



Unaudited Interim Condensed Consolidated Financial Statements

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

EverGen Infrastructure Corp.

Unaudited Interim Condensed Consolidated Financial Statements

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

NOTICE OF NO REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited)

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

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

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

(Unaudited)

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

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

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

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

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INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

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

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

Supplemental cash flow information note 19

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. NATURE OF BUSINESS

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

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

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

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

2. BASIS OF PREPARATION

a) Statement of compliance and accounting policies

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

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

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

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

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

c) Use of estimates, judgements and assumptions

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

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

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

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

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

3. RESTRICTED CASH

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

4. ACCOUNTS RECEIVABLE

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

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

5. PROPERTY, PLANT AND EQUIPMENT

Cost	Land	Buildings and leasehold improvements	Equipment, vehicles and other	Right-of- use assets	Assets under construction	Total
At December 31, 2022	3,238	6,025	5,941	6,316	10,385	31,905
Additions	-	58	1,055	1,872	12,283	15,268
Insurance proceeds	-	(93)	(45)	-	-	(138)
Transfer	-	2,255	5,028	-	(7,283)	-
Capitalized interest (note 15)	-	-	-	-	338	338
Capitalized share-based expense	-	-	-	-	147	147
Other	-	-	-	(110)	-	(110)
At September 30, 2023	3,238	8,245	11,979	8,078	15,870	47,410
Accumulated depreciation						
At December 31, 2022	-	577	750	789	-	2,116
Depreciation	-	296	405	457	-	1,158
Other	-	-	-	(110)	-	(110)
At September 30, 2023	-	873	1,155	1,136	-	3,164

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

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

6. INTANGIBLE ASSETS

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

During the three and nine months ended September 30, 2023, the Company identified an indicator of impairment relating to a customer contract acquired as part of a business combination and the recoverable amount of the cash generating unit was estimated by the Company. The Company concluded that no impairment had occurred as the recoverable amount, based on the FVLCD using a discounted cash flow model, exceeded the carrying amount of the cash generating unit. The estimates regarding the expected future cash flows and discount rates are Level 3 fair value inputs based on various assumptions including the terms of existing contracts, expected production levels following the Company's anticipated investments into property, plant and equipment and historical information.

The significant assumptions used in the estimation of the recoverable amount include the utilization of a discount rate of 10.6%, cash flow periods for 20 years and future leverage assumptions for the Company. The cash flow projections include specific estimates for 20 years due to the long-term nature of the Company's contracts and the growth rates used for revenues and expenses ranging from 1.0% to 2.0%.

7. EQUITY ACCOUNTED INVESTMENTS

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

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

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

8. LOANS PAYABLE

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

In January 2023, the Company entered into an agreement providing for a syndicated senior term loan of up to \$31,000 and during the nine months ended September 30, 2023, the Company made a drawdown of \$9,475 under this term loan. The term loan is repayable over a term of five years, with a 10-year amortization period and interest only payments for the first 12 months. The term loan bears interest at a rate of the Canadian Variable Rate + 4.0% per annum. The term loan is secured by the assets of the Company and certain of its subsidiaries.

9. LEASE LIABILITIES

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

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

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10. CONTINGENT CONSIDERATION

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

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

11. SHAREHOLDERS' EQUITY

a) Share-based incentive programs and payment plans

Options

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

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

On June 23, 2023, the Company granted 263,571 stock options to certain officers and employees of the Company at an exercise price of \$3.01 each. These options vest equally over a three-year period and are exercisable for a period of seven years from the grant date to purchase one common share for each stock option held.

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

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

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

PSUs, RSUs and DSUs

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

(thousands)	Number of PSUs #	Number of RSUs #	Number of DSUs #
Outstanding at December 31, 2022	430	209	28
Granted	-	100	-
Forfeited	-	(1)	-
Vested	-	(86)	-
Outstanding at September 30, 2023	430	222	28

Restricted share units

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

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

Share-based payment expense

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

⁽¹⁾ Included in general and administrative expenses (see note 14).

12. REVENUE

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

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

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

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

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

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

13. DIRECT OPERATING COSTS

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

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

14. GENERAL AND ADMINISTRATIVE EXPENSES

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

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

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15. FINANCE COSTS

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

16. OTHER INCOME – NET

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

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

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

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

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

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

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

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

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Financial risk management and capital management

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

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

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

⁽¹⁾ Includes principal and interest.

18. RELATED PARTY BALANCES AND TRANSACTIONS

Key management compensation

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

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

Lease liabilities

In July 2022, a subsidiary of the Company entered into a lease agreement with a related party to lease the land on which the GrowTEC facility is located for a term of ten years, with the option to extend for an additional two five-year periods, at the option of the Company. The lease payments for the initial term are \$270 for the first year of the lease and \$120 per year for the remaining nine years. During the three and nine months ended September 30, 2023, the Company incurred lease expenses of \$30 and \$165, respectively, relating to this lease (three and nine months ended September 30, 2022 - \$68).

Loans payable

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

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Effective April 1, 2023, the Company entered into a loan agreement with the non-controlling interest holders of a subsidiary of the Company to provide proceeds of \$710 to the Company to fund the non-controlling interest holders proportionate share of capital expenditure. The loan is repayable over a five-year term and bears interest at a rate of 4.0%.

19. SUPPLEMENTARY CASH FLOW INFORMATION

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

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

20. SEGEMENTED INFORMATION

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

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

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For the three months ended September 30, 2022

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

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

For the nine months ended September 30, 2022

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

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

As at September 30, 2023

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

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