EVERGEN
Infrastructure Corp.

# Management's Discussion and Analysis

For the three months ended March 31, 2024

Dated May 28, 2024

## BASIS OF PRESENTATION

EverGen Infrastructure Corp. ("EverGen", "the Company", "we", "our", "us" or "its") has prepared this Management's Discussion and Analysis ("MD&A") for the three months ended March 31, 2024, as at May 28, 2024, 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 months ended March 31, 2024. All financial information has been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and all references to "$" are references to Canadian dollars and are presented in thousands of dollars, unless otherwise indicated. This MD&A and the unaudited interim consolidated financial statements of EverGen have been approved by the Audit Committee of the Board of Directors as of May 28, 2024.

Additional information relating to the Company, including our Annual Information Form dated April 22, 2024 ("AIF"), is available on SEDAR+ at www.sedarplus.ca. The Company's common shares trade on the TSX Venture Exchange ("TSXV") under the symbol "EVGN" and the OTCQX Market ("OTCQX") under the symbol "EVGIF".

## FINANCIAL AND OPERATIONAL HIGHLIGHTS SUMMARY

| | Three months ended | | | |
|---|---|---|---|---|
| | Mar 31, 2024 | Mar 31, 2023 | $ Change | % Change |
| **FINANCIAL** | | | | |
| Revenue | 3,227 | 1,683 | 1,544 | 92 |
| Net loss | (1,326) | (996) | (330) | 33 |
| Net loss per share ($), basic and diluted | (0.10) | (0.07) | (0.03) | 43 |
| EBITDA [(1)] | 217 | (188) | 405 | (216) |
| Adjusted EBITDA [(1)] | 654 | 18 | 636 | 3,535 |
| Total assets | 94,241 | 88,216 | 6,025 | 7 |
| Total long-term liabilities | 30,255 | 18,749 | 11,506 | 61 |
| Cash and cash equivalents | 717 | 5,814 | (5,097) | (88) |
| Working capital surplus (deficit) [(1)] | (1,064) | 1,143 | (2,207) | (193) |
| **COMMON SHARES (thousands)** | | | | |
| Outstanding, end of period | 13,918 | 13,845 | 73 | 1 |
| Weighted average – basic & diluted | 13,905 | 13,820 | 85 | 1 |
| **OPERATING** | | | | |
| RNG (gigajoules) | 35,440 | 8,866 | 26,574 | 300 |
| Incoming organic feedstock (tonnes) | 17,986 | 17,902 | 84 | - |
| Organic compost and soil sales (yards) | 2,179 | 894 | 1,285 | 144 |
| Electricity (MWh) | 851 | 810 | 41 | 5 |

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

**Revenue:** For the three months ended March 31, 2024, revenues increased 92% compared to the same period last year, primarily due to record RNG production and associated revenues from the completion of the Fraser Valley Biogas ("FVB") Renewable Natural Gas ("RNG") expansion project in December 2023 and the commencement of RNG production at GrowTEC in late Q2-2023.

**Net loss:** For the three months ended March 31, 2024, net loss of $1,326 increased, compared to the same period last year, primarily due the absence of a contingent consideration gain, and an increase in depreciation and amortization expense and finance costs both due to investments made into RNG facility production, partially offset by an increase in revenues.

**Adjusted EBITDA:** For the three months ended March 31, 2024, adjusted EBITDA increased $636 compared to the same period last year, primarily due an increase in revenues, partially offset by an increase in direct operating costs and recurring general and administrative expenses.

**RNG Volumes:** RNG production increased during the three months ended March 31, 2024, compared to the same period last year, as well as previous quarters in 2023, following the completion of the FVB RNG expansion project in December 2023 and first injection of RNG at GrowTEC in late Q2. In March 2024, EverGen announced a new daily and monthly RNG production record at the facility of 450 gigajoules in a day and 9,716 gigajoules for February 2024.

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

*FVB*

In March 2024, EverGen announced new **record daily and monthly RNG production** following the **successful completion of the FVB RNG expansion project.** Once the facility is fully ramped-up, RNG production is expected to exceed initial expectations of ~160,000 gigajoules of RNG per year. The project was completed for an all-in cost of approximately $13 million.

*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 an **RNG expansion project** designed to produce ~70,000 gigajoules of RNG per year. Construction and successful commissioning of this project was completed in Q1 2023. **First injection of RNG occurred during Q2 2023**, following utility grid connection upon completion of gas quality sampling, and the facility has been producing volumes of up to 220 gigajoules per day. In November 2023, GrowTEC announced that it had entered into a **10-year RNG offtake agreement with Irving Oil** Ltd to supply up to 60,000 gigajoules of RNG per year, which provides for significant upside through revenue sharing opportunities. With the first phase of development complete, EverGen is moving into the second phase of the project. The second phase expands RNG capacity through the addition of preprocessing and depackaging equipment to broaden the range of organic waste the facility can process and is expected to increase production to ~140,000 gigajoules of RNG per year.

*Prairie Sky Organics ("PSO")*

In September 2023, **EverGen announced that is 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 ("PCR")*

The **RNG expansion project at Pacific Coast Renewables** is expected to 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 and a contribution agreement was executed in February 2024. During 2023, EverGen completed upgrades to existing infrastructure, necessary to secure regulatory approvals and optimize the development and construction. The project is currently undergoing development and is expected to commence construction following the receipt of regulatory approvals. In November 2023, EverGen announced the **renewed organic waste processing contract with the City of Abbotsford.**

*Project Radius*

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

### Financing

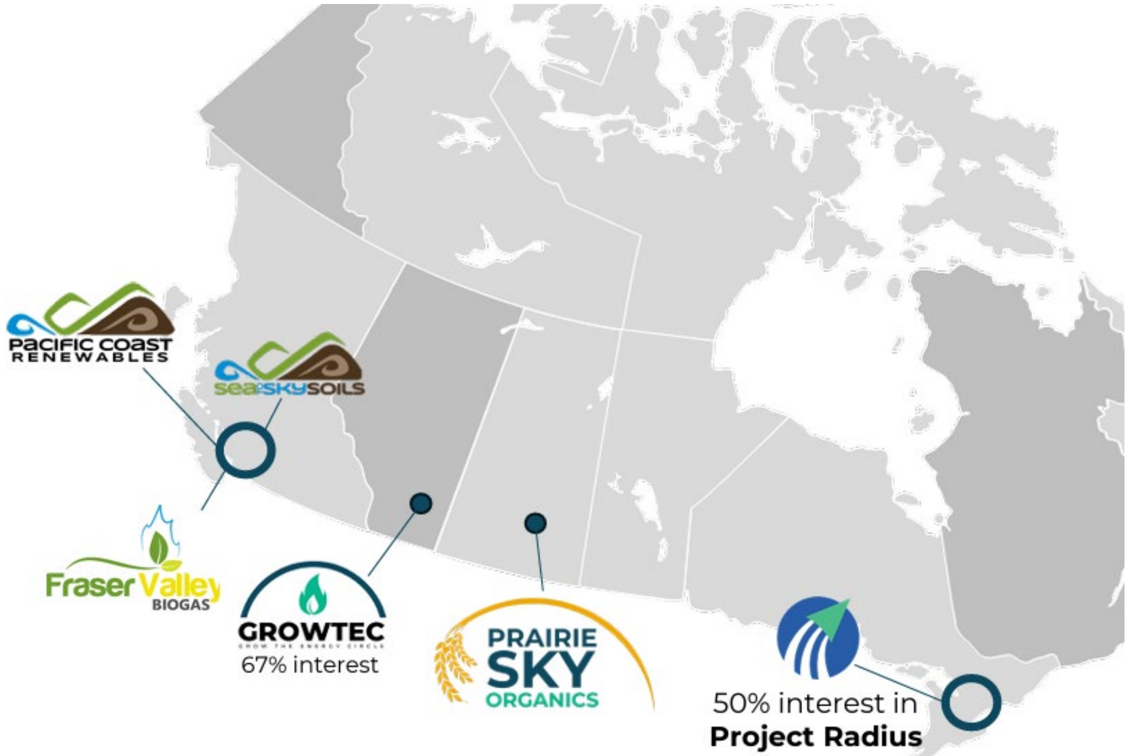
In January 2024, EverGen, through GrowTEC, signed a definitive agreement with Farm Credit Canada ("FCC") for a $3.5 million term loan to support the expansion of the GrowTEC facility (the "GrowTEC Loan"), including the procurement of depackaging equipment and front-end engineering and design work associated with the second phase of the core RNG expansion project. EverGen made a drawdown of $3.3 million under this facility in early-2024.

## COMPANY OVERVIEW

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

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


EverGen currently owns and operates five facilities through its subsidiaries: PCR, Sea to Sky Soils and Composting Inc. ("SSS"), PSO, FVB and GrowTEC, and holds a 50% interest in Project Radius.



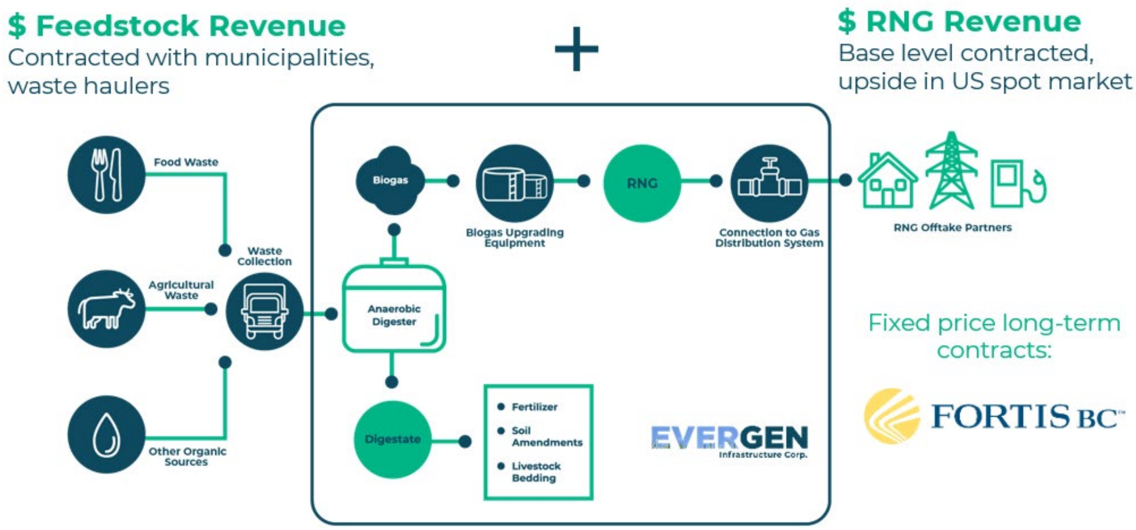

FVB is British Columbia's first RNG facility, which has historically sold its RNG under a long-term offtake contract with FortisBC and combines anaerobic digestion and biogas upgrading to produce RNG, primarily by converting agricultural waste from local dairy farms. In advance of finalizing the terms under a new long-term offtake agreement with FortisBC, replacing a vintage contract with Fortis's current terms, the facility is currently operating under an interim offtake contract with FortisBC. In December 2023, the RNG expansion project at FVB was completed, which added additional RNG production capacity to the facility and is expected exceed ~160,000 gigajoules per year, more than doubling RNG production from ~80,000 gigajoules per year. Following the completion of the project, the FVB facility has been producing daily volumes of up to 450 gigajoules.

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. The expansion is expected 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 second quarter of 2023, EverGen was awarded funding of $10.5 million from Natural Resources Canada to support the development of the core RNG expansion project at PCR and the contribution agreement was executed in February 2024. The majority of the revenue currently earned by the organic waste conversion facilities is sourced under long-term contracts with local municipalities and in November 2023 EverGen announced the renewed organic waste processing contract with the City of Abbotsford.

GrowTEC is an operating RNG facility located in Lethbridge, Alberta. Following the acquisition of a 67% interest in the facility in Q3 2022, EverGen oversaw the installation of an RNG upgrader, and related equipment, required to upgrade biogas to produce RNG. The first phase of development was constructed and commissioned during the first quarter of 2023 and is expected to produce 70,000 gigajoules of RNG annually. Following utility grid connection upon the completion of gas quality sampling, the facility began injecting RNG during the second quarter of 2023 and has been producing daily volumes of up to 220 gigajoules. With the first phase of development complete, EverGen expects to move into the 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 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, each capable of producing approximately 550,000 gigajoules of RNG per year and are expected to be constructed from 2024 through 2026. EverGen is currently working with its partner on developing Project Radius to advance the projects to the notice-to-proceed phase of development.

## COMMERCIAL STRATEGY




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

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

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

## OUTLOOK

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

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

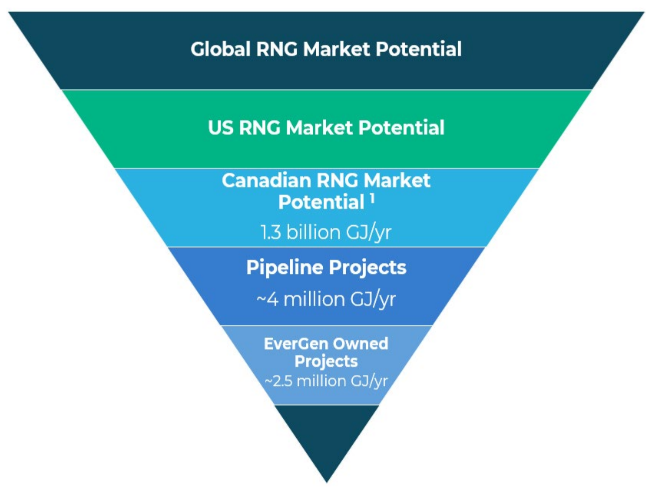
- Continuing development and construction of EverGen's existing portfolio of core RNG expansion projects;
- Optimizing and expanding existing organic waste processing facilities and RNG feedstock;
- Securing and optimizing long-term contracts for RNG offtake and feedstock to provide stable long-term low-risk cash flows;
- Securing municipal feedstock agreements through developed partnerships and vertically integrated operations;
- Diversifying feedstock suppliers to de-risk inbound revenue streams;
- Integrating talent, systems and processes across our projects to create efficiencies and best-in-class operations; and
- Continuing the growth of the project portfolio via the development of our project pipeline through strategic acquisitions and consolidation opportunities.

During 2024, EverGen expects to continue to develop its core RNG expansion and development projects through maximizing the production capacity at FVB and reaching final investment decisions at PCR, the second phase of GrowTEC, and Project Radius, as well as continuing to develop and grow our project portfolio.

We believe that EverGen is uniquely positioned to capitalize on expansion prospects in the RNG market and that the RNG industry is set to grow rapidly over the next several decades based on increased availability of feedstock through population growth and landfill diversion measures, and increased customer demand for lower carbon energy alternatives. We believe that there is growing societal expectations of carbon neutral and circular economy solutions and there is 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.




[1] Source: Biogas World

### *Driving cost efficiencies*

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

### *Building collaborations*

EverGen's collaborative approach accelerates growth and extends our execution capabilities across our value chain and supply chain. Key relationships with local developers, First Nations and other stakeholders provide access to projects and leverages our capabilities in sourcing new organic waste streams and extending our business model to fulfill societal and customer expectations of waste recycling and waste to energy production combined with reduced greenhouse gas emissions.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE

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.

For full details on EverGen's ESG values and reporting, please refer to the Company's AIF dated April 22, 2024 (see section entitled "Social/Environmental Policies"), which is available on SEDAR+ at www.sedarplus.ca.

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

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

## 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, from electricity sales, from carbon credit sales and from the provision of management services.

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

Revenue by source:

| | Three months ended | | |
|---|---|---|---|
| | Mar 31, 2024 | Mar 31, 2023 | % Change |
| RNG sales | 1,065 | 195 | 446 |
| Tipping fees | 1,260 | 1,308 | (4) |
| Organic compost and soil sales | 30 | 25 | 20 |
| Electricity sales | 93 | 155 | (40) |
| Carbon credit sales | 449 | - | 100 |
| Other | 330 | - | 100 |
| **Total** | **3,227** | **1,683** | **92** |

Production volumes:

| | Three months ended | | |
|---|---|---|---|
| | Mar 31, 2024 | Mar 31, 2023 | % Change |
| RNG (gigajoules) | 35,440 | 8,866 | 300 |
| Incoming organic feedstock (tonnes) | 17,986 | 17,902 | - |
| Organic compost and soil sales (yards) | 2,179 | 894 | 144 |
| Electricity (MWh) | 851 | 810 | 5 |

Revenues from RNG production increased by $870, or 446%, for the three months ended March 31, 2024, respectively, compared to the same period last year, primarily due to increased production associated with the completion of the FVB RNG expansion project in December 2023 and the commencement of RNG production at GrowTEC in June 2023.

Revenues from tipping fees were relatively consistent for the three months ended March 31, 2024, compared to the same period last year.

Revenues from electricity sales decreased by $62, or 40%, for the three months ended March 31, 2024, compared to the same period last year, primarily due to a decrease in electricity prices.

Revenues from carbon credit sales increased by $449 for the three months ended March 31, 2024, due to the recognition of carbon credits sold at the GrowTEC RNG facility.

Revenues from other sources mainly relates to management fees charged to Project Radius for the development of the project during the three months ended March 31, 2024.

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

Revenue by segment:

| | Three months ended | | |
|---|---|---|---|
| | Mar 31, 2024 | Mar 31, 2023 | % Change |
| RNG production | 2,022 | 414 | 221 |
| Organic waste and composting | 1,205 | 1,269 | (2) |
| Total | 3,227 | 1,683 | 18 |

### *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 | | |
|---|---|---|---|
| | Mar 31, 2024 | Mar 31, 2023 | % Change |
| Direct operating costs | 3,109 | 2,333 | 33 |

Direct operating costs increased by $776, or 33%, for the three months ended March 31, 2024, compared to the same period last year, primarily due to an increase in depreciation and amortization associated with the investment into the completion of the FVB RNG expansion project and the acquisition of property, plant and equipment and right-of-use assets during through Q1-2024, the commencement of RNG production at GrowTEC in June 2023 and the commencement of operations at PSO in September 2023, partially offset by a decrease in repairs and maintenance and a decrease in freight and fuel expenses from more efficient operations.

### *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 | | |
|---|---|---|---|
| | Mar 31, 2024 | Mar 31, 2023 | % Change |
| General and administrative expenses | 1,193 | 1,152 | 4 |

General and administrative expenses held relatively consistent for the three months ended March 31, 2024, compared to the same period last year. Amounts that were capitalized to the FVB RNG expansion project during Q1-2023, and an increase in share-based payment expense, due to the timing of grants, were offset by a decrease in business development and consulting fees mainly due to the internal transfer of previously outsourced services.

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

### *Finance costs*

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

| | Three months ended | | |
|---|---|---|---|
| | Mar 31, 2024 | Mar 31, 2023 | % Change |
| Interest expense on loans | 395 | 117 | 238 |
| Interest expense on loans payable – related parties | 25 | - | 100 |
| Interest expense on lease liabilities | 161 | 116 | 39 |
| Other | 43 | (36) | (219) |
| **Total** | **624** | **197** | **217** |

Finance costs increased by $427, or 217%, for the three months ended March 31, 2024, compared to the same period last year, primarily due to an increase in total borrowings and new leases entered into through Q1-2024 to support growth.

### *Other income – net*

| | Three months ended | | |
|---|---|---|---|
| | Mar 31, 2024 | Mar 31, 2023 | % Change |
| Insurance proceeds | 209 | 282 | (26) |
| Other | 35 | 113 | (69) |
| **Total** | **244** | **395** | **(38)** |

Other income - net decreased during the three months ended March 31, 2024, compared to the same period last year, primarily due to a decrease in the recognition of insurance proceeds.

### *Income taxes*

Income taxes consist of current and deferred income taxes.

| | Three months ended | | |
|---|---|---|---|
| | Mar 31, 2024 | Mar 31, 2023 | % Change |
| Current tax recovery | - | - | - |
| Deferred tax recovery | 370 | 219 | 69 |
| **Total** | **370** | **219** | **69** |

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

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

### *EBITDA and Adjusted EBITDA [(1)]*

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

| | Three months ended | | |
|---|---|---|---|
| | Mar 31, 2024 | Mar 31, 2023 | % Change |
| Net loss | (1,326) | (996) | 33 |
| Tax recovery | (370) | (219) | 69 |
| Depreciation and amortization | 1,289 | 830 | 55 |
| Finance costs | 624 | 197 | 217 |
| **EBITDA [(1)]** | **217** | **(188)** | **(216)** |
| Share-based payment expense | 331 | 188 | 76 |
| Non-recurring general and administrative expenses and other | 90 | 379 | (76) |
| Loss on write-down of assets | 114 | - | 100 |
| Contingent consideration gain | - | (430) | (100) |
| Non-recurring general and administrative expenses and other related to equity-accounted investment | - | 32 | (100) |
| **Consolidated adjusted EBITDA [(1)]** | **752** | **(19)** | **(4,059)** |
| Adjusted EBITDA attributable to non-controlling interest | (98) | 37 | (365) |
| **Adjusted EBITDA [(1)]** | **654** | **18** | **3,535** |

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

EverGen's EBITDA increased by $405, or 216% for the three months ended March 31, 2024, compared to the same period last year, primarily due to an increase in revenues, as described above, partially offset by an associated production related increase in direct operating expenses, as described above, and the absence of a contingent consideration gain.

EverGen's Adjusted EBITDA of $654, increased by $636 for the three months ended March 31, 2024, compared to the same period last year, primarily due an increase in revenues, partially offset by an associated production related increase in direct operating costs and recurring general and administrative expenses.

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

## SUPPLEMENTAL QUARTERLY INFORMATION

| | 2024 Mar 31 Q1 | 2023 Dec 31 Q4 | 2023 Sep 30 Q3 | 2023 June 30 Q2 | 2023 Mar 31 Q1 | 2022 Dec 31 Q4 | 2022 Sep 30 Q3 | 2022 June 30 Q2 |
|---|---|---|---|---|---|---|---|---|
| FINANCIAL | | | | | | | | |
| Revenue | 3,227 | 2,314 | 2,287 | 2,158 | 1,683 | 1,716 | 1,957 | 2,359 |
| Net (loss) income | (1,326) | (1,765) | (1,091) | (891) | (996) | (1,526) | (1,819) | (546) |
| Net (loss) income per share ($), basic and diluted | (0.10) | (0.12) | (0.08) | (0.06) | (0.07) | (0.11) | (0.13) | (0.04) |
| EBITDA[(1)] | 217 | (705) | (440) | (387) | (188) | (914) | (486) | (154) |
| Adjusted EBITDA[(1)] | 654 | (9) | 382 | 382 | 18 | 274 | 650 | 426 |
| Total assets | 94,241 | 93,534 | 92,280 | 94,814 | 88,216 | 85,956 | 85,692 | 78,581 |
| Total long-term liabilities | 30,255 | 28,001 | 27,640 | 28,214 | 18,749 | 17,463 | 17,462 | 14,453 |
| Working capital surplus (deficit)[(1)] | (1,064) | (3,558) | 325 | 6,997 | 1,143 | 6,125 | 10,079 | 16,524 |
| COMMON SHARES (thousands) | | | | | | | | |
| Outstanding, end of period | 13,918 | 13,897 | 13,885 | 13,845 | 13,845 | 13,809 | 13,872 | 13,307 |
| Weighted average – basic & diluted | 13,905 | 13,890 | 13,851 | 13,845 | 13,820 | 13,847 | 13,794 | 13,357 |
| OPERATING | | | | | | | | |
| RNG sales (gigajoules) | 35,440 | 22,926 | 24,657 | 6,442 | 8.866 | 10,847 | 14,975 | 20,254 |
| Incoming organic feedstock (tonnes) | 17,786 | 22,768 | 18,983 | 20,955 | 17,902 | 16,972 | 19,375 | 24,336 |
| Organic compost and soil sales (yards) | 2,179 | 4,763 | 10,425 | 10,365 | 894 | 6,575 | 8,219 | 13,778 |
| Electricity (MWh) | 851 | 669 | 717 | 920 | 810 | 572 | 698 | - |

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

The Company's revenue is exposed to fluctuations as a result of the inherent seasonality of organic waste processing and the sale of organic compost and soil. As a result, the Company typically sees higher revenues, net income, EBITDA and Adjusted EBITDA during Q2 and Q3 of a given year, when compared to Q1 and Q4, due to higher incoming organic feedstock and organic compost and soil sales during these periods.

During Q4 2022 and Q1 through Q4 of 2023, FVB RNG production volumes were impacted from planned downtime, with the facility being offline as part of the core RNG expansion project, and unplanned downtime due to equipment availability and installation.

EverGen is committed to the expansion of its operations through the development of its existing portfolio and the optimization and development of existing organic waste processing facilities and RNG production facilities. The Company has been investing in its core RNG expansion projects since mid-2021.

## LIQUIDITY AND CAPITAL RESOURCES

| | March 31, 2024 | December 31, 2023 | % Change |
|---|---|---|---|
| Cash and cash equivalents | 717 | 585 | 23 |
| Working capital surplus (deficit) [(1)] | (1,064) | (3,558) | (70) |

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

We consider our capital to consist of shareholders' equity, 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.

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

As March 31, 2024 EverGen had a working capital deficit primarily relating to outstanding accounts payable and accrued liabilities from capital expenditures incurred within the EverGen's RNG operating segment. This working capital deficit was reduced from the deficit as at December 31, 2023, due to EverGen securing additional debt through specific lender support at particular facilities. EverGen expects that it may need to obtain additional sources of financing, in addition to amounts generated from operations, to meet its obligations and commitments and minimum liquidity requirements under its financial covenants. Additional potential sources of financing that EverGen is actively pursuing or may consider pursuing, include: issuing equity, entering into new debt facilities, borrowing additional amounts under existing facilities, the refinancing or extension of certain borrowings, selling certain assets and seeking joint venture partners for EverGen's business interests. EverGen is actively pursuing or may pursue the financing initiatives described above, certain of which have been completed during Q1 2024, and others which it considers probable of completion based on EverGen's assessment of current conditions and estimated future conditions. EverGen is in various stages of progression on these matters. As at March 31, 2024, EverGen was committed to $3.7 million of future capital expenditure, primarily related to the core RNG expansion project at PCR. These commitments are expected to be funded by existing liquidity, expected future operating cash flows and additional sources of financing already secured.

### *Share capital*

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

| (thousands) | March 31, 2024 | December 31, 2023 | % Change |
|---|---|---|---|
| Common shares | 13,918 | 13,897 | - |
| Options | 523 | 335 | 56 |
| Performance share units | 430 | 430 | - |
| Restricted share units | 240 | 214 | 12 |
| Deferred share units | 67 | 28 | 139 |
| **Total outstanding securities** | **15,178** | **14,904** | **2** |

A description of EverGen's equity instruments can be found in Note 15 to the consolidated financial statements for the year ended December 31, 2023.

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

| (thousands) | |
|---|---|
| Common shares | 13,918 |
| Options | 523 |
| Performance share units | 430 |
| Restricted share units | 227 |
| Deferred share units | 67 |
| **Total outstanding securities** | **15,165** |

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

*Summary of Cash Flows*

| | Three months ended | | % |
|---|---|---|---|
| | Mar 31, 2024 | Mar 31, 2023 | Change |
| Net operating cash flow | 274 | 13 | 2,008 |
| Net investing cash flow | (2,183) | (2,552) | (14) |
| Net financing cash flow | 2,041 | (499) | (509) |
| **Total** | **132** | **(3,038)** | **(104)** |

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

EverGen has continued its focus on the investment into its facilities for the three months ended March 31, 2024, with cash used in investing activities associated with property, plant and equipment expenditures relating to the Company's core RNG expansion projects at GrowTEC, FVB and PCR. Pursuant to its core RNG expansion projects at the facilities, which upon completion are intended to significantly increase EverGen's RNG production, net income and EBITDA, EverGen is in the process of purchasing capital assets, including the capital assets purchased related to the completion of the FVB core RNG expansion project which was completed in December 2023.

Cash used in investing activities for the three months ended March 31, 2023, 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. During the three months ended March 31, 2023, EverGen advanced a loan to Project Radius of $500, which is due and payable to EverGen on June 30, 2024.

Cash provided by financing activities for the three months ended March 31, 2024, increased compared to the same period last year primarily due to the drawdown of the GrowTEC Loan, partially offset by an increase in lease and interest payments associated with financing growth in the RNG facilities.

## ACCOUNTING STANDARDS, CHANGES AND PRONOUNCEMENTS

The Company's material accounting policies are included in Note 3 to the Company's annual financial statements for the year ended December 31, 2023. 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 three months ended March 31, 2024, 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, 2023. There have been no significant changes to the Company's critical accounting estimates, judgments and assumptions during the three months ended March 31, 2024.

## MANAGEMENTS REPORT ON INTERNAL CONTROLS

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

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

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

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

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

During three months ended March 31, 2024, there were no changes in ICFR 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 the issuer's DC&P and ICFR and has not completed such an evaluation and inherent limitations on the ability of the certifying officers to design and implement on a cost-effective basis DC&P and ICFR for the issuer may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## RELATED PARTY TRANSACTIONS

### *Key management compensation*

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

| | Three months ended | | |
|---|---|---|---|
| | Mar 31, 2024 | Mar 31, 2023 | % Change |
| Salaries and benefits | 183 | 154 | 19 |
| Share-based payment expense | 261 | 176 | 48 |
| Total | 444 | 330 | 35 |

### *Other related party transactions*

In July 2022, GrowTEC entered into a lease agreement with a related parties to lease the land on which the 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 are related parties to the minority shareholders of GrowTEC. 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 months ended March 31, 2024, the Company incurred lease expenses of $30 relating to this lease (2023: - $68).

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

Effective December 1, 2023, EverGen entered into a loan agreement with the vendors related to the acquisition of GrowTEC to provide proceeds of $1,000 to primarily fund the repayment of amounts owing as contingent consideration related to the acquisition of the 67% interest in GrowTEC in July 2022. The full outstanding balance of the loan is repayable on January 1, 2026, and bears interest at a rate of 10.0%, which EverGen has the option to pay interest in cash, payment-in-kind, or a combination thereof. During the three months ended March 31, 2024, the Company incurred interest expenses of $25 relating to this loan (2023: - $nil).

## OFF BALANCE SHEET ARRANGEMENTS

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

## FINANCIAL INSTRUMENTS

As at March 31, 2024, the Company's financial instruments consists of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, lease liabilities, loans payable and loans payable – related parties. There have been no significant developments, including the associated risks, in the Company's financial instruments as included in the Company's annual consolidated financial statements as at and for the year ended December 31, 2023.

There were no significant changes in the Company's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the three months ended March 31, 2024.

## RISKS AND UNCERTAINTIES

Risk is inherent in all business activities and cannot be entirely eliminated. EverGen's business and financial performance, which includes our results of operations and cash flows, are impacted by a number of risks. For full details on the risks and uncertainties affecting EverGen, please refer to the Company's AIF dated April 22, 2024 (see section entitled "Risk Factors"), which is available on SEDAR+ at www.sedarplus.ca. 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 Accounting Standards. The following terms: "EBITDA", "adjusted EBITDA", and "working capital surplus (deficit)" are not recognized measures under IFRS Accounting Standards and may not be comparable to that reported by other companies. EverGen believes that, in addition to measures prepared in accordance with IFRS Accounting Standards, these non-GAAP measurements provide useful information to evaluate the Company's performance and ability to generate cash, 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 Accounting Standards.

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

### *EBITDA and Adjusted EBITDA*

Management considers EBITDA and adjusted EBITDA key metrics in analyzing operational performance and the Company's ability to generate cash flow. EBITDA is measured as net income (loss) before interest, tax, depreciation and amortization. Adjusted EBITDA is measured as EBITDA adjusted for share-based payment expense, unusual or non-recurring items, contingent consideration gains and losses, and non-controlling interests in adjusted EBITDA. A reconciliation of the non-GAAP measures, EBITDA and adjusted EBITDA to the applicable IFRS Accounting Standards measure can be found under the Results of Operations section of this MD&A.

### *Working capital surplus (deficit)*

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

| (thousands) | March 31, 2024 | December 31, 2023 | % Change |
|---|---|---|---|
| Current assets | 5,673 | 4,396 | 29 |
| Current liabilities | (6,737) | (7,954) | (15) |
| **Working capital surplus (deficit)** | **(1,064)** | **(3,558)** | **(70)** |

## FORWARD LOOKING STATEMENTS

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

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

- The timing of the completion of the Company's core RNG expansion projects, as well as the expected capital costs, RNG production 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;
- The growth of the RNG industry;
- The growth and success of EverGen focussed on realizing consolidation opportunities and achieving synergies in cost and margin;

- That successful acquisitions provide EverGen with additional growth opportunities;
- The ability of EverGen to meet its future anticipated obligations incurred from normal ongoing operations;
- The ability for EverGen to complete certain financing initiatives;
- That funds received under loan facilities will be sufficient to fund the core RNG expansion projects; and
- That EverGen generates sufficient amounts of cash and cash equivalents from operating activities to maintain the current level of operations.

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

Although the Company believes that the expectations reflected in such forward-looking statements and information are reasonable, it can give no assurance that such expectations will prove to be accurate, as results and future events could differ materially from those expected or estimated in such statements. Forward-looking-statements, by their nature, involve risks and uncertainties. Certain of these risks are included in "Risks and Uncertainties" in this MD&A and "Risk Factors" in the Company's AIF dated April 22, 2024, 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.

EVERGEN
Infrastructure Corp.

# Unaudited Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

## 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 months ended March 31, 2024 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.

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

## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited)

| As at | Notes | March 31, 2024 | December 31, 2023 |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | | 717 | 585 |
| Accounts receivable | | 2,426 | 1,717 |
| Assets held for sale | 3 | 1,168 | 650 |
| Other assets | 6 | 1,362 | 1,444 |
| | | **5,673** | **4,396** |
| Property, plant and equipment | 4 | 48,395 | 48,306 |
| Intangible assets | 5 | 23,354 | 23,886 |
| Goodwill | | 15,938 | 15,938 |
| Equity-accounted investment | 6 | 881 | 1,008 |
| **Total assets** | | **94,241** | **93,534** |
| **Current liabilities** | | | |
| Accounts payable and accrued liabilities | | 4,622 | 6,195 |
| Loans payable | 7 | 1,188 | 744 |
| Loans payable – related party | 17 | - | 204 |
| Lease liabilities | 8 | 919 | 809 |
| Deferred revenue | | 8 | 2 |
| | | **6,737** | **7,954** |
| Loans payable | 7 | 16,510 | 13,938 |
| Loans payable – related party | 17 | 1,000 | 1,512 |
| Lease liabilities | 8 | 7,486 | 6,952 |
| Contingent consideration | 9 | 1,500 | 1,500 |
| Deferred tax | | 3,729 | 4,099 |
| **Total liabilities** | | **36,962** | **35,955** |
| **Shareholders' equity** | | | |
| Share capital | 10 | 61,884 | 61,763 |
| Contributed surplus | 10 | 6,161 | 5,926 |
| Accumulated deficit | | (13,721) | (12,367) |
| Non-controlling interest | | 2,955 | 2,257 |
| **Total shareholders' equity** | | **57,279** | **57,579** |
| **Total liabilities and shareholders' equity** | | **94,241** | **93,534** |

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

*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 Mar 31, 2024 | Mar 31, 2023 |
|---|---|---|---|
| Revenue | 11 | 3,227 | 1,683 |
| Direct operating costs | 4,5,12 | (3,109) | (2,333) |
| General and administrative expenses | 10,13 | (1,193) | (1,152) |
| Finance costs | 14 | (624) | (197) |
| Equity-accounted loss | 6 | (127) | (41) |
| Contingent consideration gain | 9 | - | 430 |
| Loss on write-down of assets | 3 | (114) | - |
| Other income - net | 15 | 244 | 395 |
| Net income (loss) before income tax recovery | | (1,696) | (1,215) |
| Income tax recovery | | | |
| Current | | - | - |
| Deferred | | 370 | 219 |
| Net income (loss) and comprehensive income (loss) | | (1,326) | (996) |
| Non-controlling interest in net income (loss) and comprehensive income (loss) | | (28) | 89 |
| Net income (loss) and comprehensive income (loss) attributable to shareholders | | (1,354) | (907) |
| Net income (loss) per share attributable to shareholders - basic and diluted | | ($0.10) | ($0.07) |
| Weighted average number of common shares outstanding – basic and diluted | | 13,905 | 13,820 |

The accompanying notes are an integral part of these 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 $ |
|---|---|---|---|---|---|---|---|---|---|
| **Balance, December 31, 2023** | | **13,897** | **61,763** | **-** | **-** | **5,926** | **(12,367)** | **2,257** | **57,579** |
| Net income (loss) for the period | | - | - | - | - | - | (1,354) | 28 | (1,326) |
| Share-based payment expense | 10,13 | - | - | - | - | 331 | - | - | 331 |
| Conversion of loans payable - related parties to equity | 17 | - | - | - | - | - | - | 670 | 670 |
| Common shares issued upon vesting of RSUs and other | 10 | 21 | 121 | - | - | (96) | - | - | 25 |
| **Balance, March 31, 2024** | | **13,918** | **61,884** | **-** | **-** | **6,161** | **(13,721)** | **2,955** | **57,279** |
| **Balance, December 31, 2022** | | **13,809** | **61,393** | **1,772** | **1,069** | **4,410** | **(7,956)** | **2,466** | **61,382** |
| Net income (loss) for the period | | - | - | - | - | - | (907) | (89) | (996) |
| Share-based payment expense | 10,13 | - | - | - | - | 188 | - | - | 188 |
| Capitalized share-based expense | 10 | - | - | - | - | 48 | - | - | 48 |
| Contributions from non-controlling interest in subsidiaries | | - | - | - | - | - | - | 100 | 100 |
| Common shares issued upon vesting of RSUs and other | 10 | 36 | 192 | - | - | (192) | 11 | 11 | 22 |
| **Balance, March 31, 2023** | | **13,845** | **61,585** | **1,772** | **1,069** | **4,454** | **(8,852)** | **2,488** | **60,744** |

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

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

## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

| | | Three months ended | |
|---|---|---|---|
| | Notes | Mar 31, 2024 | Mar 31, 2023 |
| **Operating activities** | | | |
| Net loss | | (1,326) | (996) |
| Items not affecting cash: | | | |
| Depreciation and amortization | 4,5,12 | 1,289 | 830 |
| Loss on write-down of assets | 3 | 114 | - |
| Share-based payment expense | 10,13 | 331 | 188 |
| Finance costs | 14 | 624 | 197 |
| Equity-accounted loss | 6 | 127 | 41 |
| Contingent consideration gain | | - | (430) |
| Deferred income tax recovery | | (370) | (219) |
| Changes in non-cash working capital | 18 | (515) | 402 |
| **Net cash flow from operating activities** | | **274** | **13** |
| **Investing activities** | | | |
| Expenditures on property, plant and equipment | 4 | (2,183) | (2,097) |
| Insurance proceeds for property, plant and equipment | 4 | - | 45 |
| Loan advanced to equity-accounted investment | 6 | - | (500) |
| **Net cash flow used in investing activities** | | **(2,183)** | **(2,552)** |
| **Financing activities** | | | |
| Advances of loans payable | 7 | 2,975 | - |
| Repayment of loans payable | 7 | - | (176) |
| Interest paid on loans payable | 7 | (395) | (117) |
| Interest paid on loans payable – related parties | 17 | (71) | - |
| Payment of lease liabilities | 8 | (302) | (201) |
| Interest paid on lease liabilities | 8 | (161) | (116) |
| Capital provided by non-controlling interest in subsidiaries | | - | 100 |
| Other | | (5) | 11 |
| **Net cash flow from (used in) financing activities** | | **2,041** | **(499)** |
| **Net change in cash** | | 132 | (3,038) |
| Cash and cash equivalents at beginning of period | | 585 | 8,852 |
| **Cash and cash equivalents at end of period** | | **717** | **5,814** |

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

Supplemental cash flow information note 18

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

## 1. NATURE OF BUSINESS

As at March 31, 2024, EverGen Infrastructure Corp. ("EverGen" or the "Company") operates three organic waste management facilities and two renewable natural gas production facilities.

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

The Company's principal place of business is located at 390 – 1050 Homer Street, Vancouver, British Columbia and its registered office is located at 1200 Waterfront Centre, 200 Burrard Street Vancouver, British Columbia.

## 2. BASIS OF PREPARATION

### 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, 2023. 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, 2023.

These interim condensed consolidated financial statements were authorized for issue by the Audit Committee of the Board of Directors of the Company on May 28, 2024.

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

As at March 31, 2024, there are no new standards not yet adopted that are expected to have a material impact on the Company's financial statements.

### c) Liquidity risk

As at March 31, 2024, the Company had a working capital deficit of $1,064 primarily relating to outstanding accounts payable and accrued liabilities from capital expenditures incurred within the Company's RNG operating segment.

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

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

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

### d) 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, 2023. Actual results may differ from these estimates.

## 3. PROPERTY, PLANT AND EQUIPMENT CLASSIFIED AS HELD FOR SALE

As at March 31, 2024 certain items of property, plant and equipment were classified as held for sale as a result of their expected sale within one year from March 31, 2024.

| | Organic waste and composting | Total |
|---|---|---|
| **At December 31, 2023** | **650** | **650** |
| Additions: | | |
| Right-of-use assets [(1)] | 518 | 518 |
| **At March 31, 2024** | **1,168** | **1,168** |

[(1)] *Relates to an item of equipment at Sea to Sky Soils and Composting Inc., which the Company does not presently require, that is expected to be disposed of in the coming 12 months. It was written down to it's estimated fair value, based on the expected selling price, and the resulting expense of $114 was recorded.*

## 4. PROPERTY, PLANT AND EQUIPMENT

| Cost | Land | Buildings and leasehold improvements | Equipment, vehicles and other | Right-of-use assets | Assets under construction | Total |
|---|---|---|---|---|---|---|
| **At December 31, 2023** | **3,238** | **8,253** | **25,552** | **9,244** | **5,520** | **51,807** |
| Additions | - | - | 897 | 615 | 182 | 1,694 |
| Transfer to assets held for sale (note 3) | - | - | - | (693) | - | (693) |
| Transfer to right-of-use asset | - | - | - | 508 | (508) | - |
| Disposal | - | - | (176) | - | - | (176) |
| Other | - | - | - | - | (40) | (40) |
| **At March 31, 2024** | **3,238** | **8,253** | **26,273** | **9,674** | **5,154** | **52,592** |
| | | | | | | |
| Accumulated depreciation | | | | | | |
| **At December 31, 2023** | **-** | **982** | **1,202** | **1,317** | **-** | **3,501** |
| Depreciation | - | 108 | 402 | 248 | - | 758 |
| Transfer to assets held for sale (note 3) | - | - | - | (62) | - | (62) |
| **At March 31, 2024** | **-** | **1,090** | **1,604** | **1,503** | **-** | **4,197** |
| | | | | | | |
| Carrying value | | | | | | |
| At December 31, 2023 | 3,238 | 7,271 | 24,350 | 7,927 | 5,520 | 48,306 |
| **At March 31, 2024** | **3,238** | **7,163** | **24,669** | **8,171** | **5,154** | **48,395** |

As at March 31, 2024, the Company was committed to $3.7 million of future capital expenditure.

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

## 5. INTANGIBLE ASSETS

| Cost | Brands | Customer contracts and stakeholder relationships | Total |
|---|---|---|---|
| At December 31, 2023 and March 31, 2024 | **1,180** | **28,530** | **29,710** |
| **Accumulated amortization** | | | |
| At December 31, 2023 | 177 | 5,647 | 5,824 |
| Amortization | 15 | 517 | 533 |
| At March 31, 2024 | **192** | **6,164** | **6,356** |
| **Carrying value** | | | |
| At December 31, 2023 | 1,003 | 22,883 | 23,886 |
| **At March 31, 2024** | **988** | **22,366** | **23,354** |

## 6. EQUITY ACCOUNTED INVESTMENTS

In May 2022, the Company acquired a 50% interest in an entity that holds a portfolio of three RNG development projects ("Project Radius") in 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:

| Carrying value | Total |
|---|---|
| At December 31, 2023 | 1,008 |
| Equity-accounted loss | (127) |
| **At March 31, 2024** | **881** |

On January 1, 2023, the Company entered into a loan agreement to provide $500 to Project Radius, which was fully drawn as at March 31, 2024. 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 June 30, 2024. The loan receivable and accrued interest are recorded in prepaids and other on the interim condensed consolidated statement of financial position as at March 31, 2024.

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

## 7. LOANS PAYABLE

| | Total |
|---|---|
| At December 31, 2023 | 15,000 |
| Advances | 2,975 |
| Interest expense (note 14) | 395 |
| Loan payments | (395) |
| Total principal | 17.975 |
| Less: deferred financing costs | (277) |
| Total borrowings | **17,698** |
| Less current portion | **(1,188)** |
| **Long-term portion** | **16,510** |

In January 2023, the Company entered into an agreement providing for a syndicated senior term loan of up to $31,000. The term loan is being used to support the upgrade and construction of the Company's RNG facilities and provided for $15 million for refinancing of existing debt and construction at Fraser Valley Biogas and provides for $16 million at Pacific Coast Renewables. As of March 31, 2024, $16 million of the term loan, related to the RNG construction at PCR, remains undrawn, until such time as the RNG project has commenced and certain conditions are met. The term loan is repayable over a term of five years, with a 10-year amortization period and interest only payments for the first 12 months. The term loan bears interest at a rate of the Canadian Variable Rate + 4.0% per annum. The term loan is secured by the assets of the Company and certain of its subsidiaries.

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

In January 2024, the Company, through GrowTEC, entered into an agreement providing for a term loan of up to $3,500. The term loan is repayable over a term of five years, with a 10-year amortization period and interest only payments for the first 12 months. The term loan bears interest at a rate of the Canada Prime Rate + 1.0% per annum. The term loan is secured by certain assets of GrowTEC. As at March 31, 2024, GrowTEC had drawn $3,000 under this term loan.

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

## 8. LEASE LIABILITIES

| | Total |
|---|---|
| At December 31, 2023 | 7,761 |
| Additions | 949 |
| Other | (3) |
| Interest expense (note 14) | 161 |
| Lease payments | (463) |
| As at March 31, 2024 | **8,405** |
| Less current portion | **(919)** |
| Long-term portion | **7,486** |

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

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

## 9. CONTINGENT CONSIDERATION

| | Total |
|---|---|
| As at December 31, 2023 and March 31, 2024 | 1,500 |
| Less current portion | - |
| Long-term portion | **1,500** |

The contingent consideration is related to the acquisition of the GrowTEC subsidiary in 2022. The contingent consideration is payable upon the achievement of certain operational milestones. During the three months ended March 31, 2024, the Company recognized a $nil contingent consideration gain (three months ended March 31, 2023: gain of $430) in re-measuring the liability taking into account the passage of time since acquisition and the timing of the settlement of the liability.

## 10.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, 2023 | 335 | 4.08 |
| Granted | 188 | 2.44 |
| **Outstanding at March 31, 2024** | **523** | **3.49** |
| **Exercisable at March 31, 2024** | **72** | **8.00** |

In January, 2024, the Company granted 187,860 stock options to certain members of the Board of Directors of the Company at an exercise price of $2.44 each. These options vest equally over a three-year period and are exercisable for a period of seven years from the grant date to purchase one common share for each stock option held.

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

| | Jan 2024 Stock Options |
|---|---|
| Share price on grant date | 2.35 |
| Exercise price | 2.44 |
| Fair value per stock option | 1.33 |
| Expected volatility (percentage) | 53 |
| Risk-free rate (percentage) | 3.21 |
| Expected forfeiture rate (percent) | 10 |
| Expected life (years) | 7 |
| Expected dividend yield | - |

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

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

***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, 2023 | 430 | 214 | 28 |
| Granted | - | 48 | 39 |
| Vested | - | (22) | - |
| **Outstanding at March 31, 2024** | **430** | **240** | **67** |

*Deferred share units*

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

*Restricted share units*

As at March 31, 2024, the Company had 239,262 RSUs outstanding, which vest over a remaining weighted average period of 0.8 years, with a weighted average grant date fair value of $3.04 per RSU.

***Share-based payment expense***

| | Three months ended | |
|---|---|---|
| | Mar 31, 2024 | Mar 31, 2023 |
| Options | 143 | 22 |
| PSUs | - | 144 |
| RSUs | 96 | 70 |
| DSUs | 92 | - |
| **Subtotal** | **331** | **236** |
| Less: Capitalized share-based payment expense (note 4) | - | 48 |
| **Total** [(1)] | **331** | **188** |

[(1)] *Included in general and administrative expenses (see note 13).*

## 11.REVENUE

The Company generates revenue primarily from fees charged to customers upon receipt of organic waste at the Company's organic waste facilities, sale of RNG, sale of electricity, sale of carbon credits, the sale of organic compost and soil and the provision of management services. With the exception for management services, the Company's revenue for the three ended March 31, 2024 and 2023 all relate to goods and services transferred at a point in time. The following tables contain the Company's revenue for the three ended March 31, 2024 and 2023, by source and by segment:

| For the three months ended March 31, 2024 | RNG production | Organic waste and composting | Total |
|---|---|---|---|
| Tipping fees | 85 | 1,175 | 1,260 |
| Organic compost and soil sales | - | 30 | 30 |
| RNG | 1,065 | - | 1,065 |
| Electricity sales | 93 | - | 93 |
| Carbon credits | 449 | - | 449 |
| Management services and other | 330 | - | 330 |
| **Total** | **2,022** | **1,205** | **3,227** |

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

| For the three months ended March 31, 2023 | RNG production | Organic waste and composting | Total |
|---|---|---|---|
| Tipping fees | 64 | 1,244 | 1,308 |
| Organic compost and soil sales | - | 25 | 25 |
| RNG | 195 | - | 195 |
| Electricity sales | 155 | - | 155 |
| **Total** | **414** | **1,396** | **1,683** |

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

## 12.DIRECT OPERATING COSTS

| | Three months ended Mar 31, 2024 | Three months ended Mar 31, 2023 |
|---|---|---|
| Salaries and wages | 545 | 397 |
| Depreciation and amortization | 1,289 | 830 |
| Repairs and maintenance | 239 | 366 |
| Fuel and freight expense | 204 | 314 |
| Utilities | 310 | 81 |
| Equipment rental | 44 | 64 |
| Other[(1)] | 478 | 281 |
| **Total** | **3,109** | **2,333** |

*(1) Other includes, but is not limted to, insurance, supplies and disposal costs.*

## 13.GENERAL AND ADMINISTRATIVE EXPENSES

| | Three months ended Mar 31, 2024 | Three months ended Mar 31, 2023 |
|---|---|---|
| Salaries and wages | 477 | 278 |
| Share-based payment expense (note 10) | 331 | 188 |
| Professional and consulting fees | 66 | 339 |
| Other[(1)] | 319 | 347 |
| **Total** | **1,193** | **1,152** |

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

## 14.FINANCE COSTS

| | Three months ended Mar 31, 2024 | Three months ended Mar 31, 2023 |
|---|---|---|
| Interest expense on loans payable (note 7) | 395 | 117 |
| Interest expense on loans payable – related parties (note 17) | 25 | - |
| Interest expense on lease liabilities (note 8) | 161 | 116 |
| Other | 43 | (36) |
| **Total** | **624** | **197** |

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

## 15. OTHER INCOME – NET

| | Three months ended Mar 31, 2024 | Mar 31, 2023 |
|---|---|---|
| Insurance proceeds | 209 | 282 |
| Other | 35 | 113 |
| **Total** | **244** | **395** |

## 16.FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

*Financial instruments*

The Company's financial instruments consist of cash and cash equivalents, accounts receivable (including the loan advanced to the equity-accounted investment), accounts payable and accrued liabilities, contingent consideration, lease liabilities, loans payable and loans payable – related parties.

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

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

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

The fair value of loans payable approximates their carrying value due to the loans bearing interest at variable rates.

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

*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, 2023.

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

| | < 1 year | 1 to 2 years | 2 to 3 years | 3 to 4 years | 4 to 5 years | Thereafter | Total |
|---|---|---|---|---|---|---|---|
| Accounts payable and accrued liabilities | 4,622 | - | - | - | - | - | 4,622 |
| Contingent consideration | - | 1,500 | - | - | - | - | 1,500 |
| Loan payments [(1)] | 2,884 | 3,315 | 3,167 | 3,021 | 11,630 | - | 24,017 |
| Loan payments – related party [(1)] | - | 1,175 | - | - | - | - | 1,175 |
| Lease payments [(1)] | 1,569 | 1,494 | 1,347 | 1,225 | 860 | 6,107 | 12,602 |
| **Total** | **9,071** | **7,484** | **4,514** | **4,246** | **12,490** | **6,107** | **43,916** |

[(1)] *Includes principal and interest.*

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

## 17.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 | |
|---|---|---|
| | Mar 31, 2024 | Mar 31, 2023 |
| Salaries and benefits | 183 | 154 |
| Share-based payment expense | 261 | 176 |
| **Total** | **444** | **330** |

*Lease liabilities*

In July 2022, a subsidiary of the Company entered into a lease agreement with related parties to lease the land on which the GrowTEC facility is located for a term of ten years, with the option to extend for an additional two five-year periods, at the option of the Company. The lease payments for the initial term are $270 for the first year of the lease and $120 per year for the remaining nine years. During the three months ended March 31, 2024, the Company incurred lease expenses of $30 relating to this lease (three months ended March 31, 2023 - $68).

*Loans payable*

| | Total |
|---|---|
| At December 31, 2023 | 1,716 |
| Conversion to equity | (670) |
| Interest expense (note 14) | 25 |
| Loan payments | (71) |
| **Total principal** | **1,000** |
| **Less current portion** | **-** |
| **Long-term portion** | **1,000** |

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

Effective December 1, 2023, the Company entered into a loan agreement with the parties related to the acquisition of GrowTEC to provide proceeds of $1,000 to the Company primarily to fund the repayment of amounts owing as contingent consideration related to the acquisition of the Company's 67% interest in GrowTEC in July 2022. The full outstanding balance of the loan is repayable on January 1, 2026, and bears interest at a rate of 10.0%, which the Company has the option to pay interest in cash, payment-in-kind, or a combination thereof. During the three months ended March 31, 2024, the Company incurred interest expense of $25 relating to this loan (2023: - $nil).

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

## 18.SUPPLEMENTARY CASH FLOW INFORMATION

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

| | Three months ended Mar 31, 2024 | Mar 31, 2023 |
|---|---|---|
| Net changes in non-cash working capital: | | |
| Accounts receivable | (709) | 242 |
| Prepaid expenses and other assets | 82 | (158) |
| Accounts payable and accrued liabilities | 106 | 454 |
| Deferred revenue | 6 | (136) |
| | (515) | 402 |

## 19. SEGEMENTED INFORMATION

Operating segments are determined in a manner consistent with internal reporting provided to the chief operating decision maker for the purposes of allocating resources and assessing performance of the operating segments. For the three ended March 31, 2024 and 2023, 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 March 31, 2024 | RNG production | Organic waste and composting | Corporate and other | Total |
|---|---|---|---|---|
| Revenue | 2,022 | 1,205 | - | 3,227 |
| Direct operating costs | (1,472) | (1,618) | (19) | (3,109) |
| General and administrative expenses[1] | (255) | (537) | (401) | (1,193) |
| Finance costs | (327) | (223) | (74) | (624) |
| Equity-accounted loss | (127) | - | - | (127) |
| Loss on write-down of assets | - | (114) | - | (114) |
| Other income - net | 14 | 221 | 9 | 244 |
| **Net income (loss) before income tax recovery** | (145) | (1,066) | (485) | (1,696) |
| | | | | |
| **For the three months ended March 31, 2023** | | | | |
| Revenue | 414 | 1,269 | - | 1,683 |
| Direct operating costs | (896) | (1,418) | (19) | (2,333) |
| General and administrative expenses[1] | (485) | (873) | 206 | (1,152) |
| Finance costs | (25) | (177) | 5 | (197) |
| Equity-accounted loss | (41) | - | - | (41) |
| Contingent consideration gain | - | - | 430 | 430 |
| Other income - net | 210 | 149 | 36 | 395 |
| **Net income (loss) before income tax recovery** | (823) | (1,050) | 658 | (1,215) |

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

| As at March 31, 2024 | | | | |
|---|---|---|---|---|
| Total assets | **42,796** | **47,737** | **3,708** | **94,241** |

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