



## Management's Discussion and Analysis

For the three and nine months ended September 30, 2023

Dated November 22, 2023

## FINANCIAL AND OPERATIONAL HIGHLIGHTS SUMMARY

**Core Renewable Natural Gas ("RNG") expansion and development projects:** EverGen Infrastructure Corp. ("EverGen", "the Company", "we", "our", "us" or "its") continues to progress on its core RNG expansion and development projects and regional expansion across Canada.

### *Fraser Valley Biogas*

During October 2023, the finalization of construction at the **Fraser Valley Biogas ("FVB") core RNG expansion project** was completed. This project commenced in Q3 2022, with a scope that included improvements to the feedstock processing system, installation of a new RNG upgrader, and the commissioning of a third anaerobic digester. The upgrades will bring the production capacity of the facility to ~160,000 gigajoules of RNG per year and remove processing bottlenecks, provide enhanced flood protection, improve environmental controls, and increase operational reliability to double the processing and recovery capacity of RNG. As at September 30, 2023, **EverGen has invested approximately \$10 million into this project**. The project remains on track with RNG production scheduled for December 2023, at a total anticipated cost of \$12 million, and is expected to significantly increase net income and EBITDA.

### *Grow the Energy Circle Ltd. ("GrowTEC")*

In July 2022, **EverGen completed the acquisition of a 67% interest in GrowTEC** and subsequently entered into construction on the first phase of a **core RNG expansion project** in Alberta designed to produce ~80,000 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 180 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. With the first phase of development complete, as well as the completion of construction at the FVB facility, EverGen expects to move into the second 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 adds a third anaerobic digester. Phase 2 of the project is expected to increase production to ~140,000 gigajoules of RNG per year.

### *Prairie Sky Organics ("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, which is expected to provide up to 24,000 tonnes of organic waste annually. The agreement provides 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. PSO will accept waste at a temporary site at the City of Regina's Landfill, as potential permanent sites are being evaluated. In connection with the development of a permanent site, PSO secured a \$7 million term loan to support the construction of an organics processing facility.

### *Pacific Coast Renewables*

The **core RNG expansion project at Pacific Coast Renewables** (formerly known as Net Zero Waste Abbotsford) is expected to increase the facility's inbound organic feedstock to ~135,000 tonnes per year, from 40,000 tonnes per year, and add RNG production of ~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 core RNG expansion project. During 2023, EverGen completed upgrades to existing infrastructure, necessary to secure regulatory approvals and optimize

the development and construction. The project is expected to cost a total of \$32-\$35 million and commence construction following the receipt of regulatory approvals.

### ***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 ~1.7 million gigajoules of RNG per year, with the first project expected to start construction during 2024.

### **Financing**

In January 2023, EverGen announced that it had signed a definitive agreement with its existing lender, Roynat Capital (a subsidiary of The Bank of Nova Scotia) ("Roynat") and Export Development Canada ("EDC") for a \$31 million syndicated senior term loan (the "Term Loan Facility"). Roynat and EDC are each providing for 50% of the proceeds from the Term Loan Facility. The Term Loan Facility will be used to support the upgrade and construction of the Company's RNG facilities and provides for \$15 million for refinancing of existing debt and construction at Fraser Valley Biogas and \$16 million at Pacific Coast Renewables. The Term Loan Facility sufficiently funds the Company's planned core RNG expansion projects, when combined with the Company's existing liquidity, expected grant proceeds and expected future operating cash flows. During the second quarter of 2023, EverGen made a drawdown of \$9.5 million under the Term Loan Facility to finance the FVB core RNG expansion project.

In September 2023, EverGen announced that it had signed a definitive agreement with Business Development Bank of Canada ("BDC") for a \$7 million term loan to support the construction of the PSO facility. EverGen expects to draw on the Facility once capital expenditures are incurred at the permanent site.

**Leadership:** In September 2023, EverGen announced that it had appointed Ford Nicholson as Interim Executive Chair, Mischa Zajtmann as Interim Chief Executive Officer and a Director of the Company, following the departure of Chase Edgelow. At the same time, Jamie Betts was appointed as Chief Operating Officer of the Company.

**Cash and cash equivalents:** Cash and cash equivalents decreased to \$1.6 million as at September 30, 2023, compared to \$8.9 million as at December 31, 2022, primarily due to capital expenditures related to the Company's core RNG expansion and development projects, partially offset by the drawdown of the Term Loan Facility.

	Three months ended				Nine months ended			
	Sep 30, 2023	Sep 30, 2022	\$ Change	% Change	Sep 30, 2023	Sep 30, 2022	\$ Change	% Change
<b>FINANCIAL</b>								
Revenue	2,287	1,957	330	17	6,128	5,743	385	7
Net income (loss)	(1,091)	(1,819)	728	(40)	(2,978)	(2,584)	(394)	15
Net income (loss) per share (\$), basic and diluted	(0.08)	(0.13)	0.05	(38)	(0.20)	(0.19)	(0.01)	5
EBITDA <sup>(1)</sup>	(440)	(485)	45	(9)	(1,015)	(153)	(862)	563
Adjusted EBITDA <sup>(1)</sup>	382	651	(269)	(41)	782	1,712	(930)	(54)
Capital expenditures	6,599	3,546	3,053	86	14,750	7,250	7,500	103
Total assets	92,280	85,692	6,588	8	92,281	85,692	6,588	8
Total long-term liabilities	27,640	17,462	10,178	58	27,640	17,462	10,178	58
Cash and cash equivalents	1,642	12,841	(11,199)	(87)	1,642	12,841	(11,199)	(87)
Working capital surplus	325	10,079	(9,754)	(97)	325	10,079	(9,754)	(97)
<b>COMMON SHARES (thousands)</b>								
Outstanding, end of period	13,885	13,872	13	-	13,885	13,872	13	-
Weighted average – basic and diluted	13,851	13,794	57	-	13,839	13,528	311	2
<b>OPERATING</b>								
Incoming organic feedstock (tonnes)	18,983	19,375	(392)	(2)	57,840	59,758	(1,918)	(3)
Organic compost and soil sales (yards)	10,425	8,219	2,206	27	22,303	27,397	(5,094)	(19)
RNG (gigajoules)	24,657	14,975	9,682	65	39,965	41,001	(1,036)	(3)
Electricity (MWh)	717	698	19	3	2,447	698	1,749	251

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

**Revenue:** For the three and nine months ended September 30, 2023, revenues increased 17% and 7%, respectively, compared to the same periods last year, primarily due to the commencement of RNG production at EverGen's GrowTEC RNG facility in late Q2-2023.

**Net loss:** For the three months ended September 30, 2023, net loss of \$1,091 decreased, compared to the same period last year, primarily due an increase in revenues and a decrease in direct operating costs and general and administrative expenses (excluding severance costs), partially offset by a decrease in insurance proceeds recognized and severance costs incurred (included in general and administrative expenses) during the three months ended September 30, 2023.

For the nine months ended September 30, 2023, net loss of \$2,978 increased slightly, compared to the same period last year, primarily due a decrease in insurance proceeds during the nine months ended September 30, 2023 partially offset by an increase in revenues and a decrease in direct operating costs.

**Adjusted EBITDA:** For the three months ended September 30, 2023, EverGen recorded adjusted EBITDA of \$382. The decrease in adjusted EBITDA, compared to the same period last year, was primarily due to insurance proceeds from previously incurred flood-related costs recognized during the three months ended September 30, 2022, partially offset by an increase in revenues and a decrease in direct operating costs.

For the nine months ended September 30, 2023, EverGen recorded adjusted EBITDA of \$782. The decrease in adjusted EBITDA was primarily due to insurance proceeds from previously incurred flood-related costs recognized during the nine months ended September 30, 2022, partially offset by an increase in revenues and a decrease in direct operating costs.

**RNG Volumes:** RNG production has increased during the three months ended September 30, 2023, compared to the same period last year, as well as previous quarters in 2023, following the first injection of RNG at GrowTEC in late Q2 2023. RNG production at FVB is trending towards historical levels in Q3 2023, compared to the start of 2023 where production volumes were fluctuating from intermittent planned and unplanned downtime as part of the core RNG expansion project. Commissioning and first RNG at the FVB

expansion project is scheduled for December 2023, which is expected to bring capacity of the facility to ~160,000 GJ of RNG per year.

## **BASIS OF PRESENTATION**

EverGen has prepared this Management's Discussion and Analysis ("MD&A") for the three and nine months ended September 30, 2023, in accordance with National Instrument 51-102F1, and should be read in conjunction with the Company's unaudited interim consolidated financial statements for the three and nine months ended September 30, 2023, which have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), and the audited consolidated financial statements for the year ended December 31, 2022. All references to "\$" are references to Canadian dollars and all amounts are presented in thousands of dollars, unless otherwise indicated. This MD&A and the unaudited interim consolidated financial statements of EverGen have been prepared by management and approved by the Audit Committee of the Board of Directors as of November 22, 2023.

Additional information relating to the Company, including our Annual Information Form dated April 12, 2023 ("AIF"), is available on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com). 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 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.

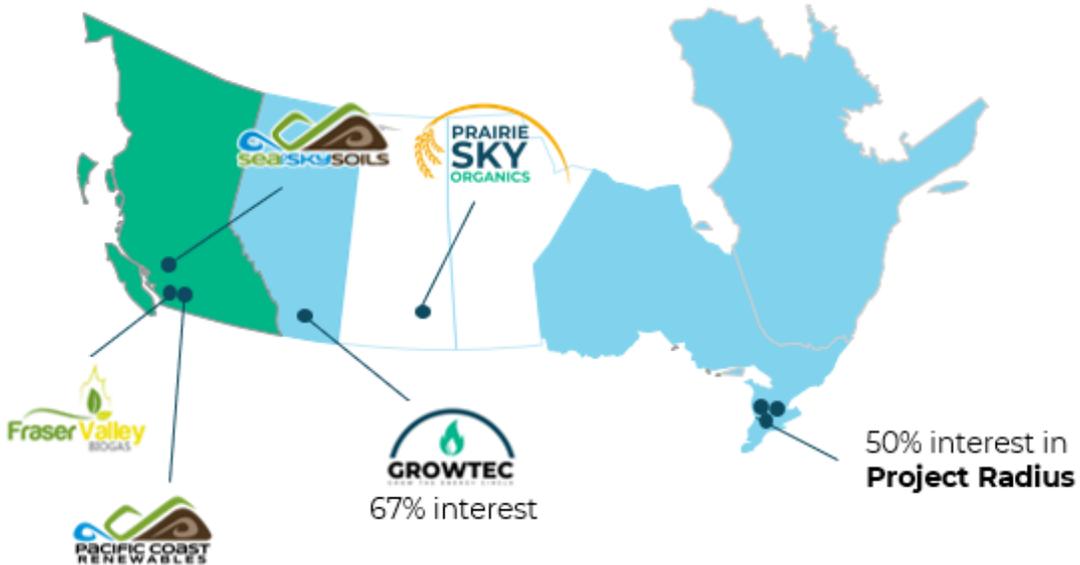
## **COMPANY OVERVIEW**

EverGen, headquartered in Vancouver, British Columbia, is a sustainable infrastructure platform established to acquire, develop, build, own, operate, and consolidate a portfolio of renewable natural gas ("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.



The Company currently owns and operates five facilities through its subsidiaries: Pacific Coast Renewables Corp. ("PCR") (renamed from Net Zero Waste Abbotsford Inc. in March 2023), Sea to Sky Soils and Composting Inc. ("SSS"), Prairie Sky Organics ("PSO"), Fraser Valley Biogas Ltd. ("FVB") and Grow the Energy Circle Ltd. ("GrowTEC"), and holds a 50% interest in Project Radius, an entity that holds a portfolio of three RNG projects under development in Ontario, Canada.



FVB is British Columbia's original RNG facility, which has historically sold its RNG under a long-term offtake contract with FortisBC and combines anaerobic digestion and biogas upgrading to produce RNG, primarily by converting agricultural waste from local dairy farms. In advance of finalizing the terms under a new long-term offtake agreement with FortisBC, the facility is currently operating under an interim offtake contract. The FVB RNG facility is currently undergoing a core RNG expansion project to add additional RNG production that is expected to double the facility's existing capacity and increase RNG production to ~160,000 gigajoules per year.

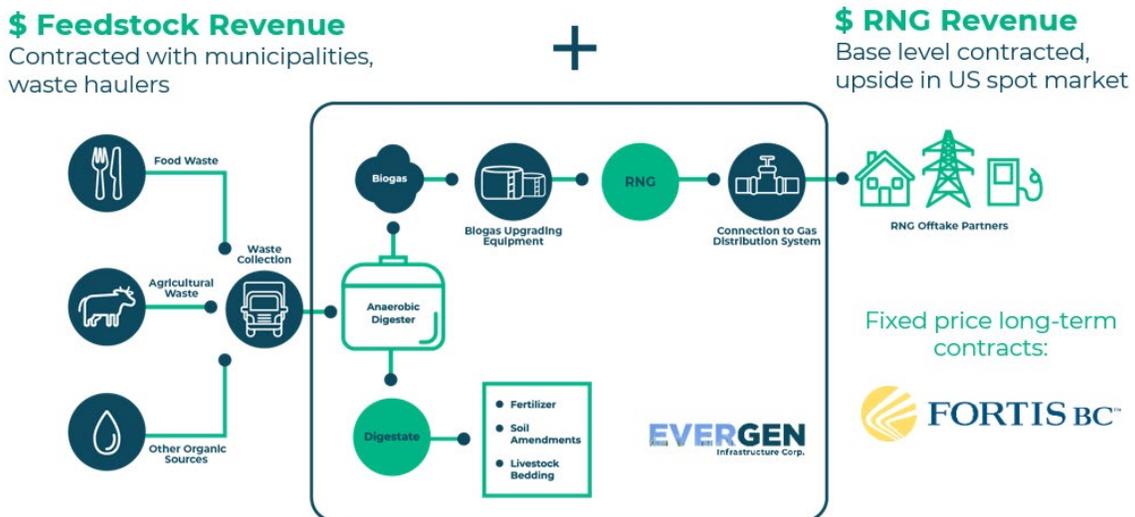
PCR and SSS, based in British Columbia, and PSO, based in Regina, are currently operating as organic waste conversion facilities, which process inbound organics, yard waste and biosolids for a contracted tipping fee and produce high-quality organic compost and soils for farmers, gardeners and developers. 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 under an existing 20-year off-take agreement. The expansion is expected to increase the facility's inbound organics throughput to ~135,000 tonnes of feedstock per year and is designed to produce ~180,000 gigajoules of RNG per year. Construction of the upgrade will begin upon receipt of building and regulatory approvals, which applications were submitted during 2023. During the fourth quarter of 2022, EverGen commenced construction on improving the existing infrastructure to ensure the readiness of the facility for increased volumes of inbound organics, which was completed during Q1 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 Pacific Coast Renewables. The majority of the revenue currently earned by the organic waste conversion facilities is sourced under long-term contracts with local municipalities.

GrowTEC is an operating biogas 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 80,000 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 180 gigajoules. With the first phase of development complete, as well as the completion of construction at the FVB facility, EverGen expects to move into the second 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 adds a third anaerobic digester. Phase 2 of the project is expected to increase production capacity to ~140,000 gigajoules of RNG per year.

In May 2022, EverGen acquired a 50% interest in Project Radius, a late-development stage portfolio of three high-quality, on-farm RNG projects. Collectively the projects are capable of producing ~1.7 million gigajoules of RNG per year, with the first project expected to start construction during 2024. 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 creditworthy 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 penetration 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 EverGen's RNG project pipeline.

## OUTLOOK

During 2023, we have continued the expansion of our portfolio through the development of our core RNG expansion and development projects, as described above, which demonstrates EverGen's ability to drive the consolidation and the growth of the RNG industry, and we continue to expand our geographical base. EverGen plans to continue to grow 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:

- Completing the 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.

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 believe that there is growing societal expectations of carbon neutral and circular economy solutions and increasing 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.



<sup>1</sup> 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 realizing future operational and capital efficiencies and further enhancing 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

Our strategy is intertwined with our commitment to deliver on societal expectations of a circular economy and fulfilling ESG values. 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 delivers on its ESG values as follows:

<b>Environmental</b> 	<ul style="list-style-type: none"><li>Recycle waste products and reduce greenhouse gas emissions in the production of renewable energy, which replaces higher-carbon sources.</li></ul>
<b>Social</b> 	<ul style="list-style-type: none"><li>EverGen operates as a community-focused business, receiving and recycling organic waste from local municipalities and businesses. EverGen is focused on partnering with First Nations communities who host its operations and provide a vital workforce.</li></ul>
<b>Governance</b> 	<ul style="list-style-type: none"><li>Committed to strong governance in its operations and in planned growth and development of RNG.</li></ul>

EverGen is proactively engaged with local businesses, such as restaurants and food and beverage producers and distributors, to advance socially conscious commerce and creates 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.

For full details on EverGen's ESG values and reporting, please refer to the Company's AIF dated April 12, 2023 (see section entitled "Social/Environmental Policies"), which is available on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com).

## RESULTS OF OPERATIONS

### Revenue

Revenue is generated primarily through contracted 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 RNG sales and from hauling services associated with delivering organic waste and soil. From July 13, 2022, revenue also includes electricity sales by GrowTEC.

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, as well as trucking services and other, are all attributable to EverGen's organic waste and composting operating segment. RNG and electricity sales are all attributable to 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			Nine months ended		
	Sep 30, 2023	Sep 30, 2022	% Change	Sep 30, 2023	Sep 30, 2022	% Change
Tipping fees	1,371	1,306	5	4,203	4,185	-
Organic compost and soil sales	210	182	15	548	614	(11)
RNG sales	571	231	147	908	620	46
Electricity sales	135	235	(43)	465	235	98
Other	-	3	(100)	4	89	(96)
<b>Total</b>	<b>2,287</b>	<b>1,957</b>	<b>17</b>	<b>6,128</b>	<b>5,743</b>	<b>7</b>

### Production volumes:

	Three months ended			Nine months ended		
	Sep 30, 2023	Sep 30, 2022	% Change	Sep 30, 2023	Sep 30, 2022	% Change
Incoming organic feedstock (tonnes)	18,983	19,375	(2)	57,840	59,758	(3)
Organic compost and soil sales (yards)	10,425	8,219	27	22,303	27,397	(19)
RNG (gigajoules)	24,657	14,975	65	39,965	41,001	(3)
Electricity (MWh)	717	698	3	2,447	698	251

Revenues from tipping fees increased by \$65, or 5%, for the three months ended September 30, 2023, compared to the same period last year, primarily due to increased average pricing of incoming organic feedstock. Revenues from tipping fees were relatively consistent for the nine months ended September 30, 2023, compared to the same period last year.

Revenues from RNG production increased by \$340, or 147%, and \$288, or 46%, for the three and nine months ended September 30, 2023, respectively, compared to the same periods last year, primarily due to the commencement of RNG production at GrowTEC in late Q2-2023 and increases in RNG pricing, partially offset by downtime associated with the FVB core RNG expansion project.

Revenue includes electricity sales from GrowTEC following the acquisition of a 67% interest of the company on July 13, 2022.

**Revenue by segment:**

	Three months ended			Nine months ended		
	Sep 30, 2023	Sep 30, 2022	% Change	Sep 30, 2023	Sep 30, 2022	% Change
RNG production	766	561	37	1,572	1,079	46
Organic waste and composting	1,521	1,396	9	4,556	4,664	(2)
<b>Total</b>	<b>2,287</b>	<b>1,957</b>	<b>17</b>	<b>6,128</b>	<b>5,743</b>	<b>7</b>

**Direct operating costs**

Direct operating costs are costs incurred to earn revenue and comprise all attributable expenses, including 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. EverGen's direct operating costs are exposed to fluctuations because of seasonal weather and the related fluctuations in volumes processed.

	Three months ended			Nine months ended		
	Sep 30, 2023	Sep 30, 2022	% Change	Sep 30, 2023	Sep 30, 2022	% Change
Direct operating costs	2,668	2,759	(3)	7,211	7,602	(5)

Direct operating costs decreased by \$91, or 3%, and \$391, or 5%, for the three and nine months ended September 30, 2023, respectively, compared to the same periods last year. These decreases are primarily due to a decrease in repairs and maintenance related to insurable flood-related expenses incurred during 2022 and a decrease in disposal and freight expenses from improved operations, partially offset by the acquisition of GrowTEC in July 2023, and depreciation and amortization associated with the acquisition of property, plant and equipment and right-of-use assets during late-2022 through Q3-2023.

**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			Nine months ended		
	Sep 30, 2023	Sep 30, 2022	% Change	Sep 30, 2023	Sep 30, 2022	% Change
General and administrative expenses	1,338	1,333	-	3,564	3,232	10

General and administrative expenses were relatively consistent for the three months ended September 30, 2023, compared to the same period last year. An increase in wages and salaries associated with severance costs were offset by a decrease in business development and consulting fees, mainly due to the internal transfer of previously outsourced services.

General and administrative expenses increased by \$332, or 10%, for the nine months ended September 30, 2023, compared to the same period last year, primarily due to an increase in share-based payment expense due to the forfeiture of certain equity securities during the three months ended March 31, 2022 and an increase in salaries and wages associated with severance costs incurred during the three months ended September 30, 2023, partially offset by the decrease business development and consulting fees, as described above.

### Finance costs

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

	Three months ended			Nine months ended		
	Sep 30, 2023	Sep 30, 2022	% Change	Sep 30, 2023	Sep 30, 2022	% Change
Interest expense on loans payable	349	94	271	606	233	160
Interest expense on related party loans	7	-	100	14	-	100
Interest expense on lease liabilities	140	82	71	376	184	104
Other	44	2	2100	36	(5)	(820)
	<b>540</b>	<b>178</b>	<b>203</b>	<b>1,032</b>	<b>412</b>	<b>150</b>
Less: capitalized interest	(296)	-	100	(338)	-	100
<b>Total</b>	<b>244</b>	<b>178</b>	<b>37</b>	<b>694</b>	<b>412</b>	<b>68</b>

Finance costs increased by \$66, or 37%, and \$282, or 68%, for the three and nine months ended September 30, 2023, respectively, compared to the same periods last year, primarily due to an increase in interest rates and new leases to support business growth entered into during 2023 and late-2022.

### Contingent consideration gain (loss)

	Three months ended			Nine months ended		
	Sep 30, 2023	Sep 30, 2022	% Change	Sep 30, 2023	Sep 30, 2022	% Change
Contingent consideration gain (loss)	-	(90)	(100)	90	(90)	(200)

A contingent consideration gain of \$90 was recognized during the nine months ended September 30, 2023, compared with a loss of \$90 for the same period last year, as a result of adjustments of the liability relating to amounts payable in connection with the acquisition of GrowTEC, taking into account estimated holdbacks.

### Other income – net

	Three months ended			Nine months ended		
	Sep 30, 2023	Sep 30, 2022	% Change	Sep 30, 2023	Sep 30, 2022	% Change
Insurance proceeds	51	793	(94)	446	2,465	(82)
Carbon emission credits	141	-	100	141	-	100
Other	204	180	13	415	306	36
<b>Total</b>	<b>396</b>	<b>973</b>	<b>(59)</b>	<b>1,002</b>	<b>2,771</b>	<b>(64)</b>

Other income - net decreased during the three and nine months ended September 30, 2023, compared to the same periods last year, primarily due to a decrease in the recognition of insurance proceeds relating to flood-related expenditures incurred because of the flooding events in the Abbotsford and Sumas Prairie regions during late-2021, partially offset by the recognition of carbon emission credits relating to EverGen's Organic waste and composting segment.

### Income taxes

Income taxes consist of current and deferred income taxes.

	Three months ended			Nine months ended		
	Sep 30, 2023	Sep 30, 2022	% Change	Sep 30, 2023	Sep 30, 2022	% Change
Current tax expense (recovery)	18	-	100	18	4	350
Deferred tax expense (recovery)	(539)	329	(264)	(1,370)	(302)	354
<b>Total</b>	<b>(521)</b>	<b>329</b>	<b>(258)</b>	<b>(1,352)</b>	<b>(298)</b>	<b>354</b>

The increase in the income tax recovery for the three and nine months ended September 30, 2023, compared to the same periods last year, is primarily due to an increase in net loss.

### EBITDA and Adjusted EBITDA <sup>(1)</sup>

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"). Consolidated adjusted EBITDA is measured as EBITDA adjusted for share-based payment expense, certain other non-cash items, contingent consideration gains and losses and unusual or non-recurring items and Adjusted EBITDA is Consolidated EBITDA adjusted for the non-controlling interest in adjusted EBITDA. EBITDA and adjusted EBITDA are non-GAAP measures as defined in the non-GAAP measures section of this MD&A.

	Three months ended			Nine months ended		
	Sep 30, 2023	Sep 30, 2022	% Change	Sep 30, 2023	Sep 30, 2022	% Change
Net income (loss)	(1,091)	(1,819)	(40)	(2,978)	(2,584)	15
Tax (recovery) expense	(521)	329	(258)	(1,352)	(298)	354
Depreciation and amortization	928	827	12	2,621	2,317	13
Finance costs	244	178	37	694	412	68
<b>EBITDA <sup>(1)</sup></b>	<b>(440)</b>	<b>(485)</b>	<b>(9)</b>	<b>(1,015)</b>	<b>(153)</b>	<b>563</b>
Share-based payment expense	195	260	(25)	561	312	80
Loss on sale of equipment	-	5	(100)	-	45	(100)
Non-recurring general and administrative expenses and other	622	778	(20)	1,236	1,415	(13)
Contingent consideration loss (gain)	-	90	(100)	(90)	90	(200)
Non-recurring general and administrative expenses and other related to equity-accounted investment	18	39	(54)	50	39	28
<b>Consolidated adjusted EBITDA <sup>(1)</sup></b>	<b>395</b>	<b>687</b>	<b>(43)</b>	<b>742</b>	<b>1,748</b>	<b>(58)</b>
Adjusted EBITDA attributable to non-controlling interest	(13)	(36)	(64)	40	(36)	(211)
<b>Adjusted EBITDA <sup>(1)</sup></b>	<b>382</b>	<b>651</b>	<b>(41)</b>	<b>782</b>	<b>1,712</b>	<b>(54)</b>

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

EverGen's EBITDA was relatively consistent during the three months ended September 30, 2023, compared to the same period last year.

EverGen's EBITDA of (\$1,015) decreased for nine months ended September 30, 2023, compared to the same period last year, primarily due to a decrease in insurance proceeds recognized, partially offset by an increase in revenues and a decrease in direct operating costs.

EverGen's Adjusted EBITDA of \$382 and \$782 for the three and nine months ended September 30, 2023, decreased compared to \$651 and \$1,712, respectively, during the same periods last year, mainly due to a decrease in insurance proceeds recognized, partially offset by an increase in revenues and a decrease in direct operating costs.

## CAPITAL EXPENDITURES

	Three months ended			Nine months ended		
	Sep 30, 2023	Sep 30, 2022	% Change	Sep 30, 2023	Sep 30, 2022	% Change
Capital expenditures – property, plant and equipment	5,583	1,492	274	13,734	4,196	227
Capital expenditures – acquisitions	1,016	2,054	(51)	1,016	3,054	(67)
<b>Total</b>	<b>6,599</b>	<b>3,546</b>	<b>86</b>	<b>14,750</b>	<b>7,250</b>	<b>103</b>

Capital expenditures include purchases of property, plant and equipment used for operations, as well as acquisitions.

Capital expenditures – property, plant and equipment during the three and nine months ended September 30, 2023 and 2022, related primarily to the Company's core RNG expansion projects at FVB, PCR and GrowTEC, as well as existing infrastructure capital improvements at PCR.

Capital expenditures – acquisitions during the three and nine months ended September 30, 2023 related primarily to a contingent consideration payment made in relation to the Company's acquisition of a 67 percent interest in GrowTEC.

Capital expenditures – acquisitions during the three months ended September 30, 2022, included the Company's acquisition of a 67 percent interest in GrowTEC and during the nine months ended September 30, 2022 includes the Company's initial capital investment of \$1,000 in exchange for a 50 percent interest in Project Radius.

## SUPPLEMENTAL QUARTERLY INFORMATION

	2023				2022			2021
	Sep 30 Q3	Jun 30 Q2	Mar 31 Q1	Dec 31 Q4	Sep 30 Q3	Jun 30 Q2	Mar 31 Q1	Dec 31 Q4
<b>FINANCIAL</b>								
Revenue	2,287	2,158	1,683	1,716	1,957	2,359	1,427	2,693
Net (loss) income	(1,091)	(891)	(996)	(1,526)	(1,819)	(546)	(219)	(1,113)
Net (loss) income per share (\$), basic and diluted	(0.08)	(0.06)	(0.07)	(0.11)	(0.13)	(0.04)	(0.02)	(0.08)
EBITDA <sup>(1)</sup>	(440)	(387)	(188)	(914)	(486)	(154)	485	(512)
Adjusted EBITDA <sup>(1)</sup>	382	382	18	274	650	426	631	(18)
Capital expenditures – property, plant and equipment	5,583	2,841	5,310	3,473	1,492	1,349	1,355	1,004
Capital expenditures – acquisitions	1,016	-	-	250	2,054	1,000	-	-
Total assets	92,280	94,814	88,216	85,956	85,692	78,581	79,771	80,610
Total long-term liabilities	27,640	28,214	18,749	17,463	17,462	14,453	14,522	14,764
Working capital surplus <sup>(1)</sup>	325	6,997	1,143	6,125	10,079	16,524	19,196	20,545
<b>COMMON SHARES (thousands)</b>								
Outstanding, end of period	13,885	13,845	13,845	13,809	13,872	13,307	13,367	13,367
Weighted average – basic & diluted	13,851	13,845	13,820	13,847	13,794	13,357	13,367	13,367
<b>OPERATING</b>								
Incoming organic feedstock (tonnes)	18,983	20,955	17,902	16,972	19,375	24,336	16,047	26,110
Organic compost and soil sales (yards)	10,425	10,365	894	6,575	8,219	13,778	5,400	5,119
RNG sales (gigajoules)	24,657	6,442	8,866	10,847	14,975	20,254	5,772	12,682
Electricity (MWh)	717	920	810	572	698	-	-	-

<sup>(1)</sup> 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 of 2021, certain of EverGen's operating facilities were impacted by severe flooding resulting in higher than seasonal incoming organic feedstock and disrupting RNG production at FVB, which was not operational during periods in Q4 2021 and Q1 2022. During Q4 2022 and Q1 and Q2 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.

## LIQUIDITY AND CAPITAL RESOURCES

	September 30, 2023	December 31, 2022	% Change
Cash and cash equivalents	1,642	8,852	(81)
Working capital surplus <sup>(1)</sup>	325	6,125	(95)

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

We consider our capital to consist of shareholders' equity, 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 surplus decreased as at September 30, 2023, compared to December 31, 2022, primarily due to capital expenditures related to the Company's core RNG expansion and development projects, partially offset by the drawdown of the Term Loan Facility to finance the FVB core RNG expansion project (see below). As at September 30, 2023, EverGen was committed to \$5.4 million of future capital expenditure, primarily related to the core RNG expansion project at FVB and the final payments under the existing RNG construction contract at GrowTEC. These commitments will be funded by existing liquidity and expected future operating cash flows.

In January 2023, EverGen announced that it had entered into an agreement for a \$31 million syndicated senior term loan, which provides sufficient funding for the Company's planned core RNG expansion projects, when combined with the Company's existing liquidity, grant proceeds and expected future operating cash flows. During the nine months ended September 30, 2023, EverGen made a drawdown of \$9,475 under this term loan agreement.

### Share capital

The Company had the following outstanding common shares and equity instruments as at June 30, 2023, and December 31, 2022:

(thousands)	September 30, 2023	December 31, 2022	% Change
Common shares	13,885	13,809	1
Share warrants	-	1,772	(100)
Options	365	142	157
Performance share units	430	430	-
Restricted share units	222	209	6
Deferred share units	28	28	-
<b>Total outstanding securities</b>	<b>14,930</b>	<b>16,390</b>	<b>(9)</b>

A description of EverGen's equity instruments can be found in Note 15 to the annual consolidated financial statements for the year ended December 31, 2022.

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

(thousands)	
Common shares	13,885
Share warrants	-
Options	335
Performance share units	430
Restricted share units	222
Deferred share units	28
<b>Total outstanding securities</b>	<b>14,900</b>

### Use of proceeds

On August 4, 2021, EverGen completed an initial public offering. As at September 30, 2023, the Company used the proceeds from the offering, compared to the intended use of the proceeds, as follows:

	Intended use of net proceeds	Use of net proceeds as at September 30, 2023	% Change
Project development, construction and expansion	10,750	14,015	30
Further development and acquisition activities	6,569	3,304	(50)
<b>Total</b>	<b>17,319</b>	<b>17,319</b>	<b>-</b>

EverGen used more proceeds than intended from the initial public offering for project development relating to the Company's core RNG expansion projects at GrowTEC, FVB and PCR, which has no impact on the Company's ability to continue to drive the consolidation and the growth of the RNG industry.

### Summary of Cash Flows

	Nine months ended		% Change
	Sep 30, 2023	Sep 30, 2022	
Net operating cash flow	(1,804)	(504)	258
Net investing cash flow	(13,725)	(7,493)	83
Net financing cash flow	8,319	(1,447)	(675)
<b>Total</b>	<b>(7,210)</b>	<b>(9,444)</b>	<b>(24)</b>

The Company's net operating cash outflows increased for the nine months ended September 30, 2023, compared to the same period last year, primarily due to insurance proceeds received during the nine months ended September 30, 2022, relating to lost revenues and additional flood-related costs incurred at FVB and PCR. During November 2023, EverGen received an additional \$715 of insurance proceeds and expects that there will be no further amounts outstanding under the Company's insurance claims.

EverGen has continued its focus on the investment into its facilities with cash used in investing activities for the nine months ended September 30 2023, 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 intended to significantly increase EverGen's RNG production, net income and EBITDA, the Company is in the process of purchasing capital assets. Additionally, during the nine months ended September 30, 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, which is due and payable to EverGen on December 31, 2023.

Cash used in investing activities for the nine months ended September 30, 2022, relates to property, plant and equipment expenditures associated with the Company's core RNG expansion projects at PCR and FVB and capital improvements at PCR. In addition, during the nine months ended September 30, 2022, EverGen made an initial capital investment of \$1,000 in exchange for a 50 percent interest in Project Radius and completed the acquisition of 67% interest in GrowTEC for initial cash consideration of \$2,054. These investments were partially offset by the release of restricted cash related to acquisition holdbacks during the nine months ended September 30, 2022.

Cash used in financing activities for the nine months ended September 30, 2023, increased compared to the same period last year primarily due to the drawdown of the Term Loan Facility and advances from related parties during the nine months ended September 30, 2023, partially offset by cash used as collateral for a letter of credit related to GrowTEC and an increase in lease payments compared to the same period last year.

### ACCOUNTING STANDARDS, CHANGES AND PRONOUNCEMENTS

The Company's material accounting policies are included in Note 3 to the Company's annual consolidated financial statements for the year ended December 31, 2022. The Company did not adopt any new material accounting policies in the current period and there are no new or amended accounting standards or

interpretations issued during the nine months ended September 30, 2023, that are expected to have a material impact on the Company's financial statements.

## **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 annual consolidated financial statements for the year ended December 31, 2022. There have been no significant changes to the Company's critical accounting estimates, judgments and assumptions during the three and nine months ended September 30, 2023.

## **MANAGEMENTS REPORT ON INTERNAL CONTROLS**

Management is responsible for the preparation and integrity of the Company's consolidated 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.

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 three and nine months ended September 30, 2023, there were no changes in internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

EverGen is not required to certify the design and evaluation of its disclosure controls and procedures and ICFR and has not completed such an evaluation. Inherent limitations on the ability of the certifying officers to design and implement, on a cost-effective basis, disclosure controls and procedures and ICFR for EverGen 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 and nine months ended September 30, 2023 and 2022.

	Three months ended			Nine months ended		
	Sep 30, 2023	Sep 30, 2022	% Change	Sep 30, 2023	Sep 30, 2022	% Change
Salaries and benefits <sup>(1)</sup>	530	106	400	826	360	129
Share-based payment expense	141	242	(42)	484	240	102
<b>Total</b>	<b>671</b>	<b>348</b>	<b>(93)</b>	<b>1,310</b>	<b>600</b>	<b>118</b>

(1) Includes one-time severance cost incurred during the three and nine months ended September 30, 2023.

### Other related party transactions

In July 2022, GrowTEC entered into a lease agreement with a related party 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 EverGen. The lease agreement is with entities which the minority shareholders of GrowTEC control. 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 three and nine months ended September 30, 2023, EverGen incurred lease expenses of \$30 and \$165, respectively, relating to this lease (three and nine months ended September 30, 2022 - \$68).

Effective April 1, 2023, GrowTEC entered into a loan agreement with its non-controlling interest holders to provide proceeds of \$710 to fund the non-controlling interest holders proportionate share of capital expenditure. The loan is repayable over a five-year term and bears interest at a rate of 4.0%. During the three and nine months ended September 30, 2023 EverGen incurred interest expense of \$8 and \$15, respectively, related to this loan (three and nine months ended September 30, 2022 - \$nil).

### OFF BALANCE SHEET ARRANGEMENTS

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

### FINANCIAL INSTRUMENTS

As at September 30, 2023, the Company's financial instruments consists of cash and cash equivalents, restricted cash, accounts receivable, carbon emission credits, accounts payable and accrued liabilities, contingent consideration, lease liabilities and loans. 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, 2022.

There were no changes in the Company's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the three and nine months ended September 30, 2023.

### 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. For full details on the risks and uncertainties affecting EverGen, please refer to the Company's AIF dated April 12, 2023 (see section entitled "Risk Factors"), which is available on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com). The risks and uncertainties described in our AIF are not the only ones that we face. 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.

## NON-GAAP MEASUREMENTS

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

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.

### *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, certain other non-cash items, 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 measure can be found under the Results of Operations section of this MD&A.

### *Working capital surplus*

Working capital 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 measurements for the Company:

(thousands)	September 30, 2023	December 31, 2022	% Change
Current assets	5,729	13,236	(57)
Current liabilities	(5,404)	(7,111)	(24)
<b>Working capital surplus</b>	<b>325</b>	<b>6,125</b>	<b>(95)</b>

## FORWARD LOOKING STATEMENTS

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 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, organic waste, construction timelines, increase in net income and EBITDA, and inbound organic feedstock capacity;
- 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;
- EverGen's position to capitalize on expansion projects and the growth of the RNG industry;
- Growth of societal expectations of carbon neutral and circular economy solutions;
- 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;
- That funds received under the \$31 million debt term loan facility, combined with grant proceeds, existing liquidity and future operating cashflows will be sufficient to fund the core RNG expansion projects; and
- That EverGen generates sufficient amounts of cash and cash equivalents from future operating activities to maintain the current level of operations and fund core RNG expansion project expenditure.

Such forward-looking 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 and "Risk Factors" in the Company's AIF dated April 12, 2023, which factors should not be considered exhaustive and should be read together with the other cautionary statements 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.



## Unaudited Interim Condensed Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and 2022

## EverGen Infrastructure Corp.

*Unaudited Interim Condensed Consolidated Financial Statements*

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

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### NOTICE OF NO REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited interim condensed consolidated financial statements of EverGen Infrastructure Corp. for the three and nine months ended September 30, 2023 have been prepared by and are the responsibility of the Company's management.

Under National Instrument 51-102, continuous disclosure obligations, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The Company's independent auditor has not performed a review of these interim financial statements in accordance with standards established for a review of interim financial statements by an entity's auditor.

## EverGen Infrastructure Corp.

Unaudited Interim Condensed Consolidated Financial Statements

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

### INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited)

As at	Notes	September 30, 2023	December 31, 2022
<b>Current assets</b>			
Cash and cash equivalents		1,642	8,852
Restricted cash	3	65	20
Accounts receivable	4	2,573	3,325
Prepaid expenses and other assets	7	1,449	1,039
		<b>5,729</b>	<b>13,236</b>
Restricted cash	3	918	-
Property, plant and equipment	5	44,246	29,789
Intangible assets	6	24,418	25,881
Goodwill		15,938	15,938
Equity-accounted investment	7	1,031	1,112
<b>Total assets</b>		<b>92,280</b>	<b>85,956</b>
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		3,727	3,547
Loans payable	8	500	700
Loans payable – related party	18	172	-
Lease liabilities	9	660	543
Deferred revenue		2	142
Contingent consideration	10	343	2,179
		<b>5,404</b>	<b>7,111</b>
Loans payable	8	14,166	5,059
Loans payable – related party	18	552	-
Lease liabilities	9	6,396	5,238
Contingent consideration	10	2,120	1,390
Deferred tax		4,406	5,776
<b>Total liabilities</b>		<b>33,044</b>	<b>24,574</b>
<b>Shareholders' equity</b>			
Share capital	11	61,728	61,393
Share warrants	11	-	1,069
Contributed surplus	11	5,853	4,410
Accumulated deficit		(10,715)	(7,956)
Non-controlling interest		2,370	2,466
<b>Total shareholders' equity</b>		<b>59,236</b>	<b>61,382</b>
<b>Total liabilities and shareholders' equity</b>		<b>92,280</b>	<b>85,956</b>

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

On behalf of the board of directors:

Signed: "Mischa Zajtmann"

Mischa Zajtmann, Director

Signed: "Mary Hemmingsen"

Mary Hemmingsen, Director

## EverGen Infrastructure Corp.

Unaudited Interim Condensed Consolidated Financial Statements

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

### INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

(Unaudited)

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

	Notes	Three months ended		Nine months ended	
		Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
Revenue	12	2,287	1,957	6,128	5,743
Direct operating costs	2,5,6,13	(2,668)	(2,759)	(7,211)	(7,602)
General and administrative expenses	2,11,14	(1,338)	(1,333)	(3,564)	(3,232)
Finance costs	15	(244)	(178)	(694)	(412)
Equity-accounted loss	7	(45)	(60)	(81)	(60)
Contingent consideration gain (loss)	10	-	(90)	90	(90)
Other income - net	16	396	973	1,002	2,771
<b>Net income (loss) before income tax (expense) recovery</b>		<b>(1,612)</b>	<b>(1,490)</b>	<b>(4,330)</b>	<b>(2,882)</b>
Income tax (expense) recovery					
Current		(18)	-	(18)	(4)
Deferred		539	(329)	1,370	302
<b>Net income (loss) and comprehensive income (loss)</b>		<b>(1,091)</b>	<b>(1,819)</b>	<b>(2,978)</b>	<b>(2,584)</b>
Non-controlling interest in net income (loss) and comprehensive income (loss)		(47)	13	(208)	13
<b>Net income (loss) and comprehensive income (loss) attributable to shareholders</b>		<b>(1,044)</b>	<b>(1,832)</b>	<b>(2,770)</b>	<b>(2,597)</b>
<b>Net income (loss) per share attributable to shareholders - basic and diluted</b>		<b>(\$0.08)</b>	<b>(\$0.13)</b>	<b>(\$0.20)</b>	<b>(\$0.19)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>		<b>13,851</b>	<b>13,794</b>	<b>13,839</b>	<b>13,528</b>

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

## EverGen Infrastructure Corp.

Unaudited Interim Condensed Consolidated Financial Statements

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

### INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)

(Thousands of Canadian Dollars and shares)

	Notes	Share capital #	Share capital \$	Share warrants #	Share warrants \$	Contributed surplus \$	Accumulated deficit \$	Non-controlling interest \$	Total \$
<b>Balance, December 31, 2022</b>		<b>13,809</b>	<b>61,393</b>	<b>1,772</b>	<b>1,069</b>	<b>4,410</b>	<b>(7,956)</b>	<b>2,466</b>	<b>61,382</b>
Net income (loss) for the period		-	-	-	-	-	(2,770)	(208)	(2,978)
Share-based payment expense	11,14	-	-	-	-	561	-	-	561
Capitalized share-based expense	6,11	-	-	-	-	147	-	-	147
Contributions from non-controlling interest in subsidiaries		-	-	-	-	-	-	100	100
Expiration of share warrants	11	-	-	(1,772)	(1,069)	1,069	-	-	-
Common shares issued upon vesting of RSUs and other	11	76	335	-	-	(334)	11	12	24
<b>Balance, September 30, 2023</b>		<b>13,885</b>	<b>61,728</b>	<b>-</b>	<b>-</b>	<b>5,853</b>	<b>(10,715)</b>	<b>2,370</b>	<b>59,236</b>
<b>Balance, December 31, 2021</b>		<b>13,367</b>	<b>60,597</b>	<b>2,682</b>	<b>3,484</b>	<b>1,477</b>	<b>(4,186)</b>	<b>-</b>	<b>61,372</b>
Net income (loss) for the period		-	-	-	-	-	(2,597)	13	(2,584)
Repurchase of common shares	11	(100)	(488)	-	-	-	153	-	(335)
Share-based payment expense	11	-	-	-	-	312	-	-	312
Capitalized share-based expense		-	-	-	-	75	-	-	75
Acquisition of subsidiary		600	1,560	-	-	-	-	2,477	4,037
Common shares issued upon vesting of RSUs and other	11	5	31	-	-	(29)	-	-	2
<b>Balance, September 30, 2022</b>		<b>13,872</b>	<b>61,700</b>	<b>2,682</b>	<b>3,484</b>	<b>1,835</b>	<b>(6,630)</b>	<b>2,490</b>	<b>62,879</b>

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

## EverGen Infrastructure Corp.

Unaudited Interim Condensed Consolidated Financial Statements

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

### INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Notes	Nine months ended	
		Sep 30, 2023	Sep 30, 2022
<b>Operating activities</b>			
Net loss		(2,978)	(2,584)
Items not affecting cash:			
Depreciation and amortization	5,6	2,621	2,317
Loss on sale of property, plant and equipment		-	45
Share-based payment expense	11,14	561	312
Equity-accounted loss	7	81	60
Contingent consideration (gain) loss	10	(90)	90
Deferred income tax recovery		(1,370)	(302)
Changes in non-cash working capital	19	(629)	(442)
<b>Net cash flow used in operating activities</b>		<b>(1,804)</b>	<b>(504)</b>
<b>Investing activities</b>			
Consideration paid in business combination		-	(2,054)
Cash and cash equivalents acquired in business combination		-	59
Expenditures on property, plant and equipment	5	(13,734)	(4,197)
Insurance proceeds for property, plant and equipment	5	138	532
Disposals of property, plant and equipment		-	33
Contingent consideration payments	10	(1,016)	-
Investment in equity-accounted investment	7	-	(1,000)
Loan advanced to equity-accounted investment	7	(500)	-
Changes in restricted cash		-	2,688
Changes in non-cash working capital	19	1,387	(866)
<b>Net cash flow used in investing activities</b>		<b>(13,725)</b>	<b>(4,805)</b>
<b>Financing activities</b>			
Advances of loans payable	8	9,475	10
Advances of related party loans payable	18	710	-
Repayment of loans payable	8	(234)	(536)
Financing costs related to borrowings	8	(334)	-
Payment of lease liabilities	9	(597)	(315)
Capital provided by non-controlling interest in subsidiaries		100	-
Repurchase of common shares	11	-	(335)
Changes in restricted cash	3	(963)	-
Changes in non-cash working capital	19	162	(271)
<b>Net cash flow from (used in) financing activities</b>		<b>8,319</b>	<b>(1,447)</b>
<b>Net change in cash</b>		<b>(7,210)</b>	<b>(6,756)</b>
Cash and cash equivalents at beginning of period		8,852	19,597
<b>Cash and cash equivalents at end of period</b>		<b>1,642</b>	<b>12,841</b>

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

Supplemental cash flow information note 19

# EverGen Infrastructure Corp.

*Unaudited Interim Condensed Consolidated Financial Statements*

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

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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

### 1. NATURE OF BUSINESS

As at September 30, 2023, EverGen Infrastructure Corp. ("EverGen" or the "Company") operates three organic waste management facilities and two operating biogas production facilities, one of which is currently under construction to increase the renewable natural gas ("RNG") production capacity.

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.

The Company's revenue and certain direct operating costs are impacted by seasonal weather and the related fluctuations in volumes processed.

### 2. BASIS OF PREPARATION

#### a) Statement of compliance and accounting policies

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board. These interim condensed consolidated financial statements do not include all the information and disclosures required for annual financial statements and therefore should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2022. The interim condensed consolidated financial statements have been prepared under the assumption that the Company operates on a going concern basis and have been presented in Canadian dollars, which is also the Company's functional currency.

The accounting policies applied in the preparation of these interim condensed consolidated financial statements are consistent with those applied in the Company's annual consolidated financial statements as at and for the year ended December 31, 2022.

These interim condensed consolidated financial statements were authorized for issue by the Audit Committee of the Board of Directors of the Company on November 22, 2023.

#### b) New standards, interpretations and amendments adopted by the Company

There are no new standards not yet adopted that are expected to have a material impact on the Company's financial statements.

#### c) Use of estimates, judgements and assumptions

The significant estimates and judgments used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the Company's consolidated financial statements as at and for the year ended December 31, 2022. Actual results may differ from these estimates.

#### d) Consolidated statements of net income (loss) and comprehensive income (loss) reclassification

During the fourth quarter of 2022, the Company reclassified cost of goods sold, operating costs and depreciation and amortization expenses, which were previously presented as separate line items, to a new line item, direct operating costs. The prior period amounts in these interim condensed consolidated financial statements have been adjusted to reflect this change, which resulted in \$824 of costs of goods sold, \$1,108 of operating costs and \$827 of depreciation and amortization expenses being reclassified to

## EverGen Infrastructure Corp.

Unaudited Interim Condensed Consolidated Financial Statements

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

direct operating costs line item for three months ended September 30, 2022, and \$2,595 of costs of goods sold, \$2,690 of operating costs and \$2,317 of depreciation and amortization expenses being reclassified to direct operating costs line item for nine months ended September 30, 2022, with equal and offsetting decreases to cost of goods sold, depreciation and amortization expense and operating expenses, respectively. This reclassification had no impact on revenues, net loss and comprehensive loss attributable to shareholders, or basic and diluted loss per share.

During the fourth quarter of 2022, the Company reclassified share-based payment expense, which was previously presented as a separate line item, to general and administrative expenses. The prior period amounts in these interim condensed consolidated financial statements have been adjusted to reflect this change, which resulted in an increase to general and administrative expenses of \$260 and \$312, for the three and nine months ended September 30, 2022, respectively, with an equal and offsetting decrease to share-based payment expense. This reclassification had no impact on revenues, net loss and comprehensive loss attributable to shareholders, or basic and diluted loss per share.

### 3. RESTRICTED CASH

The Company's current and long-term portions of restricted cash of \$65 and \$918, respectively, as at September 30, 2023, were comprised of cash collateral held as security for a letter of credit related to Grow the Energy Circle Ltd. ("GrowTEC").

### 4. ACCOUNTS RECEIVABLE

	September 30, 2023	December 31, 2022
Trade receivables	1,688	1,328
Insurance proceeds receivable	567	1,754
Other	318	243
	<b>2,573</b>	<b>3,325</b>

In November 2023, the Company received insurance proceeds of \$715.

### 5. 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	-	58	1,055	1,872	12,283	15,268
Insurance proceeds	-	(93)	(45)	-	-	(138)
Transfer	-	2,255	5,028	-	(7,283)	-
Capitalized interest (note 15)	-	-	-	-	338	338
Capitalized share-based expense	-	-	-	-	147	147
Other	-	-	-	(110)	-	(110)
At September 30, 2023	3,238	8,245	11,979	8,078	15,870	47,410
<b>Accumulated depreciation</b>						
At December 31, 2022	-	577	750	789	-	2,116
Depreciation	-	296	405	457	-	1,158
Other	-	-	-	(110)	-	(110)
At September 30, 2023	-	873	1,155	1,136	-	3,164

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<b>Carrying value</b>						
At December 31, 2022	3,238	5,448	5,191	5,527	10,385	29,789
At September 30, 2023	<b>3,238</b>	<b>7,372</b>	<b>10,824</b>	<b>6,942</b>	<b>15,870</b>	<b>44,246</b>

As at September 30, 2023, the Company was committed to \$5.4 million of future capital expenditure.

## 6. INTANGIBLE ASSETS

<b>Cost</b>	<b>Brands</b>	<b>Customer contracts and stakeholder relationships</b>	<b>Total</b>
At December 31, 2022 and September 30, 2023	<b>1,180</b>	<b>28,530</b>	<b>29,710</b>
<b>Accumulated amortization</b>			
At December 31, 2022	118	3,711	3,829
Amortization	45	1,418	1,463
At September 30, 2023	<b>163</b>	<b>5,129</b>	<b>5,292</b>
<b>Carrying value</b>			
At December 31, 2022	1,062	24,819	25,881
At September 30, 2023	<b>1,017</b>	<b>23,401</b>	<b>24,418</b>

During the three and nine months ended September 30, 2023, the Company identified an indicator of impairment relating to a customer contract acquired as part of a business combination and the recoverable amount of the cash generating unit was estimated by the Company. The Company concluded that no impairment had occurred as the recoverable amount, based on the FVLCD using a discounted cash flow model, exceeded the carrying amount of the cash generating unit. 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.

The significant assumptions used in the estimation of the recoverable amount include the utilization of a discount rate of 10.6%, 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 contracts and the growth rates used for revenues and expenses ranging from 1.0% to 2.0%.

## 7. EQUITY ACCOUNTED INVESTMENTS

In May 2022, the Company entered into an agreement to acquire a 50% interest in an entity that holds a portfolio of three 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. The following table presents the changes in the balance of the Company's equity-accounted investment in Project Radius:

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

Carrying value	Total
At December 31, 2022	1,112
Equity-accounted loss	(81)
<b>At September 30, 2023</b>	<b>1,031</b>

On January 1, 2023, the Company entered into a loan agreement to provide \$500 to Project Radius, which was fully drawn as at September 30, 2023. During the nine months ended September 30, 2023, the repayment date of the loan was extended to December 31, 2023. The loan accrues interest on the unpaid principal amount at a rate of 14.25% per annum, which along with the principal, is due and payable to the Company on December 31, 2023. The loan receivable and accrued interest are recorded in prepaids and other on the interim condensed consolidated statement of financial position as at December 31, 2023.

### 8. LOANS PAYABLE

	Total
At December 31, 2022	5,759
Drawdown	9,475
Interest expense (note 15)	606
Repayments	(840)
Total principal	15,000
Less: deferred financing costs	(334)
Total borrowings	<b>14,666</b>
Less current portion	<b>(500)</b>
<b>Long-term portion</b>	<b>14,166</b>

In January 2023, the Company entered into an agreement providing for a syndicated senior term loan of up to \$31,000 and during the nine months ended September 30, 2023, the Company made a drawdown of \$9,475 under 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.

### 9. LEASE LIABILITIES

	Total
At December 31, 2022	5,781
Additions	1,872
Interest expense (note 15)	376
Lease payments	(973)
As at September 30, 2023	<b>7,056</b>
Less current portion	<b>(660)</b>
<b>Long-term portion</b>	<b>6,396</b>

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

## EverGen Infrastructure Corp.

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

### 10. CONTINGENT CONSIDERATION

	Total
As at December 31, 2022	3,569
Payments	(1,016)
Gain on fair value adjustment of liability	(90)
As at September 30, 2023	<b>2,463</b>
Less current portion	<b>(343)</b>
Long-term portion	<b>2,120</b>

The contingent consideration is primarily related to the acquisition of the GrowTEC subsidiary in 2022. The contingent consideration is payable upon the achievement of certain operational milestones. During the nine months ended September 30, 2023, the Company recognized a \$90 contingent consideration gain re-measuring the liability taking into account estimated holdbacks and made payments of \$1,016.

### 11. SHAREHOLDERS' EQUITY

#### a) Share-based incentive programs and payment plans

##### *Options*

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

	Number of Options (thousands) #	Weighted average exercise price \$
Outstanding at December 31, 2022	142	8.89
Granted	264	3.01
Forfeited	(16)	9.40
Expired	(25)	10.50
Outstanding at September 30, 2023	365	4.51
<b>Exercisable at September 30, 2023</b>	<b>83</b>	<b>8.19</b>

On June 23, 2023, the Company granted 263,571 stock options to certain officers and employees of the Company at an exercise price of \$3.01 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.

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

	June 2023 Stock Options
Share price on grant date	2.66
Exercise price	3.01
Fair value per stock option	1.77
Expected volatility (percentage)	70
Risk-free rate (percentage)	3.46
Expected forfeiture rate (percent)	15
Expected life (years)	7
Expected dividend yield	-

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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 #
Outstanding at December 31, 2022	430	209	28
Granted	-	100	-
Forfeited	-	(1)	-
Vested	-	(86)	-
<b>Outstanding at September 30, 2023</b>	<b>430</b>	<b>222</b>	<b>28</b>

### Restricted share units

During the nine months ended September 30, 2023, the Company granted 99,776 RSU awards to certain officers and employees of the Company, which vest equally over a three-year period and had a weighted average grant date fair value of \$2.75 per RSU.

As at September 30, 2023, the Company had 221,500 RSUs outstanding, which vest over a remaining weighted average period of 0.9 years, with a weighted average grant date fair value of \$3.09 per RSU.

### Share-based payment expense

	Three months ended		Nine months ended	
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
Options	126	24	162	20
PSUs	-	205	289	321
RSUs	136	63	257	46
<b>Subtotal</b>	<b>262</b>	<b>292</b>	<b>708</b>	<b>387</b>
Less: Capitalized share-based payment expense (note 5)	67	32	147	75
<b>Total <sup>(1)</sup></b>	<b>195</b>	<b>260</b>	<b>561</b>	<b>312</b>

<sup>(1)</sup> Included in general and administrative expenses (see note 14).

## 12. 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, and through the sale of organic compost and soil. The Company's revenue for the three and nine months ended September 30, 2023 and 2022 all relate to goods and services transferred at a point in time and all of the Company's revenues are revenues from contracts with customers. The following tables contain the Company's revenue for the three and nine months ended September 30, 2023 and 2022, by source and by segment:

For the three months ended September 30, 2023	RNG production	Organic waste and composting	Total
Tipping fees	60	1,311	1,371
Organic compost and soil sales	-	210	210
RNG	571	-	571
Electricity sales	135	-	135
<b>Total</b>	<b>766</b>	<b>1,521</b>	<b>2,287</b>

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

For the three months ended September 30, 2022	Organic waste and		Total
	RNG production	composting	
Tipping fees	95	1,211	1,306
Organic compost and soil sales	-	182	182
RNG	231	-	231
Electricity sales	235	-	235
Trucking services and other	-	3	3
<b>Total</b>	<b>561</b>	<b>1,396</b>	<b>1,957</b>

For the nine months ended September 30, 2023	Organic waste and		Total
	RNG production	composting	
Tipping fees	199	4,008	4,207
Organic compost and soil sales	-	548	548
RNG	908	-	908
Electricity sales	465	-	465
<b>Total</b>	<b>1,572</b>	<b>4,556</b>	<b>6,128</b>

For the nine months ended September 30, 2022	Organic waste and		Total
	RNG production	composting	
Tipping fees	224	3,961	4,185
Organic compost and soil sales	-	614	614
RNG	620	-	620
Electricity sales	235	-	235
Trucking services and other	-	89	89
<b>Total</b>	<b>1,079</b>	<b>4,664</b>	<b>5,743</b>

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

### 13. DIRECT OPERATING COSTS

	Three months ended		Nine months ended	
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
Salaries and wages	442	468	1,238	1,153
Depreciation and amortization	928	827	2,621	2,317
Repairs and maintenance	215	491	731	1,218
Fuel and freight expense	388	329	927	1,090
Equipment rental	151	195	308	379
Other <sup>(1)</sup>	544	449	1,386	1,445
<b>Total</b>	<b>2,668</b>	<b>2,759</b>	<b>7,211</b>	<b>7,602</b>

<sup>(1)</sup> Other includes, but is not limited to, insurance, utilities, supplies and disposal costs.

### 14. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended		Nine months ended	
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
Salaries and wages	668	328	1,198	938
Share-based payment expense (note 11)	195	260	561	312
Professional and consulting fees	119	320	650	1,078
Other <sup>(1)</sup>	356	425	1,155	904
<b>Total</b>	<b>1,338</b>	<b>1,333</b>	<b>3,564</b>	<b>3,232</b>

<sup>(1)</sup> Other includes, but is not limited to, business development fees, insurance and business fees & licenses.

## EverGen Infrastructure Corp.

Unaudited Interim Condensed Consolidated Financial Statements

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

### 15. FINANCE COSTS

	Three months ended		Nine months ended	
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
Interest expense on loans payable (note 8)	349	94	606	233
Interest expense on related party loans payable (note 18)	7	-	14	-
Interest expense on lease liabilities (note 9)	140	82	376	184
Other	44	2	36	(5)
<b>Subtotal</b>	<b>540</b>	<b>178</b>	<b>1,032</b>	<b>412</b>
Less: capitalized interest (note 5)	(296)	-	(338)	-
<b>Total</b>	<b>244</b>	<b>178</b>	<b>694</b>	<b>412</b>

### 16. OTHER INCOME – NET

	Three months ended		Nine months ended	
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
Insurance proceeds	51	793	446	2,465
Carbon emission credits	141	-	141	-
Other	204	180	415	306
<b>Total</b>	<b>396</b>	<b>973</b>	<b>1,002</b>	<b>2,771</b>

### 17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### *Financial instruments*

The Company's financial instruments consist of cash and cash equivalents, restricted cash, accounts receivable, carbon emission credits, accounts payable and accrued liabilities, contingent consideration, lease liabilities and loans.

Cash and cash equivalents, restricted cash, accounts receivable and accounts payable and accrued liabilities are initially recognized at fair value and subsequently measured at amortized cost. The carrying value of cash and cash equivalents, restricted cash, accounts receivable and accounts payable and accrued liabilities approximates their fair value due to the short-term maturity of those instruments.

The fair value of carbon emission credits is initially measured at cost and revalued at fair value using period end trading prices of same or similar carbon emission credits on the secondary market (level 2), with changes in fair value recognized in the consolidated statement of income (loss).

The fair value of lease liabilities and loans is initially measured at fair value and carried at amortized cost. The fair value of the lease liabilities and loans payable approximates their carrying value due to the specific non-tradeable nature of these instruments and loans payable bearing interest at a variable rate.

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 income (loss).

There were no transfers between the levels of the fair value hierarchy during the three and nine months ended September 30, 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 three and nine months ended September 30, 2023.

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### Financial risk management and capital management

There have been no significant developments in the Company's financial risk factors and capital management as included in the Company's consolidated financial statements as at and for the year ended December 31, 2022.

The following contractual maturities of financial obligations exist as at September 30, 2023:

	< 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	3,711	-	-	-	-	-	3,711
Contingent consideration	343	60	1,495	56	54	455	2,463
Loan payments <sup>(1)</sup>	1,971	2,856	2,709	2,562	10,552	-	20,650
Loan payments – related party <sup>(1)</sup>	183	177	171	164	80	-	775
Lease payments <sup>(1)</sup>	1,197	1,146	1,016	912	752	6,140	11,163
<b>Total</b>	<b>7,405</b>	<b>4,239</b>	<b>5,391</b>	<b>3,694</b>	<b>11,438</b>	<b>6,595</b>	<b>38,762</b>

<sup>(1)</sup> Includes principal and interest.

## 18. 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 EverGen were as follows:

	Three months ended		Nine months ended	
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
Salaries and benefits	530	106	826	360
Share-based payment expense	141	242	484	240
<b>Total</b>	<b>671</b>	<b>348</b>	<b>1,310</b>	<b>600</b>

### Lease liabilities

In July 2022, a subsidiary of the Company entered into a lease agreement with a related party 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 three and nine months ended September 30, 2023, the Company incurred lease expenses of \$30 and \$165, respectively, relating to this lease (three and nine months ended September 30, 2022 - \$68).

### Loans payable

	Total
At December 31, 2022	-
Drawdown	710
Interest expense (note 15)	14
<b>Total principal</b>	<b>724</b>
<b>Less current portion</b>	<b>(172)</b>
<b>Long-term portion</b>	<b>552</b>

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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 is repayable over a five-year term and bears interest at a rate of 4.0%.

### 19. 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:

	Nine months ended	
	Sep 30, 2023	Sep 30, 2022
Net changes in non-cash working capital:		
Accounts receivable	752	461
Prepaid expenses and other assets	114	(307)
Accounts payable and accrued liabilities	194	(1,857)
Deferred revenue	(140)	124
	920	(1,579)
Net changes in non-cash working capital related to:		
Operating activities	(629)	(442)
Investing activities	1,387	(866)
Financing activities	162	(271)
	920	(1,579)
Interest paid	606	233
Taxes paid	-	43

### 20. SEGEMENTED INFORMATION

Operating segments are reported in a manner consistent with internal reporting provided to management. Management is responsible for allocating resources and assessing performance of the operating segments. For the three and nine months ended September 30, 2023 and 2022, the Company had two operating segments. The Company's segments are based on the type of operations and include RNG production and organic waste tipping and composting as follows:

For the three months ended September 30, 2023	RNG production	Organic waste and composting	Corporate and other	Total
Revenue	766	1,521	-	2,287
Direct operating costs	(935)	(1,715)	(18)	(2,668)
General and administrative expenses <sup>(1)</sup>	(369)	(897)	(72)	(1,338)
Finance costs	(85)	(188)	29	(244)
Equity-accounted loss	(45)	-	-	(45)
Other income (loss) - net	(107)	326	177	396
<b>Net income (loss) before income tax (expense) recovery</b>	<b>(775)</b>	<b>(953)</b>	<b>116</b>	<b>(1,612)</b>

## EverGen Infrastructure Corp.

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### For the three months ended September 30, 2022

Revenue	561	1,396	-	1,957
Direct operating costs	(771)	(1,970)	(18)	(2,759)
General and administrative expenses <sup>(1)</sup>	(231)	(778)	(324)	(1,333)
Finance costs	(63)	(165)	50	(178)
Equity-accounted loss	(60)	-	-	(60)
Contingent consideration loss	-	-	(90)	(90)
Other income - net	228	745	-	973
<b>Net income (loss) before income tax (expense) recovery</b>	<b>(336)</b>	<b>(772)</b>	<b>(382)</b>	<b>(1,490)</b>

	RNG production	Organic waste and composting	Corporate and other	Total
<b>For the nine months ended September 30, 2023</b>				
Revenue	1,572	4,556	-	6,128
Direct operating costs	(2,531)	(4,625)	(55)	(7,211)
General and administrative expenses <sup>(1)</sup>	(1,296)	(2,699)	431	(3,564)
Finance costs	(180)	(543)	29	(694)
Equity-accounted loss	(81)	-	-	(81)
Contingent consideration gain	-	-	90	90
Other income - net	231	535	236	1,002
<b>Net income (loss) before income tax (expense) recovery</b>	<b>(2,285)</b>	<b>(2,776)</b>	<b>731</b>	<b>(4,330)</b>

### For the nine months ended September 30, 2022

Revenue	1,079	4,664	-	5,743
Direct operating costs	(1,784)	(5,763)	(55)	(7,602)
General and administrative expenses <sup>(1)</sup>	(754)	(2,436)	(42)	(3,232)
Finance costs	(137)	(483)	208	(412)
Equity-accounted loss	(60)	-	-	(60)
Contingent consideration loss	-	-	(90)	(90)
Other income - net	1,401	1,366	4	2,771
<b>Net income (loss) before income tax (expense) recovery</b>	<b>(255)</b>	<b>(2,652)</b>	<b>25</b>	<b>(2,882)</b>

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

### As at September 30, 2023

Total assets	40,663	48,567	3,050	92,280
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### As at December 31, 2022

Total assets	30,910	52,736	2,310	85,956
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