



Management's Discussion and Analysis
For the three and nine months ended September 30, 2021

MANAGEMENT’S DISCUSSION AND ANALYSIS

BASIS OF PRESENTATION AND DESCRIPTION OF THE COMPANY

November 23, 2021 - The following Management’s Discussion and Analysis (“MD&A”) of financial condition and results of operations for EverGen Infrastructure Corp. (“EverGen” or “the Company” which includes references to “we”, “our”, “us”, “its”), is a review of the operations, current financial position and condition for the three month and nine month periods ended September 30, 2021 and should be read in conjunction with the Company’s unaudited interim consolidated financial statements for the three and nine month periods ended September 30, 2021 and the audited consolidated financial statements and related notes as at December 31, 2020 and for the period from incorporation on May 13, 2020 to December 31, 2020.

The consolidated financial statements of EverGen have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), except where indicated otherwise. This MD&A and the unaudited interim consolidated financial statements of EverGen have been prepared by management and approved by the board of directors as of November 23, 2021. Unless otherwise indicated, all dollar amounts presented herein are in thousands of Canadian dollars.

Additional information relating to the Company is available on SEDAR at www.sedar.com. The Company’s common shares trade on the TSX Venture Exchange (“TSX-V”) under the symbol “EVGN”.

READER ADVISORIES

This MD&A contains forward-looking statements 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 AND STRATEGY

EverGen, headquartered in Vancouver, British Columbia is a sustainable infrastructure platform established to acquire, develop, build, own and operate a portfolio of renewable natural gas (“RNG”), waste to energy, and related infrastructure projects in British Columbia and other regions of North America.

EverGen commenced operations on incorporation date of May 13, 2020.

The Company operates three facilities through its wholly-owned subsidiaries: Net Zero Waste Abbotsford Inc. (“NZWA”), Sea to Sky Soils and Composting Inc. (“SSS”) and Fraser Valley Biogas Ltd. (“FVB”).



On December 31, 2020, EverGen acquired NZWA and SSS. EverGen now owns and operates organic waste conversion facilities in British Columbia which primarily process inbound organics, yard waste and biosolids for a contracted tipping fee and produces high-quality organic compost and soils for farmers, gardeners and developers. The majority of the revenue currently earned by the composting operations is sourced under long-term contracts with local municipalities. In addition, through NZWA, EverGen entered into a 20-year offtake agreement with FortisBC Energy Inc. ("FortisBC") on April 29, 2021 which underpins the RNG expansion at this facility. From this existing platform, EverGen plans to further develop RNG facilities to provide offtake to FortisBC and other creditworthy buyers under long term contracts. In October 2021, the British Columbia Utilities Commission approved the RNG offtake agreement with FortisBC marking the final regulatory step. Upon completion of NZWA project development and construction activities, EverGen expects to begin supplying RNG from the project to FortisBC's network by early 2023.

On April 16, 2021, EverGen acquired all of the issued and outstanding shares of FVB. EverGen now owns and operates a biogas facility in Abbotsford, British Columbia which sells RNG under a long-term contract with "FortisBC". FVB is the original producing RNG project in Western Canada. The facility combines anaerobic digestion and biogas upgrading to produce RNG, primarily by converting agricultural waste from local dairy farms.

It is EverGen's purpose 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 its operational excellence to drive rapid RNG penetration and grid conversion in addition to:

- Progressing the development and construction of existing portfolio of RNG expansion projects;
- Optimizing, diversifying and expanding existing organic waste processing capabilities (RNG feedstock);
- Continuing the growth of its project portfolio via strategic acquisitions and consolidation opportunities; and
- Developing strategic partnerships and advancing RNG project pipelines.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

This MD&A includes a review and analysis of the consolidated operations of EverGen which includes the operations of its wholly-owned subsidiaries, NZWA, SSS for the nine month period ended September 30, 2021 as well as the consolidated results of FVB from April 16, 2021, the date of acquisition, to September 30, 2021.

Initial Public Offering

On August 4, 2021, EverGen completed an initial public offering (the "Initial Public Offering" or "IPO") of 3,080,000 units (the "IPO Units") of the Company at a price of \$6.50 per IPO Unit (the "IPO Price"), for aggregate gross proceeds of \$20,020.

The Company's common shares were listed on the TSX Venture Exchange under the symbol "EVGN" and commenced trading on August 4, 2021.

Each IPO Unit consisted of one common share of the Company and one-half of one common share purchase warrant ("IPO Warrant"). Each whole IPO Warrant entitles the holder thereof to purchase one common share of the Company at an exercise price of \$10.50 until August 4, 2023.

The IPO was conducted by a syndicate of underwriters.

As the Company was only incorporated on May 13, 2020, the comparative information presented in this MD&A is limited to the three month period ended September 30, 2020 and the period from EverGen's commencement of operations and incorporation on May 13, 2020 to June 30, 2020. As the Company only generated revenue as of January 1, 2021, the MD&A discussion is focussed on the 2021 results.

FINANCIAL AND OPERATIONAL HIGHLIGHTS SUMMARY

	Three months ended	Three months ended		Nine months ended	Period from incorporation on May 13, 2020 to	
<i>(Canadian \$000's, except as indicated)</i>	Sep 30, 2021	Sep 30, 2020	% Change	Sep 30, 2021	Sep 30, 2020	% Change
FINANCIAL						
Revenue	1,937	-	-	6,871	-	-
Net income (loss)	493	(6)	(8,317)	(840)	(6)	13,900
Net income (loss) per share (\$), basic and diluted ⁽³⁾	\$0.04	(\$2,142.16)	(100)	(\$0.08)	(\$2,144.89)	(100)
EBITDA ⁽¹⁾	1,854	(6)	(31,000)	1,348	(6)	(22,567)
Adjusted EBITDA ⁽¹⁾	791	(6)	(13,283)	2,857	(6)	(47,717)
Capital expenditures – net additions to property and equipment	428	-	-	693	-	-
Capital expenditures – acquisitions	-	100	(100)	11,690	100	11,590
Total assets	80,933	104	77,720	80,933	104	77,720
Total long-term liabilities	15,142	-	-	15,142	-	-
Working capital surplus (deficit) ⁽¹⁾	21,751	(106)	(20,620)	21,751	(106)	(20,620)
COMMON SHARES (thousands)						
Outstanding, end of period	13,367	-	-	13,367	-	-
Weighted average – Basic ⁽³⁾	12,229	-	-	10,241	-	-
Weighted average - Diluted ⁽³⁾	12,344	-	-	10,341	-	-
OPERATING						
Incoming organic feedstock (tonnes)	20,465	-	-	68,097	-	-
Organic compost and soil sales (yards) ⁽²⁾	12,532	-	-	56,671	-	-
RNG (gigajoules)	23,854	-	-	42,698	-	-

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

⁽²⁾ Organic compost and soil sales includes both finished and unfinished product sales and by-products.

⁽³⁾ Per share basic and diluted amounts are calculated using the weighted average common shares outstanding consistent with the calculation of basic and diluted net income (loss) per share. Per share diluted amounts include the dilutive impact of share warrants, shareholder rights, PSUs, DSUs, RSUs and Options. Per share diluted amounts for net loss are equivalent to the per share basic amounts as the impact of outstanding share warrants, shareholder rights, PSUs, DSUs, RSUs and Options would be anti-dilutive.

RESULTS OF OPERATIONS

Revenue

<i>(Canadian \$000's)</i>	Three months ended	Three months ended	% Change	Nine months ended	Period from incorporation on May 13, 2020 to	% Change
	Sep 30, 2021	Sep 30, 2020		Sep 30, 2021	Sep 30, 2020	
Tipping fees	1,283	-	-	4,776	-	-
Organic compost and soil sales	245	-	-	1,131	-	-
RNG sales	368	-	-	638	-	-
Trucking services & other revenue	41	-	-	326	-	-
Total	1,937	-	-	6,871	-	-

Revenue is generated primarily through contracted tipping fees charged to municipalities and other customers for the disposal of organic waste at the Company's waste management facilities which use a Gore Cover™ system. EverGen also generates revenue from the sale of high-quality organic compost and soils, and from hauling services associated with delivering organic waste to its SSS facility. From April 16, 2021, revenue also includes RNG sales by FVB under contract with FortisBC. 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 with decreased seasonal demand in the third quarter.

EverGen generated \$6,871 of revenue in the first nine months of 2021 as the Company's revenue decreased by 42 percent to \$1,937 in the third quarter of 2021 compared to \$3,349 in the second quarter of 2021 primarily due to seasonal demand driving a decrease in sales volumes. EverGen generated \$1,283 in tipping fees from 20,465 tonnes of incoming organic feedstock and \$245 in revenues from 12,532 yards of organic compost and soil sales. This is compared with second quarter revenues including \$2,238 in tipping fees from 30,467 tonnes of incoming organic feedstock and \$691 from 37,053 yards of organic compost and soil sales and first quarter revenues of \$1,585 including \$1,255 in tipping fees from 17,164 tonnes of incoming organic feedstock and \$195 from 7,087 yards of organic compost and soil sales.

RNG sales under contract with Fortis BC account for 19 percent of revenues in the third quarter of 2021 compared to 8 percent in the prior quarter.

Cost of goods sold

<i>(Canadian \$000's)</i>	Three months ended	Three months ended	% Change	Nine months ended	Period from incorporation on May 13, 2020 to	% Change
	Sep 30, 2021	Sep 30, 2020		Sep 30, 2021	Sep 30, 2020	
Cost of goods sold	359	-	-	1,822	-	-

Cost of goods sold at SSS and NZWA is comprised of direct and indirect costs, including handling, labour, fuel charges and hauling costs where required, associated with organic feedstock collection and the preparation and the process of screening, blending and curing the feedstock for conversion into saleable organic compost and soil. Cost of goods sold at FBV is comprised of labour, hauling and fuel including oil, grease, glycerine and other chemicals utilized in processing. The Company's cost of goods sold is exposed to fluctuations as a result of seasonal weather variation and the related fluctuations in volumes processed. From April 16, 2021, cost of goods sold also includes associated costs for newly acquired FVB.

EverGen incurred \$1,822 of cost of goods sold in the first nine months of 2021 as cost of goods sold decreased to \$359 or by 59 percent in the third quarter of 2021 compared to \$866 in the second quarter of 2021 primarily due to the decrease in associated costs of lower incoming organic feedstock and organic compost and soil sales volumes in the current quarter which are mainly of a variable nature.

Gross profit

	Three months ended	Three months ended		Nine months ended	Period from incorporation on May 13, 2020 to	
<i>(Canadian \$000's, except percentage)</i>	Sep 30, 2021	Sep 30, 2020	% Change	Sep 30, 2021	Sep 30, 2020	% Change
Gross profit	1,578	-	-	5,049	-	-
% of revenue	81	-	-	73	-	-

The Company's 81 percent gross profit margin for the third quarter of 2021 and 73 percent for the first nine months of 2021 is higher compared to the 70 percent gross margin for the first half of 2021. This improvement in the gross profit margin is due to operational efficiencies of consolidated EverGen operations as well as the associated costs relating to decreased sales volumes being mostly of a variable cost nature.

Operating costs

	Three months ended	Three months ended		Nine months ended	Period from incorporation on May 13, 2020 to	
<i>(Canadian \$000's)</i>	Sep 30, 2021	Sep 30, 2020	% Change	Sep 30, 2021	Sep 30, 2020	% Change
Operating costs	652	-	-	1,295	-	-

Operating costs at SSS and NZWA are comprised primarily of repairs and maintenance, licenses and permits, indirect labour and property taxes. From April 16, 2021, operating costs also include associated costs for newly acquired FVB which consist of repairs and maintenance, utilities, insurance and property taxes. Certain operating costs of the Company are exposed to fluctuations as a result of seasonal weather variation and the related fluctuations in volumes processed.

EverGen incurred \$1,295 of operating costs in the first nine months of 2021 as operating costs increased 55 percent to \$652 in the third quarter of 2021 compared to \$421 in the second quarter of 2021. This increase is primarily due to the higher associated operating costs of FVB acquired in the second quarter of 2021.

Operating costs of \$652 for the third quarter of 2021 include \$195 of repairs and maintenance, \$85 of indirect labour and \$70 of property taxes. Operating costs of \$421 for the second quarter of 2021 include \$118 of repairs and maintenance and \$28 of equipment rental.

General and administrative expenses

	Three months ended	Three months ended		Nine months ended	Period from incorporation on May 13, 2020 to	
<i>(Canadian \$000's)</i>	Sep 30, 2021	Sep 30, 2020	% Change	Sep 30, 2021	Sep 30, 2020	% Change
General and administrative expenses	334	6	5,467	2,021	6	33,583

General and administrative expenses consist of labour and related benefits costs, professional and consulting fees and other general and administrative expenses.

EverGen incurred \$2,021 of general and administrative costs in the first nine months of 2021 which decreased by 24 percent to \$334 in the third quarter of 2021 compared to \$441 in the second quarter of 2021. This decrease is mainly due to one-time professional, legal and consulting fees incurred in the first half of the year related to the integration of the NZWA and SSS acquisitions, implementation of processes

to support further integration efficiencies and in preparation of readying EverGen as a reporting issuer and public filer.

The general and administrative expenses incurred in 2020 relate to start-up EverGen costs.

Operating profit

	Three months ended	Three months ended		Nine months ended	Period from incorporation on May 13, 2020 to	
<i>(Canadian \$000's)</i>	Sep 30, 2021	Sep 30, 2020	% Change	Sep 30, 2021	Sep 30, 2020	% Change
Operating profit (loss)	592	(6)	(9,967)	1,733	(6)	(28,983)
% of revenue	31	-	-	25	-	-

Operating profit is measured as gross profit, an additional subtotal found in the statement of net income and comprehensive net income, less operating costs and general and administrative expenses and is a non-GAAP measure as defined in the non-GAAP measures section of this MD&A. Management uses this measure to evaluate the efficiency of its operations and considers it to be a key measure of profitability.

EverGen generated operating profit of \$1,733 for the first nine months of 2021 as the operating profit percentage improved throughout the year mainly due to the decrease in general and administrative expenses in the third quarter of 2021 compared to the professional, legal and consulting fees incurred in the first half of 2021 related to the integration of the NZWA and SSS acquisitions, implementation of processes to support further integration efficiencies and in preparation of readying EverGen as a reporting issuer and public filer.

Depreciation and amortization

	Three months ended	Three months ended		Nine months ended	Period from incorporation on May 13, 2020 to	
<i>(Canadian \$000's)</i>	Sep 30, 2021	Sep 30, 2020	% Change	Sep 30, 2021	Sep 30, 2020	% Change
Depreciation	242	-	-	680	-	-
Amortization	521	-	-	1,347	-	-
Total	763	-	-	2,027	-	-

Depreciation is recognized on property and equipment including right-of-use assets related to lease contracts. Amortization is recognized on the intangible assets including brands, and customer contracts and stakeholder relationships.

Depreciation and amortization on the NZWA and SSS assets acquired at December 31, 2020 commenced on January 1, 2021 and the Company recorded \$242 and \$521 of depreciation and amortization, respectively, for the third quarter of 2021 compared to \$234 and \$438 of depreciation and amortization, respectively, in the second quarter of 2021.

From April 16, 2021, depreciation and amortization includes newly acquired FVB including \$21 of depreciation and \$99 of amortization in the third quarter of 2021 and \$17 of depreciation and \$50 of amortization in the second quarter of 2021.

Share-based payment expense

<i>(Canadian \$000's)</i>	Three months ended Sep 30, 2021	Three months ended Sep 30, 2020	% Change	Nine months ended Sep 30, 2021	Period from incorporation on May 13, 2020 to Sep 30, 2020	% Change
Share-based payment expense	437	-	-	1,182	-	-

Share-based payment expense include various non-cash incentive programs awarded to founders and advisors of EverGen as consideration for services rendered or recognition of incremental fair value of share capital issued.

EverGen recognized \$1,182 share-based payment expense related to its Equity Incentive Plan and PSU Plan of \$1,182 for the first nine months of 2021 as share-based payment expense increased to \$437 for the third quarter of 2021 compared to \$332 in the second quarter of 2021 mainly due to the full quarter effect of new grants issued in 2021.

On December 31, 2020, EverGen adopted a Performance Share Unit Plan ("PSU Plan") and granted 600,000 performance share units ("PSUs") to the directors and officers of the Company. While the number of PSUs outstanding will count towards the maximum number of common shares reserved under the Equity Incentive Plan, no additional PSUs can be granted under the Equity Incentive Plan or the PSU Plan.

On March 18, 2021, the Company adopted the Equity Incentive Plan, which provides for the grant of the following equity-based compensation awards: (i) stock options ("Options"); (ii) restricted share units ("RSUs") and (iii) deferred share units ("DSUs").

The purpose of the Equity Incentive Plan is to advance the interests of the Company by providing an incentive to the directors, officers, employees and certain consultants of the Company, and any of its subsidiaries (including any acquired businesses) and affiliates, if any, to align growth objectives of the Company and participants, to associate a portion of the participants' compensation with the Company's long term performance and to attract and retain in the employment of the Company or any of its subsidiaries, persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Company through the acquisition of common shares.

In addition, on March 18, 2021, the Company granted (i) 195,000 Options to officers, an employee and consultants of the Company that vest over a three year period; (ii) 17,500 RSUs to an officer and consultants of the Company which vest over a three year period; and (iii) 27,500 DSUs to its directors which vested upon the grant date.

The total number of PSUs, Options, RSUs and DSUs that can be granted pursuant to the Equity Incentive Plan is equal to 20 percent of the issued and outstanding Common Shares (on a non-diluted basis) calculated as of the date the Company is listed on the TSX Venture Exchange.

At the end of the second quarter of 2021, the Company granted 100,000 RSUs to an officer of the Company that will only vest at the end of 30 months from the grant date.

During the third quarter of 2021, the Company granted (i) 25,000 Options to a consultant of the Company that vested immediately and (ii) 12,500 RSUs to employees and consultants of the Company.

Finance costs (income), net

(Canadian \$000's)	Three months ended	Three months ended	% Change	Nine months ended	Period from incorporation on May 13, 2020 to	% Change
	Sep 30, 2021	Sep 30, 2020		Sep 30, 2021	Sep 30, 2020	
Interest expense on loans payable	54	-	-	133	-	-
Interest expense on lease liabilities	49	-	-	147	-	-
Other	11	-	-	66	-	-
Interest income	(1)	-	-	(3)	-	-
Finance costs (income), net	113	-	-	343	-	-

Finance costs (income), net consist primarily of the interest expense component of lease payments, interest expense recognized on loans payable, interest income on cash balances as well as other financing costs.

EverGen's finance costs (income), net of \$343 for the first nine months of 2021 and \$113 for the third quarter of 2021 are primarily due to the Company's interest expense on lease liabilities as well as the Company's credit facility entered into in the first quarter of 2021. In addition, the Company incurred other related financing costs in the first quarter of 2021 to enter into the credit facility.

Other expenses (income)

(Canadian \$000's)	Three months ended	Three months ended	% Change	Nine months ended	Period from incorporation on May 13, 2020 to	% Change
	Sep 30, 2021	Sep 30, 2020		Sep 30, 2021	Sep 30, 2020	
Contingent consideration (gain) loss	(1,500)	-	-	(633)	-	-
Transaction costs	-	-	-	49	-	-
Other income	(199)	-	-	(213)	-	-

During the nine month period ended September 30, 2021, EverGen recognized a \$633 contingent consideration gain in re-measuring the liability at fair value at September 30, 2021 taking into account changes in estimated holdbacks, performance obligations and working capital changes consisting of a \$1,500 fair value gain in the third quarter of 2021 and an \$867 fair value loss in the second quarter of 2021.

Transaction costs in 2021 relate mainly to the acquisition of FVB.

In the third quarter of 2021, the Company earned \$199 of other income primarily related to the sale of carbon emission credits generated by the Company.

Income taxes

(Canadian \$000's)	Three months ended	Three months ended	% Change	Nine months ended	Period from incorporation on May 13, 2020 to	% Change
	Sep 30, 2021	Sep 30, 2020		Sep 30, 2021	Sep 30, 2020	
Current tax expense (recovery)	(14)	-	-	(11)	-	-
Deferred tax expense (recovery)	499	-	-	(171)	-	-
Total tax expense (recovery)	485	-	-	(182)	-	-

Income taxes consist of current and deferred income taxes.

The total tax expense of \$485 in the third quarter of 2021 is mainly due to temporary differences recognized on the contingent consideration gain for the period.

The total tax recovery of \$182 in the first nine months of 2021 is mainly due to tax pools generated on higher general and administrative expenditures incurred earlier in the year associated with the integration of acquisitions, implementation of processes and in preparation of readying EverGen as a reporting issuer and public filer. These expenditures effectively reduce taxable income and create non-capital losses and share issuance cost tax pools that the Company may utilize against future taxable income.

EBITDA and Adjusted EBITDA

<i>(Canadian \$000's)</i>	Three months ended	Three months ended	% Change	Nine months ended	Period from incorporation on May 13, 2020 to	% Change
	Sep 30, 2021	Sep 30, 2020		Sep 30, 2021	Sep 30, 2020	
EBITDA	1,854	(6)	(31,000)	1,348	(6)	(22,567)
Adjusted EBITDA	791	(6)	(13,283)	2,857	(6)	(47,717)

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

EverGen's EBITDA of \$1,854 in the current quarter is higher compared to the EBITDA of \$454 in the second quarter of 2021 mainly due to a \$1,500 contingent consideration gain in re-measuring the liability at fair value at September 30, 2021 as well as lower general and administrative expenses in the third quarter of 2021 as described above.

EverGen's adjusted EBITDA of \$791 in the third quarter of 2021 has been adjusted for the \$1,500 contingent consideration gain and \$437 of share-based payment expense. Adjusted EBITDA of \$2,857 for the first nine months of 2021 has been adjusted for \$1,182 of share-based payment expense, \$911 of one-time professional, legal and consulting fees included in general and administrative expenses related to the integration of acquisitions, implementation of processes to support further integration efficiencies and in preparation of readying EverGen as a reporting issuer and public filer, a \$633 contingent consideration gain in fair valuing the liability and \$49 of transaction costs.

CAPITAL EXPENDITURES

<i>(Canadian \$000's)</i>	Three months ended	Three months ended	% Change	Nine months ended	Period from incorporation on May 13, 2020 to	% Change
	Sep 30, 2021	Sep 30, 2020		Sep 30, 2021	Sep 30, 2020	
Capital expenditures – Additions to property and equipment excluding right-of-use asset lease additions	428	-	-	586	-	-
Capital expenditures – Right-of-use asset lease additions	-	-	-	110	-	-
Capital expenditures – Dispositions of property and equipment	-	-	-	(3)	-	-
Capital expenditures – Net additions of property and equipment	428	-	-	693	-	-
Capital expenditures – acquisitions	-	100	(100)	11,690	100	11,590

Capital expenditures include purchases of property and equipment used in operations, right-of-use asset lease additions, dispositions of property and equipment as well as acquisitions.

Capital expenditures related to property and equipment in the third quarter of 2021 includes work on EverGen's facility expansion projects at FVB and NZWA.

EverGen signed a two year lease for its new corporate office adding \$110 to its right-of-use assets in the second quarter of 2021.

On April 16, 2021, EverGen acquired FVB for total consideration of \$11,690 consisting of \$10,690 cash consideration and 125,000 common shares in EverGen valued at \$8.00 per common share on the acquisition date.

In 2020, capital expenditures relate to a deposit on the SSS and NZWA acquisition.

SUPPLEMENTAL QUARTERLY INFORMATION

The table below summarizes EverGen's quarterly financial and operational highlights from incorporation⁽¹⁾:

<i>(Canadian \$000's, except as otherwise indicated)</i>	2021				2020	
	Sep 30 Q3	Jun 30 Q2	Mar 31 Q1	Dec 31 Q4	Sep 30 Q3	Jun 30 Q2 ⁽²⁾
FINANCIAL						
Revenue	1,937	3,349	1,585	-	-	-
Net income (loss)	493	(175)	(1,158)	(2,227)	(5)	-
Net income (loss) per share (\$), basic and diluted	0.04	(0.02)	(0.13)	(6.69)	(2,142.16)	(2.73)
EBITDA ⁽³⁾	1,854	454	(960)	(2,515)	(6)	-
Adjusted EBITDA ⁽³⁾	791	1,863	203	(2,515)	(6)	-
Capital expenditures— net additions to property and equipment	428	119	146	-	-	-
Capital expenditures – acquisitions	-	11,690 ⁽⁵⁾	-	33,942 ⁽⁴⁾	100	-
Total assets	80,933	64,961	61,912	50,510	104	-
Working capital surplus (deficit) ⁽³⁾	21,751	2,310	11,579	(2,842)	(106)	-
Total long-term liabilities	15,142	15,460	14,347	8,780	-	-
COMMON SHARES						
Outstanding, end of period (thousands)	13,367	10,287	9,589	8,203	-	-
Weighted average – Basic (thousands)	12,229	9,819	8,623	333	-	-
Weighted average – Diluted (thousands)	12,344	9,819	8,623	333	-	-
OPERATING						
Incoming organic feedstock (tonnes)	20,465	30,647	17,164	-	-	-
Organic compost and soil sales (yards)	12,532	37,053	7,087	-	-	-
RNG sales (gigajoules)	23,854	18,845	-	-	-	-

⁽¹⁾ Includes results from the date of incorporation on May 13, 2020.

⁽²⁾ Period from incorporation on May 13, 2020 to June 30, 2020.

⁽³⁾ Non-GAAP measure as defined in the Non-GAAP measures section of this MD&A.

⁽⁴⁾ Includes the acquisition of NZWA and SSS at December 31, 2020 for cash consideration of \$24,398 (excluding a \$100 deposit made in the third quarter of 2020), contingent consideration of \$5,655 and 777,777 common shares in EverGen valued at \$5.00 per common share on the acquisition date.

⁽⁵⁾ Includes the acquisition of FVB at April 16, 2021 for cash consideration of \$10,690 and 125,000 common shares in EverGen valued at \$8.00 per common share on the acquisition date.

During the periods from May 13, 2020 to December 31, 2020, EverGen earned no revenue from its operations with activities focused on establishing a sustainable infrastructure platform and the acquisitions of NZWA and SSS.

The Company incurred net losses for the periods from May 13, 2020 to June 30, 2021 primarily due to non-recurring general and administrative expenses related to one-time professional, legal and consulting fees incurred in 2020 and the first half of 2021 related to the integration of acquired entities, implementation of processes and in preparation of readying EverGen as a reporting issuer and public filer, one-time professional fees, transaction costs for acquired entities and share-based payment expenses, as described above.

The net income for the third quarter of 2021 is mainly due to the consideration gain recognized on the fair value adjustment of the contingent consideration liability at September 30, 2021 as well as other income recognized related to the sale of carbon emission credits generated by the Company, as described above.

CONSOLIDATED LIQUIDITY AND CAPITAL RESOURCES

The following discussion relates to the consolidated position of liquidity and capital of EverGen as at September 30, 2021.

At September 30, 2021, EverGen had cash and cash equivalents of \$20,840 (December 31, 2020 - \$4,684), restricted cash of \$2,687 (December 31, 2020 - \$319) and a working capital surplus of \$21,751 (December 31, 2020 - \$2,842 deficit) which is mainly due to the proceeds from the Initial Public Offering in the third quarter of 2021 and the proceeds from the equity issuance and debt advanced in the first quarter of 2021, offset by the acquisition of FVB in the second quarter of 2021.

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 make adjustments to its capital structure. The Company's capital structure includes working capital, debt financing, lease liabilities and shareholders' equity. Regular reporting of the Company's liquidity and capital resources is provided to EverGen's board of directors. 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 ratios are key measures of liquidity and the management of capital resources.

Credit facilities

On March 17, 2021, EverGen entered into a credit facility arrangement with a Canadian lender, providing for a senior secured term loan of up to \$7,000, repayable over a term of three years bearing interest at a rate of Canadian Variable Rate plus 3.0 percent per annum. The credit facility is secured by the assets of the Company and its subsidiaries.

As at September 30, 2021, the credit facility has a loans payable balance of \$6,633.

The credit facility agreement is subject to the following covenants:

- Maintain a consolidated working capital ratio equal to or greater than 1.20:1 at all times;
- Maintain a consolidated "fixed charge coverage ratio" as defined in the agreement equal to or greater than 1.20:1 at all times, tested quarterly on a rolling four quarters basis;
- Maintain a consolidated "total funded debt to EBITDA ratio" as defined in the agreement equal to or less than 3.00 at all times, tested quarterly on a rolling four quarters basis; and

- Other operational and financial covenants including but not limited to the Company’s ability to pay dividends, incur additional debt, directly or indirectly grant loans or make investments and other such matters.

The Company is in compliance with all covenants as at September 30, 2021.

Share capital

The Company had the following outstanding common shares and equity instruments at September 30, 2021 and December 31, 2020:

As at (thousands)	September 30, 2021	December 31, 2020
Common shares	13,367	8,203
Share warrants	2,682	340
Share rights	-	462
Options	218	-
Performance share units	600	600
Restricted share units	130	-
Deferred share units	28	-
Total outstanding securities	17,025	9,605

On January 12, 2021, EverGen completed a non-brokered private placement of 254,000 common shares at \$5.00 per common share for gross proceeds of \$1,270.

On January 26, 2021, the Company issued 50,000 common shares with a fair value of \$5.00 per common share to an advisor and former shareholder of NZWA as consideration for services rendered in connection with the acquisition of NZWA by EverGen at December 31, 2020. The Company previously recognized \$250 of share-based payment expense in connection with the fair value of these services rendered for the period ended December 31, 2020.

On March 18, 2021, the Company issued 13,500 common shares with a fair value of \$7.00 per common share for advisor services rendered in connection with the Special Warrant Financing, see share warrants below.

On March 18, 2021, EverGen completed a private placement of 1,059,325 Special Warrants at \$8.00 per unit for aggregate gross proceeds of \$8,475 (the “Special Warrant Financing”).

Each Special Warrant entitles its holder to receive, upon exercise or deemed exercise, one Special Warrant Unit at no additional cost. Each Special Warrant not previously voluntarily exercised by the holder thereof shall be deemed exercised on behalf of, and without any required action on the part of, the holder thereof, for one Special Warrant Unit on the Automatic Exercise Date.

The Automatic Exercise Date is the earlier of (i) the date which is the third business day following the date on which the Company has obtained a receipt for the final, long prospectus of the Company from the British Columbia Securities Commission, as principal regulator, qualifying the distribution of the Special Warrant Units in qualifying jurisdictions and (ii) the first business day following July 19, 2021, the exercise deadline day.

Each Special Warrant Unit is comprised of:

- One Common Share (a “Special Warrant Unit Share”) and
- One-half of one Common Share purchase warrant (each whole Common Share purchase warrant, a “Special Warrant Unit Warrant”).

Management determined that the Special Warrants are equity instruments, and EverGen has included the 1,059,325 Special Warrant Unit Shares as part of share capital and included the 529,662 Special Warrant Unit Warrants as part of share warrants.

EverGen determined a fair value of \$2.36 per Special Warrant Unit Warrant and recognized \$1,250 of gross proceeds in share warrants and the balance of \$7,225 in share capital.

On April 16, 2021, EverGen acquired all of the issued and outstanding shares of Fraser Valley Biogas Ltd., pursuant to a share purchase agreement. The Company paid an aggregate amount of \$11,690 comprised of \$10,690 cash consideration and issued 125,000 common shares valued at \$8.00 per share.

On April 27, 2021, EverGen completed a non-brokered private placement of 111,111 common shares at \$9.00 per common share for gross proceeds of \$1,000.

On June 22, 2021, the deadline for completing a liquidity event expired and the holders of these 461,699 share rights were issued an additional 461,699 common shares for no additional consideration.

On June 29, 2021, the Company granted 100,000 RSUs to an officer of the Company that will only vest at the end of 30 months from the grant date.

In addition, during the nine month period ended September 30, 2021, EverGen completed other private placements of 10,000 common shares at \$5.00 per common share for gross proceeds of \$50.

On July 20, 2021, following the Automatic Exercise Date, the 1,059,325 Special Warrants were deemed exercised for 1,059,325 Special Warrant Units, each unit comprising one common share and one half a warrant issued with the completion of this deemed exercise.

On August 4, 2021, EverGen completed an initial public offering (the "Initial Public Offering" or "IPO") of 3,080,000 units (the "IPO Units") of the Company at a price of \$6.50 per IPO Unit (the "IPO Price"), for aggregate gross proceeds of \$20,020.

The Company's common shares were listed on the TSX Venture Exchange under the symbol "EVGN" and commenced trading on August 4, 2021.

Each IPO Unit consisted of one common share of the Company and one-half of one common share purchase warrant ("IPO Warrant"). Each whole IPO Warrant entitles the holder thereof to purchase one common share of the Company at an exercise price of \$10.50 until August 4, 2023.

EverGen used the \$6.18 opening TSX Venture Exchange share price on August 4, 2021 as Level 1 input for the common share fair value and allocated the remaining \$0.32 balance of the IPO Price as the fair value per half an IPO Warrant (\$0.64 per IPO Warrant) and recognized \$19,034 of gross proceeds in share capital and the balance of \$986 in share warrants.

In connection with the IPO, the Company also granted the underwriters with an over-allotment option ("OAO") to purchase up to an additional 462,000 over-allotment warrants ("OA Warrants") at \$0.36 each, exercisable in whole or in part, at any time on or prior to the date that is 30 days following the closing of the IPO. Each OA Warrant entitles the holder thereof to purchase one common share of the Company at an exercise price of \$10.50 until August 4, 2023.

On September 3, 2021, the Company closed the OAO as underwriters exercised their option to purchase 231,000 OA Warrants for aggregate gross proceeds of \$83.

A summary of EverGen's other equity instruments at September 30, 2021 and December 31, 2020 can be found in note 13 to the unaudited interim consolidated financial statements for the three and nine month periods ended September 30, 2021 and in note 13 to the audited consolidated financial statements for the period from incorporation on May 13, 2020 to December 31, 2020 and in the Share-based payment expense section above.

On November 23, 2021, the Company had the following outstanding common shares and equity instruments outstanding:

As at (thousands)	November 23, 2021
Common shares	13,367
Share warrants	2,682
Share rights	-
Options	218
Performance share units	600
Restricted share units	130
Deferred share units	28
Total outstanding securities	17,025

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any special purpose entities nor is it a party to any off-balance sheet arrangements.

OUTLOOK

EverGen’s ability to continue to grow our business and generate improvements in our financial performance depends on the execution of our strategy to build, own and operate a portfolio of RNG, waste to energy and related sustainable infrastructure projects in British Columbia and other regions in North America including:

- Developing and constructing an existing portfolio of 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 inputs to provide stable low-risk cash flows;
- Acquiring cash flow generating projects for the early generation of working capital;
- Securing a strong pipeline of municipal feedstock agreements through developed partnerships and vertically integrated operations;
- Diversifying feedstock suppliers to de-risk our inbound revenue streams;
- Integrating talent, systems and processes across our acquired projects to create efficiencies and best in class operations; and
- Continuing growth in project portfolio via strategic acquisitions and consolidation opportunities.

The Company is uniquely positioned with the prospect to capture expansion in both compost and RNG markets. The organic compost and soil industry provides opportunities in agriculture, home gardening, landscaping, horticulture and construction due to increasing demand for organic products and growing awareness regarding the disadvantages of chemical fertilizers and pesticides. The RNG industry is set to grow rapidly over the next several decades based on increased availability of various feedstock and increased customer demand for lower carbon energy alternatives.

Executing strategic and accretive acquisitions

EverGen’s ability to identify, execute and integrate accretive acquisitions is a key driver of our growth. Given the significant fragmentation that exists in the North American market, our growth and success depends on our ability to realize consolidation opportunities and achieve synergies in cost and margin through the operation and expansion of facilities under a unified business platform. The identification and execution of acquisitions and consolidation opportunities as well as the integration of such into a common operating platform, with shared services and efficiency optimizations, is a key factor to our success. The

successful execution of acquisitions opens new markets to EverGen, provides us with additional growth opportunities and drives further procurement and cost synergies across our operations.

Driving cost efficiencies

The Company currently provides high-value services and high-quality products through strategically located projects in British Columbia. These projects provide the foundation for our initial platform to further grow and consolidate additional projects to realize further operational and capital efficiencies. In each of our local markets, our strong competitive position is supported by asset management discipline, investment in sustainable infrastructure and collaborative stakeholder relationships. EverGen's continued success depends on 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 collaboration approach propels 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 leverage our capabilities in sourcing new organic waste streams and extending out our business model to fulfill societal and customer expectations of waste recycling and waste to energy production combined with reduced greenhouse gas emissions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

The above strategy is implemented in conjunction with our commitment to deliver on societal trends and 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 intends to deliver on its ESG values as follows:

- **E** – The Company recycles and repurposes organic waste products, produces and expects to produce a growing supply of renewable energy and reduces greenhouse gas emissions;
- **S** – EverGen operates as a community-focused business, receiving and recycling organic waste from local municipalities and businesses and focused on partnering with local First Nations including as hosts for its operations and as workforce participants; and
- **G** – The Company is committed to strong governance practices in its current operations and in planned growth and development of RNG. EverGen is dedicated to developing a sustainable business platform through collaboration with stakeholders, communities, First Nations, employees and contractors, customers and investors and through responsible development, disciplined asset management, financial strength and resiliency and the capacity to operate and grow sustainably.

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

BUSINESS RISKS

EverGen's business and financial performance, which includes our results of operations and cash flows, are impacted by a number of risks. For a full understanding of the risks that impact EverGen, the following should be read in conjunction with the Business Risks section of our 2020 annual MD&A. Many of these risks are outside of our control. The risks and uncertainties described below are not the only risks that the Company faces. Additional risks and uncertainties, including those of which management is not currently aware of or which are currently deemed immaterial, may adversely affect the Company. Any of these

factors, either alone or taken together, could have a material adverse effect on the Company and could change whether any forward-looking statements are ultimately realized.

These risks cannot be eliminated, however, 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.

Acquisitions risk

EverGen's ability to make strategic acquisitions depends on our capacity to identify desirable acquisition targets, negotiate advantageous transactions despite competition for such opportunities, fund such acquisitions on terms favorable to EverGen, obtain regulatory approvals and realize the expected benefits of such transactions. The Company proactively manages its rate of growth through strategic and timely acquisitions, the development of key management capabilities and the engagement of advisors as considered appropriate.

Acquisitions and other investments made in conjunction with our expansion to RNG production and renewable energy infrastructure may not increase our results of operations in the timeframe anticipated or at all. EverGen may face difficulties in operating in new or expanded markets and to provide new revenue sources. The Company may face acquisition integration challenges such as the failure to operate within budget, failure to implement the planned operational efficiencies or such efforts may not yield the intended results. EverGen may not be able to achieve or maintain the cost savings planned through optimization efforts and synergies.

The integration of acquisitions by EverGen could increase our exposure to the risk of inadvertent noncompliance with laws and regulations. Liabilities associated with acquisitions, including known liabilities and ones that may exist only because of past operations of an acquired business, may provide to be more difficult or costly to address than originally anticipated.

Future acquisitions may require significant resources including financial means, which may not result in adequate returns for EverGen's shareholders.

Customer contracts risk

The majority of revenues earned by EverGen are derived from long-term material contracts with municipalities located in proximity to the Company's waste processing facilities. During the nine months ended September 30, 2021, the Company had 5 municipal customers who represented 57 percent of revenue. These revenue contracts represent a significant portion of the current revenues reported by the Company. Management does not consider there to be a concentration of risk associated with any one customer.

EverGen is also working in collaboration with local businesses and leading consumer driven businesses to advance the circular economy under new business models targeted at organic waste recycling. These collaborations are part of EverGen's diversification and extension strategies. These new business models aim to expand and capture additional sources of organic waste for recycling by motivating and fulfilling consumer-driven expectations of organic waste recycling. Accordingly, EverGen's business model contains a significant expansion of organic waste sourcing from new participants and capture of additional value beyond EverGen's current sources of revenue.

Trading risk

On August 4, 2021, EverGen completed its initial public offering. The Company's common shares were listed on the TSX Venture Exchange under the symbol "EVGN" and commenced trading on August 4, 2021.

There is no guarantee of a return on investment in the common shares of EverGen and investors may lose their entire investment. The Company is unlikely to pay dividends for an extended period of time.

Equity securities are subject to trading and volatility risks which combined with various global financial conditions including the increased volatility of financial markets may reduce the price of the common shares of the Company and dilution from additional equity offerings may negatively impact holders of common shares. The sale of common shares by existing shareholders may adversely impact the share price.

A purchaser of shares under the initial public offering may purchase shares at a substantial premium to the current book value of the common shares. The failure of securities and industry analysts to publish research or to publish inaccurate or unfavourable research about the Company's business may have a significant adverse impact on the price and trading volume of EverGen's common shares.

FINANCIAL RISKS

EverGen defines financial risk as the risk of loss or lost opportunity resulting from financial management and market conditions that could have a positive or negative impact on the Company's cash flows.

Credit risk

Credit risk is the risk that the counterparty to a financial asset will default, resulting in EverGen incurring a financial loss.

EverGen is exposed to credit risk with respect to its accounts receivable. As at September 30, 2021, the carrying amount of the Company's accounts receivables is \$1,647 (December 31, 2020 - \$1,515). The Company's credit risk is concentrated with a few customers, primarily municipal governments. At September 30, 2021, 5 customers represented 53 percent of accounts receivable (December 31, 2020 – 5 customers represented 53 percent of accounts receivable).

Management uses a provision matrix based upon historical default rates and forward-looking assumptions to calculate expected credit losses and establish a provision for ECLs. The Company's historical bad debt expense has not been significant and is usually limited to specific customer circumstances. Management considers the credit worthiness of counterparties and past payment history as well as amounts past due. Management regularly monitors customers' payments and considers all amounts greater than 60 days to be past due. The maximum exposure to credit risk related to trade receivables is their carrying value as disclosed in these financial statements.

EverGen held cash and cash equivalents of \$20,838 and restricted cash of \$2,689 at September 30, 2021 which represents its maximum credit exposure on these assets (December 31, 2020 - \$4,684 cash and cash equivalents and \$319 restricted cash). The cash is held with major financial institution counterparties and management believes credit risk is minimal.

Liquidity risk

Liquidity risk is the risk that EverGen will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Company's objective in managing liquidity risk is to maintain sufficient available resources to meet its liquidity requirements at any point. EverGen achieves this by managing its capital spending and maintaining sufficient funds for anticipated short-term spending.

The Company enters into leases and contracts that give rise to commitments in the normal course of business for future minimum payments. The Company had the following commitments at September 30, 2021:

	< 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Thereafter	Total
Loan payments ⁽¹⁾	949	922	5,350	-	-	-	7,221
Lease payments ⁽¹⁾	479	415	383	332	281	3,163	5,053
Service contracts and other lease commitments ⁽²⁾	80	30	5	5	-	-	120
Consulting services agreements	100	-	-	-	-	-	100
Carbon emission credits – purchase agreement	99	71	-	-	-	-	170
Total	1,707	1,438	5,738	337	281	3,163	12,664

⁽¹⁾ Principal and interest

⁽²⁾ Service contracts for leased equipment and leased property utility and property tax commitments.

In addition to the above amounts, the Company has annual commitments related to certain of its land leases for utilities and property taxes that fluctuate with usage and assessments, respectively.

Market risk

Market risk is the risk that changes in market conditions, such as interest rates and foreign exchange rates will affect EverGen's net income (loss) or value of financial instruments.

Interest rate risk

EverGen may manage its interest expense using a mix of fixed and variable interest rates on its debt. Changes in interest rates could result in an increase or decrease in the amount the Company pays to service variable interest rate debt.

At September 30, 2021, the Company has fixed interest rates associated with its lease liabilities, thereby substantially reducing the cash flow risk of market fluctuations related to interest rates.

At September 30, 2021, the Company is exposed to interest rate risk with respect to its loans payable. If interest rates were to increase or decrease 50 basis points, the impact on interest expense in net income (loss) for the nine month period ended September 30, 2021 would be \$12.

Foreign exchange risk

EverGen has very few transactions denominated in foreign currencies thereby minimizing risk associated with fluctuations in exchange rates.

ACCOUNTING STANDARDS, CHANGES AND PRONOUNCEMENTS

EverGen's interim consolidated financial statements 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. These financial statements are condensed as they do not include all of the information required by IFRS for annual financial statements and therefore should be read in conjunction with the Company's audited consolidated financial statements for the period from incorporation on May 13, 2020 to December 31, 2020. There were no new or amended accounting standards or interpretations issued during the three and nine months ended September 30, 2021 that are expected to have a material impact on our interim consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of financial statements requires management to make certain judgments, accounting estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses.

A summary of EverGen’s critical accounting estimates and judgments can be found in note 2 to the audited consolidated financial statements for the period from incorporation on May 13, 2020 to December 31, 2020. There have been no significant changes to the use of estimates, judgements or assumptions since December 31, 2020, except as outlined in note 2 to the unaudited interim consolidated financial statements for the three and nine month periods ended September 30, 2021.

A summary of significant accounting policies can be found in note 3 to the audited consolidated financial statements for the period from incorporation on May 13, 2020 to December 31, 2020.

Certain information provided for prior periods has been reclassified to conform to the presentation adopted in the current period.

DISCLOSURE AND 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.

In preparation for completing an initial public offering and readying and operating EverGen as a venture reporting issuer, the Company has standardized pre-existing control systems at each of the acquired entities and is further strengthening EverGen’s internal control environment.

It should be noted that a control system, including EverGen’s disclosure and internal controls and procedures, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system will be met and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud.

RELATED PARTY TRANSACTIONS

EverGen had the following related party transactions during the three and nine month periods ended September 30, 2021:

Key management compensation

The value of compensation and other fees paid to board of directors and members of executive management of EverGen is as follows:

	Three months ended Sep 30, 2021	Three months ended Sep 30, 2020	% Change	Nine months ended Sep 30, 2021	Period from incorporation on May 13, 2020 to Sep 30, 2020	% Change
Management salaries and other benefits	241	-	-	610	-	-
Share-based payment expense	367	-	-	1,109	-	-
Total	608	-	-	1,719	-	-

At September 30, 2021, \$11 is payable to members of executive management and directors as reimbursement of EverGen expenses incurred.

Other related party transactions

Office rent - expense

During the first three months of 2021, the Company incurred office rent expense of \$10 to a private company of which a board member is a partner, with respect to shared office space. The fees which are included in general and administrative expenses were incurred in the normal course of business under the same terms and conditions as transactions with unrelated companies. At September 30, 2021, \$nil was payable to the company.

New office rent sub-lease – other income

In April 2021, the Company entered into a new office lease with a third party. The Company sub-leases part of this office space to a private company of which a board member is a partner. During the nine month period ended September 30, 2021, the Company included \$14 in other income (note 17). The Company billed these fees in the normal course of business under the same terms and conditions as transactions with unrelated companies. At September 30, 2021, \$3 was receivable from the company.

SUBSEQUENT EVENTS

FortisBC 20 year offtake agreement – Regulatory approval obtained

In October 2021, the British Columbia Utilities Commission ("BCUC") approved the RNG offtake agreement with FortisBC Energy Inc. ("FortisBC") for the Company's anaerobic digester expansion project at its Net Zero Waste Abbotsford Inc. composting and organic processing facility in Abbotsford, British Columbia.

In April 2021, the Company announced that its wholly owned subsidiary NZWA entered into a 20-year offtake agreement with FortisBC. Under the agreement, FortisBC will purchase up to 173,000 gigajoules of RNG annually for injection into its natural gas system. The project is expected to convert municipal and commercial organic waste into enough energy to meet the needs of approximately 1,900 residential homes.

This marks the final regulatory step with respect to the NZWA offtake agreement. Upon completion of NZWA project development and construction activities, EverGen expects to begin supplying RNG from the project to FortisBC's network by early 2023.

EverGen facilities located in flooded areas

With respect to severe flooding that has occurred in the Abbotsford and Sumas Prairie regions in mid November 2021, as of the time of this report, the areas surrounding EverGen's Fraser Valley Biogas facility have been subject to an evacuation order and as a result, the FVB facility has been temporarily shut down. The Company's NZWA facility remains in operation. EverGen confirms that the employees from both FVB and NZWA remain accounted for and safe.

EverGen continues to monitor the situation in the Abbotsford and Sumas Prairie regions to ensure employee safety and project security for both facilities, and to determine and assess damage to its property or assets, however, with the Company's insurance coverage in place expected to adequately cover any resulting financial and/or business loss, the Company does not expect a material impact to its business as a result of flooding surrounding its FVB facility or its NZWA facility at this time.

ADDITIONAL INFORMATION

Additional information related to EverGen is available on www.evergeninfra.com and on the Company's SEDAR profile at www.sedar.com.

NON-GAAP MEASUREMENTS

EverGen uses certain financial measures referred to in this MD&A to quantify its results that are not prescribed by International Financial Report Standards. The following terms: “EBITDA”, “adjusted EBITDA”, “operating profit” and “working capital” 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 non-cash items and unusual or non-recurring items.

The following table provides a reconciliation of the non-GAAP measures, EBITDA and adjusted EBITDA, to the applicable IFRS measure for EverGen:

	Three months ended	Three months ended		Nine months ended	Period from incorporation on May 13, 2020 to	
<i>(Canadian \$000's)</i>	Sep 30, 2021	Sep 30, 2020	% Change	Sep30, 2021	Sep 30, 2020	% Change
Net income (loss)	493	(6)	(8,317)	(840)	(6)	13,900
Tax expense (recovery)	485	-	-	(182)	-	-
Depreciation and amortization	763	-	-	2,027	-	-
Finance costs (income), net	113	-	-	343	-	-
EBITDA	1,854	(6)	(31,000)	1,348	(6)	(22,567)
Share-based payment expense	437	-	-	1,182	-	-
Transaction costs	-	-	-	49	-	-
Non-recurring general and administrative expenses	-	-	-	911	-	-
Contingent consideration loss (gain)	(1,500)	-	-	(633)	-	-
Adjusted EBITDA	791	(6)	(13,283)	2,857	(6)	(47,717)

Operating profit

Management considers operating profit a key metric in analyzing operational efficiency and performance and the Company's ability to generate cash flow. Operating profit is measured as gross profit, an additional subtotal found in the statements of net income, less operating costs and general and administrative expenses.

The following table provides a reconciliation of operating profit, a non-GAAP measure to the applicable IFRS measurement for the Company:

	Three months ended	Three months ended		Nine months ended	Period from incorporation on May 13, 2020 to	
<i>(Canadian \$000's)</i>	Sep 30, 2021	Sep 30, 2020	% Change	Sep 30, 2021	Sep 30, 2020	% Change
Gross profit	1,578	-	-	5,049	-	-
Operating costs	(652)	-	-	(1,295)	-	-
General and administrative expenses	(334)	(6)	5,467	(2,021)	(6)	33,583
Operating profit (loss)	592	(6)	(9,967)	1,733	(6)	(28,983)

Working capital

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 measurements for the Company:

<i>(Canadian \$000's)</i>	Sep 30, 2021	December 31, 2020
Current assets	25,653	6,979
Current liabilities	(3,902)	(9,821)
Working capital surplus (deficit)	21,751	(2,842)

FORWARD LOOKING STATEMENTS

Certain statements in this MD&A constitute forward-looking statements and forward-looking information (collectively "forward-looking statements") within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking information is often, but not always, identified by the use of words such as: "anticipates", "believes", "continues", "estimates", "could", "expects", "intends", "may", "objective", "ongoing", "plans", "will", "projects", "should", or similar expressions suggesting future outcomes or events. In particular, this MD&A contains forward-looking statements relating, but not limited to:

- EverGen's plans to develop and construct a platform of sustainable infrastructure, produce RNG and reduce carbon emissions;
- Optimization and expansion of organic waste processing facilities and RNG feedstock;
- Cost savings through synergies and efficiencies expected to be realized from the acquisitions of NZWA, SSS and FVB;
- The sufficiency of EverGen's liquidity to fund operations and to comply with covenants under its credit facility;
- Continued growth through strategic acquisitions and consolidation opportunities;
- The establishment and realization of a circular economy through the Company's organic waste management facilities and the expansion and development of renewable energy;
- Continued growth of the feedstock opportunity from municipal and commercial sources;
- Developing strategic partnerships and advancing RNG project pipelines;
- Incurring prospective transaction costs;
- The utilization of non-capital losses against future taxable income;
- The conversion of Special Warrant Unit Shares to common shares of the Company upon the exercise or deemed exercise on the Automatic Exercise Date;
- Negotiating increased prices for existing RNG offtake contracts;
- Planned construction on the anaerobic digester at its NZWA facility with the expectation to begin supplying FortisBC with RNG from this facility by early 2023;
- The anaerobic digester project at NZWA converting municipal and commercial organic waste into energy to meet the needs of approximately 1,900 residential homes; and
- Planned expansion of the RNG producing facility at FVB.

Such statements are based on assumptions of future events and actual results could vary from these assumptions. 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 management 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. As such, 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 for the purposes of providing the readers with EverGen's expectations for the coming year. The forward-looking statements and information may not be appropriate for other purposes. Furthermore, the Company undertakes no obligation to update or revise these forward-looking statements or information as a result of new information or future events, other than as required by applicable securities laws. However, 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.