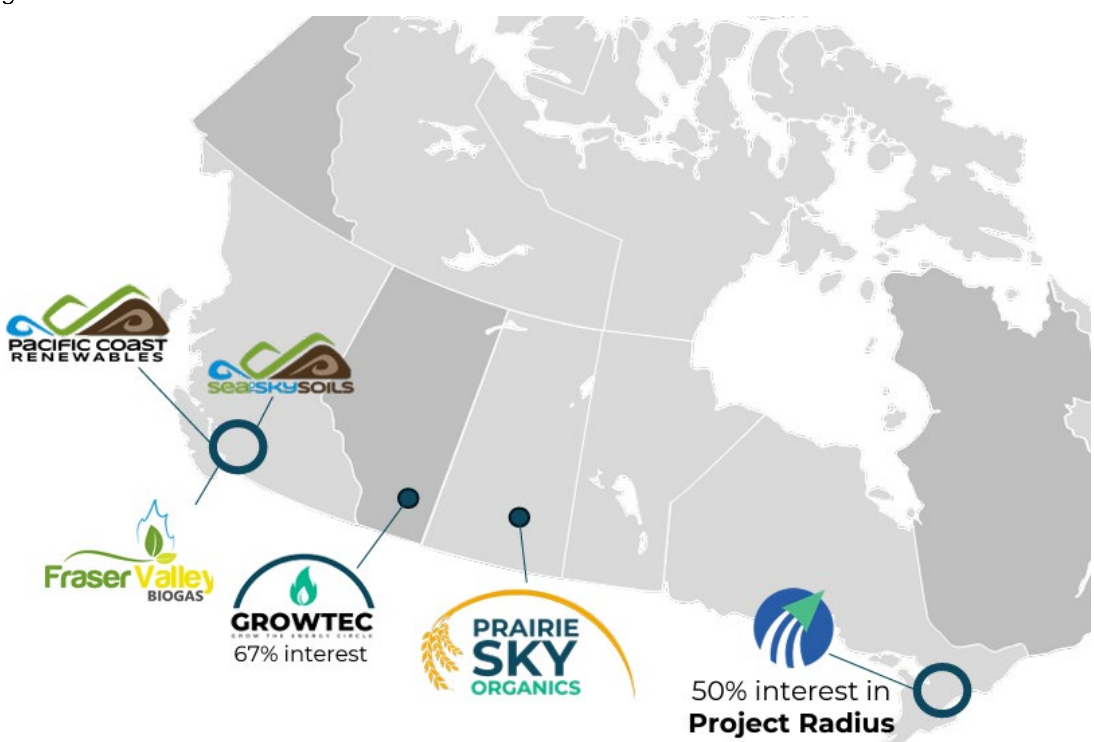
With expected improved debt financing terms at FVB and a strengthened balance sheet through the Private Placement, EverGen is well positioned to unlock shareholder value by optimizing its existing core asset base, pursuing near-term expansion opportunities of core assets, and continuing to develop its RNG platform through strategic growth.

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. In January 2025, the Company ceased processing materials at an interim PSO facility, following a mutual agreement between the Company and local municipality to terminate the long-term agreement at the site.



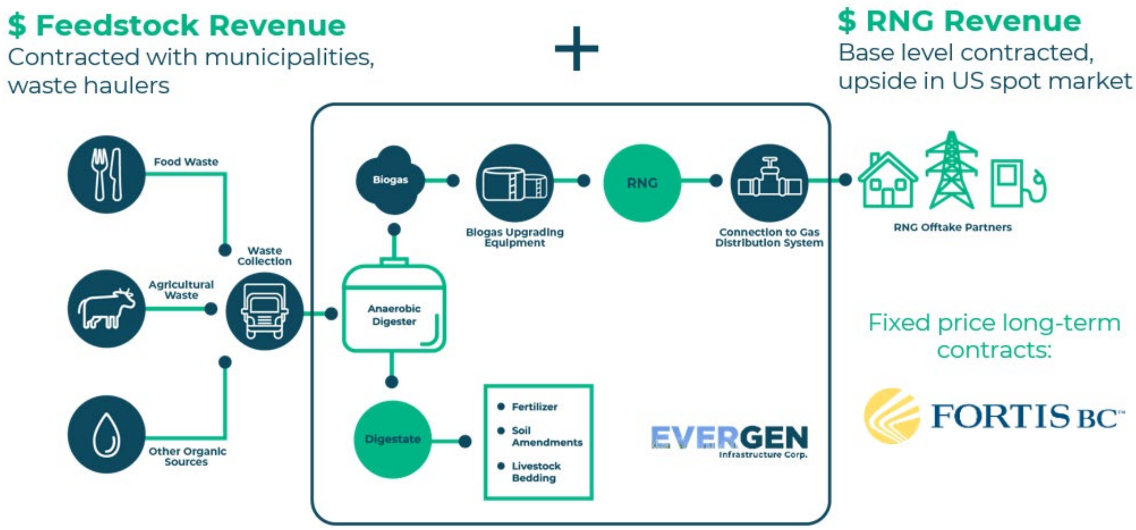
FVB is British Columbia's first RNG facility, which combines anaerobic digestion and biogas upgrading to produce RNG, primarily by converting agricultural waste from local dairy farms. The facility is currently operating under a new 20-year offtake agreement with FortisBC. In December 2023, the RNG expansion project at FVB was completed, which added additional RNG production capacity to the facility and is expected to exceed ~160,000 gigajoules of production per year, more than doubling RNG production from ~80,000 gigajoules per year. Following the completion of the project, the FVB facility has been producing daily volumes of up to 640 gigajoules and set a new monthly production records of over 12,000 gigajoules in March 2025.

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, which applications were submitted during 2023. During the second quarter of 2023, EverGen was awarded funding of $10.5 million from Natural Resources Canada to support the development of the core RNG expansion project at PCR and the contribution agreement was executed in February 2024. 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.

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 gigajoules 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 gigajoules. With the first phase of development complete, EverGen expects to move into the next phase of the project. The project expands RNG capacity through the addition of preprocessing and depackaging equipment, to broaden the range of organic waste the facility can process, and is expected to increase production capacity to ~120,000 gigajoules of RNG per year. 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 gigajoules of RNG per year and the first project is expected to commence construction in mid-2025. EverGen is currently working with its partner on developing Project Radius to advance the projects to the notice-to-proceed phase of development.

COMMERCIAL STRATEGY



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:

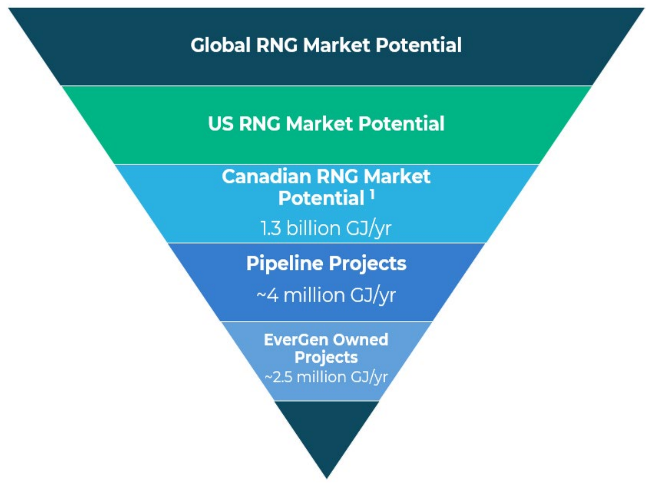
- Continuing development and construction of EverGen's existing portfolio of core RNG expansion projects;
- Optimizing and expanding existing organic waste processing facilities and RNG feedstock;
- Securing and optimizing long-term contracts for RNG offtake and feedstock to provide stable long-term 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, EverGen expects to continue to develop its core RNG expansion and development projects through maximizing the production output at FVB and reaching final investment decisions at PCR, the second phase of GrowTEC, and Project Radius, as well as continuing to develop and grow our project portfolio.

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:

ENVIRONMENTAL

99,642 tonnes
Of organic waste diverted from landfill during 2024
2023: 80,608 tonnes

26,552 yards
Of organic compost and soil produced during 2024
2023: 27,066 yards

160,027 GJs
Of renewable natural gas produced during 2024
2023: 62,891 GJs

3,446 MWh
Of electricity produced during 2024
2023: 3,116 MWh

SOCIAL

$60 million
Invested in global energy infrastructure

+46
Permanent green jobs created since 2020

50%
Indigenous workforce at Sea to Sky Soils site

GOVERNANCE

60%
Of board members are independent

40%
Of board members women

All amounts in Canadian $000s, unless otherwise indicated

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, 2024	Dec 31, 2023	% Change	Dec 31, 2024	Dec 31, 2023	% Change
RNG sales	1,125	592	90	4,450	1,500	197
Tipping fees	1,587	1,574	1	6,929	5,777	20
Organic compost and soil sales	64	43	49	544	591	(8)
Electricity sales	55	95	(42)	253	560	(55)
Carbon credits	-	-	-	725	-	100
Other	332	10	3,220	1,325	14	9,364
Total	**3,163**	**2,314**	**37**	**14,226**	**8,442**	**69**

Production volumes:

	Three months ended			Year ended		
	Dec 31, 2024	Dec 31, 2023	% Change	Dec 31, 2024	Dec 31, 2023	% Change
RNG (gigajoules)	41,694	22,926	82	160,027	62,891	154
Incoming organic feedstock (tonnes)	25,454	22,768	12	99,642	80,608	24
Organic compost and soil sales (yards)	2,860	4,763	(40)	26,552	27,066	(2)
Electricity (MWh)	627	669	(6)	3,446	3,116	11

Revenues from RNG production increased by $533, or 90%, and $2,950, or 197%, for the three months and year ended December 31, 2024, respectively, primarily due to increased production associated with the completion of the FVB RNG expansion project in December 2023 and the commencement of RNG production at GrowTEC in June 2023.

Revenues from tipping fees increased $1,152, or 20%, for the year ended December 31, 2024, compared to the same period last year, due to increased volumes of incoming feedstock arising from operations commencing at the interim PSO site in September 2023 and an increase in pricing at PCR. Revenues for the three months ended December 31, 2024, remained consistent with the prior period.

Revenues from electricity sales decreased by $40, or 42%, and $307, or 55% for the three months and year ended December 31, 2024, compared to the same period last year, primarily due to a decrease in spot electricity prices.

All amounts in Canadian $000s, unless otherwise indicated

Other revenue increased by $322, or 3,220%, and $1,311, or 9,364%, for the three months and year ended December 31, 2024, respectively, compared to the same periods last year, primarily due to management fees charged to Project Radius for the development of the project.

Revenue by segment:

	Three months ended			Year ended		
	Dec 31, 2024	Dec 31, 2023	% Change	Dec 31, 2024	Dec 31, 2023	% Change
RNG production	1,589	762	109	7,021	2,334	201
Organic waste and composting	1,574	1,552	1	7,205	6,108	18
Total	3,163	2,314	37	14,226	8,442	69

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, 2024	Dec 31, 2023	% Change	Dec 31, 2024	Dec 31, 2023	% Change
Direct operating costs	3,318	2,695	23	13,232	9,906	34

Direct operating costs increased by $623, or 23%, and less than proportionately to the increase in revenue for the three months ended December 31, 2024, compared to the same period last year due to increases in residual and unscreened compost disposal at PCR and an increase in depreciation and amortization expense mainly from the FVB RNG expansion. Direct operating costs for the year ended December 31, 2024 increased by $3,326, or 34%, and less than proportionately to the increase in revenue compared to the prior year, primarily due to an increase in depreciation and amortization expense mainly from the FVB RNG expansion, in residual and unscreened compost disposal at PCR, in utility costs following completion of the FVB RNG expansion, and in wages and salaries.

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, 2024	Dec 31, 2023	% Change	Dec 31, 2024	Dec 31, 2023	% Change
General and administrative expenses	1,298	1,528	(15)	4,532	5,092	(11)

General and administrative expenses decreased by $230, or 15%, for the three months ended December 31, 2024, compared to the same period last year, primarily due to a decrease in severance associated costs in 2023.

General and administrative expenses decreased by $560, or 11%, for the year ended December 31, 2024, compared to last year, primarily due to a decrease in investor relations costs, severance associated costs in 2023 and consulting fees.

All amounts in Canadian $000s, unless otherwise indicated

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, 2024	Dec 31, 2023	% Change	Dec 31, 2024	Dec 31, 2023	% Change
Interest expense on loans payable	380	371	2	1,625	977	66
Interest expense on loans payable - related parties	25	7	257	100	22	355
Interest expense on lease liabilities	162	149	9	655	521	26
Other	96	109	(12)	243	148	64
Subtotal	**663**	**636**	**4**	**2,623**	**1,668**	**57**
Less: capitalized interest	-	(264)	(100)	-	(602)	(100)
Total	**663**	**372**	**102**	**2,623**	**1,066**	**146**

Finance costs increased by $291, or 102%, and $1,557, or 146%, for the three months and year ended December 31, 2024, respectively, compared to the same periods last year, primarily due to the completion of the FVB RNG expansion project in late-2023 and the associated reduction in interest capitalized to the project, an increase in total borrowings and new leases entered into through 2024 to support growth as well as an increase in interest rates on such total borrowings.

Contingent consideration (loss) gain

	Three months ended			Year ended		
	Dec 31, 2024	Dec 31, 2023	% Change	Dec 31, 2024	Dec 31, 2023	% Change
Contingent consideration (loss) gain	(802)	(17)	4,618	698	73	856

During the three months ended December 31, 2024 the Company recorded a fair value adjustment loss of $802 as a result of an arbitration ruling for an on-going dispute relating to contingent consideration on the acquisition of SSS compared to a loss in the prior period as a result of adjustments of the liability relating to amounts payable in connection with the acquisition of GrowTEC, taking into account estimated holdbacks.

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.

During the year ended December 31, 2023, a contingent consideration gain of $73 was recognized as a result of adjustments of the liability relating to amounts payable in connection with the acquisition of GrowTEC, taking into account estimated holdbacks, and a reassessment of the liability associated with the SSS acquisition as a result of the ongoing proceedings of the dispute, including the provision of estimates and analysis from third-party experts.

All amounts in Canadian $000s, unless otherwise indicated

Impairment losses

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, 2024	Dec 31, 2023	% Change	Dec 31, 2024	Dec 31, 2023	% 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 it's market capitalization and conducted a goodwill impairment evaluation Management performed a qualitative and quantitative assessment for impairment. As at 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.

Other income – net

	Three months ended			Year ended		
	Dec 31, 2024	Dec 31, 2023	% Change	Dec 31, 2024	Dec 31, 2023	% Change
Insurance proceeds	(2)	782	(100)	207	1,228	(83)
Other	16	30	(47)	802	586	(86)
Total	**14**	**812**	**(98)**	**289**	**1,814**	**(84)**

Other income - net decreased during the three months and year ended December 31, 2024, compared to the same period last year, primarily due to a decrease in non-recurring and legacy items which included the recognition of insurance proceeds during the year ended December 31, 2024, and a write-off of legacy carbon credits during year ended December 31, 2024, associated with the acquisition of PCR, due to closure of the carbon credit marketplace on which the credits were listed and the expected inability to continue to market these credits.

Income taxes

Income taxes consist of current and deferred income taxes.

	Three months ended			Year ended		
	Dec 31, 2024	Dec 31, 2023	% Change	Dec 31, 2024	Dec 31, 2023	% Change
Current tax recovery	-	(18)	(100)	-	-	100
Deferred tax recovery	(1,692)	(307)	451	(2,226)	(1,677)	(33)
Total	**(1,692)**	**(325)**	**421**	**(2,226)**	**(1,677)**	**(33)**

The increase in the income tax recovery for the three months and year ended December 31, 2024, compared to the same periods last year, is primarily due to an increase in taxable net loss.

All amounts in Canadian $000s, unless otherwise indicated

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, 2024	Dec 31, 2023	% Change	Dec 31, 2024	Dec 31, 2023	% Change
Net loss	(14,415)	(1,765)	717	(17,088)	(4,743)	260
Tax recovery	(1,692)	(325)	421	(2,226)	(1,677)	33
Depreciation and amortization	1,200	1,013	18	4,857	3,634	34
Finance costs	663	372	78	2,623	1,066	146
EBITDA [(1)]	**(14,244)**	**(705)**	**1,920**	**(11,834)**	**(1,720)**	**(588)**
Share-based payment expense	125	80	57	742	641	16
Loss on sale of equipment	39	-	100	194	-	100
Non-recurring general and administrative expenses and other	346	(28)	(1,336)	861	1,208	(29)
Contingent consideration loss (gain)	802	17	4,620	(698)	(73)	855
Non-recurring general and administrative expenses and other related to equity-accounted investment	-	11	(100)	139	61	127
Impairment losses	12,265	-	100	12,265	-	100
Loss on write-down of assets	724	581	25	1,075	581	85
Consolidated adjusted EBITDA [(1)]	**57**	**(44)**	**(228)**	**2,744**	**698**	**293**
Adjusted EBITDA attributable to non-controlling interest	41	35	18	112	75	50
Adjusted EBITDA [(1)]	**98**	**(9)**	**(1,187)**	**2,856**	**773**	**269**

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

EverGen's EBITDA of ($14,244) decreased for the three months ended December 31, 2024, compared to the same period last year, primarily due to $12,265 of non-cash impairment losses associated with SSS and GrowTEC CGUs, increase in direct operating costs and a contingent consideration loss as described above, as well as a decrease in insurance proceeds received during the three months end December 31, 2024, partially offset by an increase in revenues, as described above and a decrease in recurring general and administrative expenses, as described above.

EverGen's EBITDA of ($11,834) decreased for the year ended December 31, 2024, compared to last year, primarily due to $12,265 of non-cash impairment losses associated with SSS and GrowTEC CGUs, a less than proportionate to revenue increase in associated production related direct operating expenses and an equity-accounted loss, both described above, and a decrease in insurance proceeds received, partially offset by an increase in revenues, as described above, an increase in contingent consideration gain compared to prior period and a decrease in recurring general administrative expenses, as described above, partially offset by the year ended December 31, 2024.

EverGen's Adjusted EBITDA of $98 increased by $107 , for the three months ended December 31, 2024, compared to the same period last year, primarily due to an increase in revenues, as described above, and a decrease in recurring general and administrative expenses, partially offset by an increase in direct operating costs as described above, and a decrease in insurance proceeds received.

All amounts in Canadian $000s, unless otherwise indicated

EverGen's Adjusted EBITDA of $2,856 increased by $2,083, for the year ended December 31, 2024, compared to the same period last year, primarily due to an increase in revenues, as described above, and a decrease in recurring general and administrative expenses, partially offset by a less than proportionate to revenue increase in production related direct operating costs and a decrease in insurance proceeds received.

SELECTED ANNUAL FINANCIAL INFORMATION

	Year ended		
	Dec 31, 2024	Dec 31, 2023	Dec 31, 2022
FINANCIAL			
Revenue	14,226	8,442	7,459
Net loss	(17,088)	(4,743)	(4,110)
Net loss per share ($), basic and diluted	(1.20)	(0.32)	(0.30)
EBITDA [(1)]	(11,834)	(1,720)	(1,067)
Adjusted EBITDA [(1)]	2,856	773	1,986
Total assets	77,700	93,534	85,956
Total long-term liabilities	26,118	28,001	17,463
Cash and cash equivalents	414	585	8,852
Working capital surplus (deficit)	(950)	(3,558)	6,125
COMMON SHARES (thousands)			
Outstanding, end of period	14,021	13,897	13,809
Weighted average – basic & diluted	13,963	13,852	13,593
OPERATING			
RNG (gigajoules)	160,027	62,891	51,484
Incoming organic feedstock (tonnes)	99,642	80,608	76,760
Organic compost and soil sales (yards)	26,552	27,066	33,972
Electricity (MWh)	3,446	3,116	1,270

[(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 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 losses on certain CGUs. but which saw a reduction to its working capital deficit from prior year.

All amounts in Canadian $000s, unless otherwise indicated

SUPPLEMENTAL QUARTERLY INFORMATION

	2024				2023			
	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	3,163	3,598	4,238	3,227	2,314	2,287	2,158	1,683
Net (loss) income	(14,415)	(472)	(875)	(1,326)	(1,765)	(1,091)	(891)	(996)
Net (loss) income per share ($), basic and diluted	(1.02)	(0.02)	(0.05)	(0.10)	(0.12)	(0.08)	(0.06)	(0.07)
EBITDA[1]	(14,244)	1,227	966	217	(705)	(440)	(387)	(188)
Adjusted EBITDA[1]	98	983	1,122	654	(9)	382	382	18
Total assets	77,700	91,643	93,828	94,241	93,534	92,280	94,814	88,216
Total long-term liabilities	26,118	28,082	29,321	30,255	28,001	27,640	28,214	18,749
Working capital surplus (deficit)[1]	(950)	484	994	(1,064)	(3,558)	325	6,997	1,143
COMMON SHARES (thousands)								
Outstanding, end of period	14,021	14,002	13,979	13,918	13,897	13,885	13,845	13,845
Weighted average – basic & diluted	14,019	13,995	13,947	13,905	13,890	13,851	13,845	13,820
OPERATING								
RNG sales (gigajoules)	41,694	40,674	42,219	35,440	22,926	24,657	6,442	8.866
Incoming organic feedstock (tonnes)	25,454	25,555	30,647	17,786	22,768	18,983	20,955	17,902
Organic compost and soil sales (yards)	2,860	9,771	11,742	2,179	4,763	10,425	10,365	894
Electricity (MWh)	627	1,057	911	851	669	717	920	810

(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 Q4 2022 and Q1 through Q4 of 2023, FVB RNG production volumes were impacted from planned downtime, with the facility being offline as part of the core RNG expansion project, and unplanned downtime due to equipment availability and installation. RNG production increased following the completion of the FVB RNG expansion project in December 2023 and first injection of RNG at GrowTEC in late Q2 2023.

All amounts in Canadian $000s, unless otherwise indicated

LIQUIDITY AND CAPITAL RESOURCES

	December 31, 2024	December 31, 2023	% Change
Cash and cash equivalents	414	585	(29)
Working capital (deficit [1]	(950)	(3,558)	(73)

[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 cash and cash equivalents and working capital deficit decreased as at December 31, 2024, compared to December 31, 2023, and at as December 31, 2024 EverGen had a working capital deficit primarily relating to outstanding accounts payable and accrued liabilities which built up within the Company's RNG and organic and composting operating segments due to a set of disruptions arising form weather, seasonal and a fire related operating disturbance at certain of the Company's operating sites in the fourth quarter of 2024. These disturbances limited production and resulting margins with ongoing expenses and created a working capital deficit. EverGen expects that it will need to obtain additional sources of financing, in addition to amounts generated from operations, to meet its obligations and commitments and minimum liquidity requirements under its financial covenants. Additional potential sources of financing that the Company is actively pursuing or may consider pursuing, include: issuing equity, entering into new debt facilities, borrowing additional amounts under existing facilities, the refinancing or extension of certain borrowings, selling certain assets and seeking joint venture partners for the Company's business interests. EverGen is actively pursuing or may pursue the financing initiatives described above, certain of which have been completed as described below, and others which it considers probable of completion based on the Company's assessment of current conditions and estimated future conditions. The Company is in various stages of progression on these matters including the announcement in April 2025 that it has entered into a share purchase and reorganization agreement where the purchaser has agreed to act as the lead investor in a private placement of common shares of the Company, subject to TSX and shareholder approval, and under which EverGen has received a deposit on total proceeds, refinancing of debt where EverGen has a letter of intent which it expects to execute in May 2025, has completed the sale of surplus lands and received installments on certain grants.

See Financing Section for a description of the status of these initiatives. As at December 31, 2024, EverGen was committed to $3,300 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, 2024 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.

All amounts in Canadian $000s, unless otherwise indicated

Share capital

The Company had the following outstanding common shares and equity instruments as at December 31, 2024, and December 31, 2023:

(thousands)	December 31, 2024	December 31, 2023	% Change
Common shares	14,021	13,897	1
Options	617	335	84
Performance share units	430	430	-
Restricted share units	259	214	21
Deferred share units	67	28	139
Total outstanding securities	**15,394**	**14,904**	**3**

A description of EverGen's equity instruments can be found in note 13 to the consolidated financial statements for the year ended December 31, 2024.

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

(thousands)	
Common shares	14,058
Options	617
Performance share units	430
Restricted share units	217
Deferred share units	67
Total outstanding securities	**15,389**

All amounts in Canadian $000s, unless otherwise indicated

Summary of Cash Flows

	Year ended		%
	December 31, 2024	December 31, 2023	Change
Net operating cash flow	4,064	307	(1,224)
Net investing cash flow	(3,653)	(16,657)	(78)
Net financing cash flow	(582)	8,083	(107)
Total	**(171)**	**(8,267)**	**(98)**

The Company's net operating cash flows increased for the year ended December 31, 2024, compared to the same period last year, primarily due to an increase in revenues, as described above, and timing of changes in non-cash working capital, partially offset by a proportional increase in production related direct operating costs.

EverGen has continued its focus on the investment into its facilities for the year ended December 31, 2024, with cash used in investing activities associated with property, plant and equipment expenditures relating to the Company's core RNG expansion projects at GrowTEC, FVB and PCR. Pursuant to its core RNG expansion projects at the facilities, which upon completion are expected to significantly increase EverGen's RNG production, net income and EBITDA, EverGen completed purchasing capital assets related to the FVB core RNG expansion project. During the year ended December 31, 2024, EverGen made a capital contribution to Project Radius of $500, following the repayment of the loan principal advanced to Project Radius in the prior year.

Cash used in investing activities for the year ended December 31, 2023, primarily related to property, plant and equipment expenditures associated with the Company's core RNG expansion projects at GrowTEC, PCR and FVB and capital improvements at PCR. Additionally, during the year ended December 31, 2023, a contingent consideration payment was made in relation to the Company's acquisition of a 67% interest in GrowTEC and EverGen advanced a loan to Project Radius of $500.

Cash provided by financing activities for the year ended December 31, 2024, decreased compared to the same period last year primarily due to the drawdown of a term loan facility used to support the upgrade and construction of the FVB RNG facility, advances from related parties during the year ended December 31, 2023 and an increase in lease and interest payments during the year ended December 31, 2024 associated with financing growth across the Company, partially offset the drawdown of the GrowTEC Loan during the year ended December 31, 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, 2024.

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, 2024. There have been no significant changes to the Company's critical accounting estimates, judgments and assumptions during the year ended December 31, 2024.

All amounts in Canadian $000s, unless otherwise indicated

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, 2024 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. There were no fees paid to the board of directors of the Company during the three months and year ended December 31, 2024 and 2023.

	Three months ended			Year ended		
	Dec 31, 2024	Dec 31, 2023	% Change	Dec 31, 2024	Dec 31, 2023	% Change
Salaries and benefits	183	213	(14)	732	1,039	(30)
Share-based payment expense	91	84	8	572	568	1
Total	**274**	**297**	**(8)**	**1,304**	**1,607**	**(19)**

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, 2024, the Company incurred lease expenses of $120 relating to this lease (year ended December 31, 2023 - $195).

Effective April 1, 2023, the Company entered into a loan agreement with the non-controlling interest holders of a subsidiary of the Company to provide proceeds of $710 to the Company to fund the non-controlling interest holders proportionate share of capital expenditure. The loan was repayable over a five-year term and bears interest at a rate of 4.0%. Effective January 1, 2024, the outstanding balance of this loan of $670 was converted into equity of the subsidiary and the loan agreement was terminated.

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, 2024, the Company incurred interest expense of $100, relating to this loan (year ended December 31, 2023 - $nil).

Subsequent to December 31, 2024, EverGen entered into a purchase and sale agreement with a related party of EverGen in connection with the disposition of land owned on which FVB operates (the "Property"). In connection with the sale of the Property, EverGen will enter into a long-term lease with the purchaser of the Property for the portion of the Property on which the FVB facility operates. The Property was held-for-sale as at December 31, 2024.

OFF BALANCE SHEET ARRANGEMENTS

During 2023, EverGen received a performance service guarantee from Export Development Canada to provide a guarantee on a $1,378 letter of credit issued in relation to GrowTEC, which allowed EverGen to release $1,378 of collateral previously held in relation to the letter of credit.

FINANCIAL INSTRUMENTS

As at December 31, 2024, the Company's financial instruments consists of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, lease liabilities, loans payable and loans payable – related parties. 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, 2024.

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, 2024.

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, 2024, 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, 2024 by $88 or $121, 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, 2024, the Company had $145 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 $414 as at December 31, 2024, which represents its maximum credit exposure on these assets (December 31, 2023 - $585 cash and cash equivalents). 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, 2024, the Company had a working capital deficit, being current assets less current liabilities, of $950 primarily relating to outstanding accounts payable and accrued liabilities which built up within the Company's RNG and organic and composting operating segments due to a set of disruptions arising from severe weather, seasonal and fire related operating disturbances at certain of the Company's operating sites in the fourth quarter of 2024. These disturbances limited production and resulting margins amid ongoing expenses and created a working capital deficit.

All amounts in Canadian $000s, unless otherwise indicated

The Company's primary liquidity needs for the next twelve months are to pay existing committed capital expenditures, to make scheduled repayments of debt, to pay debt service costs, 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, 2024.

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, 2024	December 31, 2023	% Change
Current assets	8,631	4,396	96
Current liabilities	(9,581)	(7,954)	20
Working capital deficit	(950)	(3,558)	(73)

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;
- That successful acquisitions provide EverGen with additional growth opportunities;
- The ability of EverGen to meet its future anticipated obligations incurred from normal ongoing operations;
- 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.

EVERGEN
Infrastructure Corp.

Consolidated Financial Statements

For the year ended December 31, 2024 and 2023

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 statement of financial position as at December 31, 2024, and the consolidated statements of net loss and comprehensive loss, changes in shareholders' equity, and cash flows for the year 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, 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

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.

Other Matters

The consolidated financial statements of EverGen Infrastructure Corp. for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on April 22, 2024.

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 7 and 8 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 $18.78 million as of December 31, 2024. 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, 2024 exceeded the recoverable amount, and as a result, an 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 could have a material effect on the estimates of the recoverable amount. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures to evaluate audit evidence relating to the judgments 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. Out 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.
- 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.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

April 30, 2025

All amounts in Canadian $000s, unless otherwise indicated

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at December 31	Notes	2024	2023
Current assets			
Cash and cash equivalents		414	585
Accounts receivable	4	4,586	1,717
Assets held for sale	5	3,187	650
Prepaid expenses and other assets		444	1,444
		8,631	**4,396**
Property, plant and equipment	6	42,533	48,306
Intangible assets	7	18,780	23,886
Goodwill	8	6,654	15,938
Equity-accounted investment	9	902	1,008
Other assets		200	-
Total assets		**77,700**	**93,534**
Current liabilities			
Accounts payable and accrued liabilities		6,018	6,195
Loans payable	10	1,745	744
Loans payable – related parties	22	-	204
Lease liabilities	11	1,016	809
Deferred revenue		-	2
Contingent consideration	12	802	-
		9,581	**7,954**
Loans payable	10	15,937	13,938
Loans payable – related parties	22	1,000	1,512
Lease liabilities	11	6,933	6,952
Other long-term liabilities		376	-
Contingent consideration	12	-	1,500
Deferred tax	19	1,872	4,099
Total liabilities		**35,699**	**35,955**
Shareholders' equity			
Share capital	13a	62,165	61,763
Contributed surplus	13c	6,364	5,926
Accumulated deficit		(29,095)	(12,367)
Non-controlling interest		2,567	2,257
Total shareholders' equity		**42,001**	**57,579**
Total liabilities and shareholders' equity		**77,700**	**93,534**

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

Basis of presentation and liquidity risk 2c
Commitments 6,21
Subsequent events 25

On behalf of the board of directors:

Signed: *"Mischa Zajtmann"* Signed: *"Mary Hemmingsen"*

Mischa Zajtmann, Director Mary Hemmingsen, Director

All amounts in Canadian $000s, unless otherwise indicated

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	2024	2023
Revenue	14	14,226	8,442
Direct operating costs	6, 7, 15	(13,232)	(9,906)
General and administrative expenses	13c, 16	(4,532)	(5,092)
Finance costs	17	(2,623)	(1,066)
Equity-accounted loss	9	(606)	(104)
Contingent consideration gain	12	698	73
Impairment losses	2, 7, 8	(12,265)	-
Loss on write-down of assets	5,6	(1,075)	(581)
Loss on sale of asset		(194)	-
Other income – net	18	289	1,814
Net loss before income tax recovery		(19,314)	(6,420)
Income tax recovery	19		
Current		-	-
Deferred		2,226	1,677
Net loss and comprehensive loss		(17,088)	(4,743)
Non-controlling interest in net loss and comprehensive loss		360	321
Net loss and comprehensive loss attributable to shareholders		(16,728)	(4,422)
Loss per share attributable to shareholders – basic and diluted		($1.20)	($0.32)
Weighted average number of common shares outstanding – basic and diluted	20	13,963	13,852

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

All amounts in Canadian $000s, unless otherwise indicated

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Thousands of Canadian Dollars and shares)

	Notes	Share capital #	Share capital $	Share warrants #	Share warrants $	Contributed surplus $	Accumulated deficit $	Non-controlling interest $	Total $
Balance, December 31, 2022		**13,809**	**61,393**	**1,772**	**1,069**	**4,410**	**(7,956)**	**2,466**	**61,382**
Net loss for the year		-	-	-	-	-	(4,422)	(321)	(4,743)
Share-based payment expense	13c,16	-	-	-	-	643	(2)	-	641
Capitalized share-based payment expense	6,13	-	-	-	-	165	-	-	165
Contributions from non-controlling interest in subsidiaries		-	-	-	-	-	-	100	100
Expiration of share warrants	13b	-	-	(1,772)	(1,069)	1,069	-	-	-
Common shares issued upon vesting of RSUs and other	13c	88	370	-	-	(361)	13	12	34
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	13c,16	-	-	-	-	742	-	-	742
Conversion of loans payable – related parties to equity	22	-	-	-	-	-	-	670	670
Common shares issued upon vesting of RSUs and other	13c	124	402	-	-	(304)	-	-	98
Balance, December 31, 2024		**14,021**	**62,165**	**-**	**-**	**6,364**	**(29,095)**	**2,567**	**42,001**

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

All amounts in Canadian $000s, unless otherwise indicated

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended December 31	Notes	2024	2023
Operating activities			
Net loss		(17,088)	(4,743)
Adjustments for:			
Depreciation and amortization	6,7	4,857	3,634
Loss on sale of property, plant and equipment	6	194	-
Loss on write-down of assets	5,6	1,075	581
Impairment losses	2, 7, 8	12,265	-
Share-based payment expense	13c	742	641
Finance costs	17	2,623	1,066
Equity-accounted loss	9	606	104
Contingent consideration gain	12	(698)	(73)
Deferred income tax recovery	19	(2,226)	(1,677)
Changes in non-cash working capital	23	1,714	774
Net cash flow from operating activities		**4,064**	**307**
Investing activities			
Expenditures on property, plant and equipment	6	(3,653)	(16,477)
Finance costs capitalized on assets under construction	6,17	-	(602)
Insurance proceeds for property, plant and equipment	6	-	1,938
Contingent consideration payment	12	-	(1,016)
Loan repayment from equity-accounted investment	9	500	-
Investment in equity-accounted investment	9	(500)	-
Loan advanced to equity-accounted investment	9	-	(500)
Net cash flow used in investing activities		**(3,653)**	**(16,657)**
Financing activities			
Advances of loans payable	10	3,270	9,475
Advances of loans payable – related parties	12,22	-	710
Repayment of loans payable	10	(394)	(234)
Financing costs related to loans payable	10	-	(197)
Interest paid on loans payable	17	(1,505)	(375)
Interest paid on loans payable – related parties	12,22	(46)	-
Payment of lease liabilities	11	(1,157)	(801)
Interest paid on lease liabilities	17	(655)	(521)
Capital provided by non-controlling interest in subsidiaries		-	100
Changes in restricted cash		-	20
Other		(94)	(94)
Net cash flow (used in) from financing activities		**(582)**	**8,083**
Net change in cash and cash equivalents		(171)	(8,267)
Cash and cash equivalents at beginning of year		585	8,852
Cash and cash equivalents at end of year		414	585

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

Supplementary cash flow information note 23

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF BUSINESS

As at December 31, 2024, EverGen Infrastructure Corp. ("EverGen" or the "Company") operated three organic waste management facilities and two renewable natural gas ("RNG") facilities. Subsequent to December 31, 2024 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 ("OTCQX") under the symbol "EVGIF".

The Company's principal place of business is located at 390 – 1050 Homer 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, 2024 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 30, 2025.

b) Basis of measurement, functional and presentation currency

These consolidated financial statements have been prepared under the assumption that the Company, and it's 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, 2024, the Company had a working capital deficit of $950 primarily relating to outstanding accounts payable and accrued liabilities built up within the Company's RNG and organic waste and composting operating segments due to a set of disruptions arising from severe weather, seasonal and fire related operating disturbances at certain of the Company's operating sites in the fourth quarter of 2024. These disturbances limited production and resulting margins amid ongoing expenses and contributed towards a working capital deficit.

The Company expects that it will need to obtain additional sources of financing, in addition to amounts generated from operations, to meet its obligations and commitments and minimum liquidity requirements under its financial covenants. Additional potential sources of financing that the Company is actively pursuing or may consider pursuing, include: issuing equity, entering into new debt facilities, borrowing additional amounts under existing facilities, refinancing or extending certain borrowings, selling certain assets and seeking joint venture partners for the Company's business interests.

Certain of the above initiatives have been completed subsequent to the statement of financial position date. These include completion of a land sale and leaseback transaction, receipt of grant funding, announcement of an approved equity injection and debt facility arrangements, as follows:

All amounts in Canadian $000s, unless otherwise indicated

i. Completion of land sale and leaseback: 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 purchase 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 held-for-sale as at December 31, 2024 (see notes 5 and 22).

ii. Receipt of grant funding: In the first quarter of 2025, the Company received $1,800 of the grant funding accrued for as at December 31, 2024, related to the development of the RNG expansion projects at GrowTEC and Pacific Coast Renewables (see notes 4 and 6).

iii. In April 2025, the Company entered into a share purchase and reorganization agreement ("Agreement"). Pursuant to the terms of the Agreement, the purchaser has 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"). Upon execution of the Agreement, the purchaser paid a deposit of $1,800 to the Company in escrow, with the remaining $3,200 to be paid to the Company upon closing of the Private Placement. It is expected that the funds received will be used for working capital and general corporate purposes.

Based on the Company's liquidity position at December 31, 2024, the cash flows that the Company expects to generate from operations over the following year, and taking into account the Company's plans to raise additional liquidity, the Company expects to be able to meet its obligations as they become due in the normal course of business for at least the next twelve months from December 31, 2024.

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, 2024:

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 9). 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

Amendments to IAS 1: Classification of Liabilities as Current or Non-current. The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2024. The Company has considered this new amendment and concluded that there is no material impact on the consolidated financial statements from the adoption of this amendment.

Certain other pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after January 1, 2024. 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. 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.

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 8). 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.

At December 31, 2024, management assessed that an impairment indicator existed relating to the market capitalization of the Company, and upon further assessment concluded that there was an impairment relating to goodwill and intangible assets (see note 8). The Company concluded that there was no impairment relating to 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.

Fair value of assets acquired and liabilities assumed in a business combination

The fair value of assets acquired and liabilities assumed in a business combination are estimated based on information available at the date of the acquisition. Estimates are used to determine the fair value of the acquired assets and assumed liabilities and include quoted market prices and widely accepted valuation techniques.

Contingent consideration is initially measured at fair value on the date of acquisition using a probability weighted average of payouts associated with each possible outcome, discounted using the estimated credit risk for the Company. A liability has been recognized for contingent consideration, which is revalued each reporting period using a consistent measurement technique as at acquisition.

Management applied significant judgment in estimating the fair value of intangible assets acquired. The intangible assets acquired were valued using the multi-period excess earnings method using a discounted cash flow model. Significant assumptions within the valuation related to revenue, operating margin forecasts and discount rates.

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.
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 it's 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.

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.

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 conversion of outstanding convertible securities 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 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.

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
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
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.

All amounts in Canadian $000s, unless otherwise indicated

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.

4. ACCOUNTS RECEIVABLE

At December 31	2024	2023
Trade receivables	2,035	1,570
Grant receivable[1]	2,472	-
Other	79	147
	4,586	**1,717**

[1] Relates to amounts receivable to support the development of the RNG expansion project at GrowTEC and Pacific Coast Renewables Corp. As at time of filing this report, $1,800 of the balance had been received by the Company (see note 25).

All amounts in Canadian $000s, unless otherwise indicated

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

As at December 31, 2024 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, 2024.

	Segment	2024	2023
Balance, beginning of year		**650**	**-**
Additions:			
Land[(1)]	RNG	2,620	-
Equipment, vehicles and other	Organics waste and composting	37	98
Right-of-use asset[(2)]	Organics waste and composting	502	-
Assets under construction[(3)]	Organics waste and composting	-	552
Disposal:			
Equipment, vehicles and other	Organics waste and composting	(70)	-
Reclassification:			
Assets under construction[(3)]	Organics waste and composting	(552)	-
Balance, end of the year		**3,187**	**650**

(1) Relates to the land owned at Fraser Valley Biogas, which the Company expects to sell. The land was written down to it's estimated fair value, based on the expected selling price, and the resulting loss on wite-down of assets of $618 was recorded during the year ended December 31, 2024. In March 2025, the Company entered into a purchase and sale agreement with a related party for a purchase price equal to the estimated fair value of $2,620. (See note 25).

(2) Relates to an item of equipment purchased for organic compost processing at Sea to Sky Soils Ltd. which the Company does not presently require, that will be disposed of in the coming 12 months.

(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 recalssified to property, plant and equipment at year-end.

All amounts in Canadian $000s, unless otherwise indicated

6. 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, 2022	3,238	6,025	5,941	6,316	10,385	31,905
Additions:						
RNG production	-	112	1,068	213	12,069	13,462
Organic waste and composting	-	-	958	2,663	3,489	7,110
Corporate and other	-	-	19	162	-	181
Capitalized share-based expense	-	-	-	-	164	164
Capitalized interest (note 17)	-	-	-	-	602	602
Transfer to assets in use	-	2,255	18,026	-	(20,281)	-
Transfer to assets held for sale (note 5)	-	-	(460)	-	(588)	(1,048)
Loss on write-down of assets [1]	-	-	-	-	(320)	(320)
Other	-	(139)	-	(110)	-	(249)
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 (note 5)	(3,238)	-	(48)	(693)	(15)	(3,994)
Transfer from assets held for sale (note 5)	-	-	-	-	552	552
Transfer to leasehold improvements	-	1,390	-	-	(1,390)	-
Loss on write-down of assets [1]	-	-	-	-	(344)	(344)
Disposals	-	-	(630)	-	-	(630)
Other[2]	-	-	(431)	(141)	(1,411)	(1,983)
At December 31, 2024	**-**	**9,643**	**25,938**	**9,821**	**3,113**	**48,515**

Accumulated depreciation	Land	Buildings and leasehold improvements	Equipment, vehicles and other	Right-of-use assets	Assets under construction	Total
At December 31, 2022	-	577	750	789	-	2,116
Depreciation	-	405	598	636	-	1,639
Transfer to assets held for sale (note 5)	-	-	(146)	-	-	(146)
Other	-	-	-	(108)	-	(108)
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 5)	-	-	(2)	(77)	-	(79)
Disposals	-	-	(172)	-	-	(172)
At December 31, 2024	**-**	**1,467**	**2,603**	**1,912**	**-**	**5,982**

All amounts in Canadian $000s, unless otherwise indicated

Carrying value						
At December 31, 2023	3,238	7,271	24,350	7,927	5,520	48,306
At December 31, 2024	**-**	**8,176**	**23,335**	**7,909**	**3,113**	**42,533**

(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 expenses of $319. During the year ended December 31, 2023, the Company de-recognized the carrying amount of certain land development costs, following a change in the location of operations, resulting in the write-off of the expenses for the original intended loacation of $320.*

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

As at December 31, 2024, the Company was committed to $3,300 of future capital expenditures.

7. INTANGIBLE ASSETS

Cost	Brands	Customer contracts and stakeholder relationships	Total
At December 31, 2022, 2023 and 2024	**1,180**	**28,530**	**29,710**
Accumulated amortization			
At December 31, 2022	118	3,711	3,829
Amortization	59	1,936	1,995
At December 31, 2023	177	5,647	5,824
Amortization	59	2,066	2,125
At December 31, 2024	**236**	**7,713**	**7,949**
Impairment loss			
At December 31, 2024 (1)	**296**	**2,685**	**2,981**
Carrying value			
At December 31, 2023	1,003	22,883	23,886
At December 31, 2024	**648**	**18,132**	**18,780**

(3) *Relates to impairment losses allocated from the impairment of CGUs during the year ended December 31, 2024. See note 8 for further details.*

8. GOODWILL

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

At December 31	2024	2023
Pacific Coast Renewables Corp.	3,420	3,420
Sea to Sky Soils and Composting Inc.	-	7,554
Fraser Valley Biogas Ltd.	3,234	3,234
GrowTEC	-	1,730
	6,654	**15,938**

All amounts in Canadian $000s, unless otherwise indicated

The Company conducted its annual goodwill impairment evaluation on July 1. 2024. 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 7).

The previous impairment evaluation on October 1, 2023 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 each test.

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 8.6% to 9.6%, 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 2024 (2023 - 40%) estimated based on the long-term target leverage of the Company, at market interest rates of 6.2% for 2024 (2023 – 10.8%).

9. 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, 2022	1,112
Equity-accounted loss	(104)
At December 31, 2023	1,008
Capital contribution	500
Equity-accounted loss [(1)]	(606)
At December 31, 2024	**902**

[(4)] *Includes the Company's 50% share of the loss and comprehensive loss as set out in the table below in addition to 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.*

All amounts in Canadian $000s, unless otherwise indicated

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

At December 31	2024	2023
Cash and cash equivalents	40	131
Other current assets	288	225
Non-current assets	3,360	2,002
Current liabilities	(1,694)	(621)
Non-current liabilities	-	-

For the year ended December 31	2024	2023
Revenues	-	-
Loss and comprehensive loss	(757)	(208)
Ownership interest	50%	50%
Equity-accounted loss	**(379)**	**(104)**

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.

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.

10.LOANS PAYABLE

	2024	2023
Balance, beginning of year	15,000	5,759
Advances	3,270	9,475
Interest expense (note 17)	1,625	977
Loan payments	(1,898)	(1,211)
Total principal	**17,997**	**15,000**
Less: deferred financing costs & other	(315)	(318)
Total borrowings	**17,682**	**14,682**
Less: current portion	(1,745)	(744)
Long-term portion	**15,937**	**13,938**

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 Pacific Coast Renewables ("PCR"). As of December 31, 2024, the $16,000 of the term loan, related to the RNG construction at PCR, remains undrawn, until such time as the RNG project has commenced and certain conditions are met and subsequent to December 31, 2024, this tranche of the term loan was cancelled. During the year ended December 31, 2023, the Company made a drawdown of the remaining $9,475 of the $15,000 component of this term loan. 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.

All amounts in Canadian $000s, unless otherwise indicated

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 well as a one-time requirement to raise a minimum of $1,800 in equity by April 30, 2025.

As at December 31, 2024 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.

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, 2024, 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, 2024 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.

11.LEASE LIABILITIES

	2024	2023
Balance, beginning of year	7,761	5,781
Additions	1,321	2,774
Interest expense (note 17)	655	521
Lease payments	(1,814)	(1,322)
Other	26	7
Balance, end of the year	**7,949**	**7,761**
Less current portion	(1,016)	(809)
Long-term portion	**6,933**	**6,952**

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

12.CONTINGENT CONSIDERATION

	2024	2023
Balance, beginning of year	1,500	3,569
Payment	-	(1,016)
Transfer to loans payable – related parties	-	(980)
Gain on fair value adjustment of liability [1]	(698)	(73)
Balance, end of the year	**802**	**1,500**
Less current portion	**802**	**-**
Long-term portion	**-**	**1,500**

[5] *Recorded in contingent consideration gain on the consolidated statements of net loss and comprehensive loss for the years ended December 31, 2024 and 2023.*

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 (December 31, 2023: $206 contingent consideration loss) 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.

All amounts in Canadian $000s, unless otherwise indicated

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.

13.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) Share warrants

The Company has issued warrants that allow the holder to acquire additional common shares of the Company. Warrant transactions are summarized as follows:

	Number of Warrants (thousands) #	Weighted average exercise price $
Balance, December 31, 2022	**1,772**	**10.50**
Expired	(1,772)	10.50
Balance, December 31, 2023 and December 31, 2024	**-**	**-**

c) Share-based incentive programs and payment plans

Equity Incentive Plan

On March 18, 2021, the Company adopted the Equity Incentive Plan, which provides 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 Unit ("PSU") were previously granted under the PSU Plan on December 31, 2020. Each PSU automatically terminates 10 years from the date of grant.

The purpose of the Equity Incentive Plan is to advance the interests of the Company by providing an incentive to the directors, officers, employees and consultants of the Company, and any of its subsidiaries and affiliates, to align growth objectives of the Company and participants, to associate a portion of the participants' compensation with the Company's long-term performance and to attract to and retain employment. The total number of PSUs, Options, RSUs and DSUs that can be granted pursuant to the Equity Incentive Plan is equal to 20% of the issued and outstanding Common Shares (on a non-diluted basis) calculated as of the date the Company was listed on the TSX Venture Exchange.

All amounts in Canadian $000s, unless otherwise indicated

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, 2022	142	8.89
Granted	264	3.01
Forfeited	(16)	9.40
Expired	(55)	9.90
Balance, December 31, 2023	335	4.08
Granted	282	2.36
Outstanding at December 31, 2024	**617**	**3.29**
Exercisable at December 31, 2024	**159**	**5.25**

As at December 31, 2024, 617,000 stock options were outstanding enabling holders to acquire common shares as follows:

	Options Outstanding			Options Exercisable	
Exercise price $	Number outstanding (thousands) #	Weighted average remaining contractual life (years)	Exercise price $	Number exercisable (thousands) #	Weighted average exercise price $
2.75	15	0.7	2.75	15	2.75
3.01	263	4.1	3.01	87	3.01
9.40	57	3.2	9.40	57	9.40
2.44	188	6.0	2.44	-	-
2.21	94	6.5	2.21	-	-

Options granted to directors, officers and employees

In January 2024, the Company granted 187,860 stock options to certain members of the Board of Directors of the Company at an exercise price of $2.44 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.

In June 2024, the Company granted 94,141 stock options to certain officers of the Company at an exercise price of $2.21 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.

In June 2023, the Company granted 263,571 stock options to certain directors, officers and employees of the Company at an exercise price of $3.01 each. These options vest annually 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 Option held. During the year ended December 31, 2023, the Company amended the term of 92,649 Options by reducing the expiry date from June 23, 2030 to September 22, 2026.

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

All amounts in Canadian $000s, unless otherwise indicated

	June 2024 Stock Options	Jan 2024 Stock Options	June 2023 Stock Options
Share price on grant date	1.91	2.35	2.66
Exercise price	2.21	2.44	3.01
Fair value per stock option	1.03	1.33	1.77
Expected volatility (percentage)	53	53	70
Risk-free rate (percentage)	3.28	3.21	3.46
Expected forfeiture rate (percent)	10	10	15
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, 2022	430	208	28
Granted	-	106	-
Forfeited	-	(1)	-
Vested	-	(99)	-
Balance, December 31, 2023	**430**	**214**	**28**
Granted	-	179	39
Forfeited	-	(3)	-
Vested	-	(131)	-
Outstanding at December 31, 2024	**430**	**259**	**67**

Restricted share units

During the year ended December 31, 2024, the Company granted 179,495 RSU awards to certain directors, officers, employees and consultants of the Company, which vest over a three-year period and had a weighted average grant date fair value of $1.97 per RSU.

As at December 31, 2024, the Company had 259,135 RSUs outstanding, which vest over a remaining period of 0.6 years, with a weighted average grant date fair value of $2.41 per RSU.

Deferred share units

During the year ended December 31, 2024, the Company granted 38,930 DSU awards to certain members of the Board of Directors of the Company, which had a grant date fair value of $2.35.

All amounts in Canadian $000s, unless otherwise indicated

Share-based payment expenses

For the year ended December 31	2024	2023
Options	318	202
RSUs	332	313
DSUs	92	-
PSUs	-	290
Subtotal	**742**	**805**
Less: capitalized share-based payment expenses (note 6)	-	(164)
Total [1]	**742**	**641**

[1] *Included in general and administrative expenses (see note 16).*

14.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, 2024 and 2023 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, 2024 and 2023, by source and by segment:

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**

For the year ended December 31, 2023	RNG production	Organic waste and composting	Total
Tipping fees	264	5,513	5,777
RNG	1,500	-	1,500
Organic compost and soil sales	-	591	591
Electricity sales	560	-	560
Other	10	4	14
Total	**2,334**	**6,108**	**8,442**

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.

During the year ended December 31, 2023, the Company had four customers in the organics waste and composting segment who provided for revenues of 15%, 14%, 14% and 10%, respectively, and one customer in the RNG production segment that provided for revenues of 10%, of the Company's consolidated revenues from contracts with customers.

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

All amounts in Canadian $000s, unless otherwise indicated

15. DIRECT OPERATING COSTS

For the year ended December 31	2024	2023
Salaries and wages	2,179	1,748
Depreciation and amortization	4,857	3,634
Repairs and maintenance	1,152	723
Fuel and freight expense	851	1,307
Utilities	1,213	686
Equipment rental	294	377
Other [1]	2,686	1,431
Total	**13,232**	**9,906**

[1] *Other includes, but is not limited to, insurance, supplies and disposal costs.*

16.GENERAL AND ADMINISTRATIVE EXPENSES

For the year ended December 31	2024	2023
Salaries and wages	1,784	1,560
Share-based payment expense	742	641
Professional and consulting fees	892	1,431
Other [1]	1,114	1,460
Total	**4,532**	**5,092**

[1] *Other includes, but is not limited to, business development fees, insurance and business fees & licenses.*

17. FINANCE COSTS

For the year ended December 31	2024	2023
Interest expense on loans payable (note 10)	1,625	977
Interest expense on loans payable related parties (note 22)	100	22
Interest expense on lease liabilities (note 11)	655	521
Other	243	148
Subtotal	2,623	1,668
Less: capitalized interest (note 6)	-	(602)
Total	**2,623**	**1,066**

18.OTHER INCOME - NET

For the year ended December 31	2024	2023
Insurance proceeds	207	1,228
Other	82	586
Total	**289**	**1,814**

All amounts in Canadian $000s, unless otherwise indicated

19.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	2024	2023
Net loss before income tax	19,314	6,420
Statutory income tax rate (%)	27.0	26.5
Expected income tax recovery at statutory rate	5,215	1,701
Effect on taxes resulting from:		
Impairment losses	(2,493)	-
Non-deductible expenses and other	(496)	(24)
Tax recovery	**2,226**	**1,677**

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, 2023	Recognized in net loss	Recognized in equity	Balance at December 31, 2024
Deferred income tax liabilities				
Property plant and equipment	6,647	(86)	-	6,560
Intangible assets	6,337	(1,267)	-	5,070
Carbon credits	98	1	-	99
Other taxable temporary differences	18	19	-	37
	13,100	**(1,333)**	**-**	**11,766**
Deferred income tax assets				
Non-capital losses	(6,412)	(1,059)	-	(7,471)
Share issue costs	(530)	253	-	(277)
Lease liabilities	(2,059)	(87)	-	(2,146)
	(9,001)	**(893)**	**-**	**(9,894)**
Deferred income tax liabilities	**4,099**	**(2,227)**	**-**	**1,872**

At December 31, 2024, the Company has approximately $49,816 (December 31, 2023 - $48,638) 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.

20.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:

	2024	2023
Weighted average common shares outstanding	13,963	13,852

21.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, 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, 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, 2024 and 2023. 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, 2024 and 2023.

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, 2024, 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, 2024 by $88 or $121, 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.

All amounts in Canadian $000s, unless otherwise indicated

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, 2024, the Company had $145 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 $414 as at December 31, 2024, which represents its maximum credit exposure on these assets (December 31, 2023 - $585 cash and cash equivalents). 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, 2024, the Company had a working capital deficit, being current assets less current liabilities, of $950 primarily relating to outstanding accounts payable and accrued liabilities from within the Company's RNG and organics waste and composting operating segment.

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

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, 2024.

The following contractual maturities of financial obligations exist as at December 31, 2024:

	< 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	6,018	-	-	-	-	-	6,018
Contingent consideration	802	-	-	-	-	-	802
Loan payments [1]	3,125	2,999	2,873	13,047	-	-	22,044
Loan payments – related parties [1]	-	1,100	-	-	-	-	1,100
Lease payments [1]	1,611	1,440	1,357	995	669	5,604	11,676
Total	**11,556**	**5,539**	**4,230**	**14,042**	**669**	**5,604**	**41,640**

[1] *Includes principal and interest.*

All amounts in Canadian $000s, unless otherwise indicated

In addition, as at December 31, 2024, 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	3,292	-	-	-	-	-	3,292
Total	**3,292**	**-**	**-**	**-**	**-**	**-**	**3,292**

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, 2024.

22.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	2024	2023
Salaries and benefits	732	1,039
Share-based payment expense	572	568
Total	**1,304**	**1,607**

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 are $270 for the first year of the lease and $120 per year for the remaining nine years. During the year ended December 31, 2024, the Company incurred lease expenses of $120 relating to this lease (year ended December 31, 2023 - $195).

Loans payable – related parties

	Total
At December 31, 2023	1,716
Conversion to equity	(670)
Interest expense (note 17)	100
Payments	(146)
Total principal	**1,000**
Less current portion	**-**
Long-term portion	**1,000**

All amounts in Canadian $000s, unless otherwise indicated

Effective April 1, 2023, the Company entered into a loan agreement with the non-controlling interest holders of a subsidiary of the Company to provide proceeds of $710 to the Company to fund the non-controlling interest holders proportionate share of capital expenditure. The loan was repayable over a five-year term and bears interest at a rate of 4.0%. Effective January 1, 2024, the outstanding balance of this loan of $670 was converted into equity of the subsidiary and the loan agreement was terminated.

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, 2024, the Company incurred interest expense of $100, relating to this loan (year ended December 31, 2023- $nil).

Land Disposition

Subsequent to December 31, 2024, 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 held-for-sale as at December 31, 2024 (see notes 5 and 25).

Other

As at December 31, 2024, the Company had $700 amounts outstanding to related parties of the company.

23.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	2024	2023
Net changes in non-cash working capital:		
Accounts receivable	(792)	598
Prepaid expenses and other assets	299	(47)
Accounts payable and accrued liabilities	2,207	363
Deferred revenue	-	(140)
	1,714	**774**
Net change in non-cash items included in financing activities:		
Advances from related parties to settle portion of contingent consideration	-	980
Payment of portion of contingent consideration	-	(980)
	-	**-**
Taxes paid	**-**	**-**

24. 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, 2024 and December 31, 2023, 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:

All amounts in Canadian $000s, unless otherwise indicated

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)**

For the year ended December 31, 2023	RNG production	Organic waste and composting	Corporate and other	Total
Revenue	2,334	6,108	-	8,442
Direct operating costs	(3,598)	(6,233)	(75)	(9,906)
General and administrative expenses [(1)]	(1,659)	(3,761)	328	(5,092)
Finance costs	(279)	(761)	(26)	(1,066)
Equity-accounted loss	(104)	-	-	(104)
Contingent consideration gain	-	-	73	73
Loss on write-down of assets	-	(581)	-	(581)
Other income - net	524	1,035	255	1,814
Net loss before income tax expense (recovery)	**(2,782)**	**(4,193)**	**555**	**(6,420)**

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

As at December 31, 2024				
Total assets	39,820	36,996	884	77,770

As at December 31, 2023				
Total assets	41,729	48,563	3,242	93,534

25.SUBSEQUENT EVENTS

a) In January 2025, the Company ceased processing materials at its interim organic waste processing facility Prairie Sky Organics, following a mutual agreement between the Company and the local municipality to terminate the long-term agreement at the site.

b) 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 held-for-sale as at December 31, 2024 (see notes 5 and 22).

c) In the first quarter of 2025, the Company received $1,800 of the grant funding accrued for as at December 31, 2024, related to the development of the RNG expansion projects at GrowTEC and Pacific Coast Renewables (see notes 4 and 6).

d) In April 2025, the Company 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 has 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"). Upon execution of the Agreement, the purchaser paid a deposit of $1,800 to the Company in escrow, with the remaining $3,200 to be paid to the Company upon closing of the Private Placement. Pursuant to the terms of the Agreement, subject to and concurrent with the closing of the Private Placement, the majority of the executive officers and directors of the Company will resign and be replaced with a new management team. The completion of the Private Placement and the change of management is expected to occur in early May 2025. Completion of the Private Placement and the Change of Management is subject to approval of the TSX Venture Exchange and disinterested holders of Common Shares holding more than 50% of the Common Shares giving consent to the Private Placement and the Change of Management, in accordance with the policies and requirements of the TSX Venture Exchange by executing a written consent.

e) 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. EverGen expects to execute this agreement in May 2025.