



**TIDEWATER**  
Midstream and Infrastructure Ltd.

Condensed Interim Consolidated Financial Statements

For the three and six month periods ended June 30, 2024

**Tidewater Midstream and Infrastructure Ltd.**  
**Condensed Interim Consolidated Statements of Financial Position**  
(Unaudited, millions of Canadian dollars)

As at	Notes	June 30, 2024	December 31, 2023
<b>Assets</b>			
Current			
Cash and cash equivalents		\$ 1.9	\$ 0.1
Accounts receivable		183.0	147.8
Derivative contracts		7.9	3.0
Inventory and emission credits	3	108.3	98.1
Prepaid expenses and other		24.7	18.1
Investments	4	-	336.6
<b>Total current assets</b>		<b>325.8</b>	<b>603.7</b>
Derivative contracts		2.4	1.0
Prepaid expenses and other		8.7	4.6
Investments		36.2	34.8
Right-of-use assets		25.7	46.9
Inventory	3	35.3	35.0
Property, plant and equipment	5	847.4	877.6
<b>Total assets</b>		<b>\$ 1,281.5</b>	<b>\$ 1,603.6</b>
<b>Liabilities</b>			
Current			
Accounts payable, accrued liabilities and provisions	6	\$ 280.7	\$ 360.7
Derivative contracts		42.4	31.0
Warrant liability		2.3	3.2
Bank debt	7	142.8	395.5
Term debt	8	24.5	24.5
Convertible debentures	9	-	73.3
Lease liabilities and other		23.5	36.5
<b>Total current liabilities</b>		<b>516.2</b>	<b>924.7</b>
Bank debt	7	84.3	89.8
Term debt	8	134.9	132.5
Convertible debentures	9	89.0	-
Derivative contracts		20.0	21.3
Decommissioning obligations		85.5	77.9
Lease liabilities and other		13.0	16.9
<b>Total liabilities</b>		<b>942.9</b>	<b>1,263.1</b>
<b>Equity</b>			
Attributable to shareholders		301.7	310.8
Attributable to non-controlling interest		36.9	29.7
<b>Total equity</b>		<b>338.6</b>	<b>340.5</b>
<b>Total liabilities and equity</b>		<b>\$ 1,281.5</b>	<b>\$ 1,603.6</b>

See the accompanying notes to the condensed interim consolidated financial statements

**Tidewater Midstream and Infrastructure Ltd.**
**Condensed Interim Consolidated Statements of Net Loss and Comprehensive Loss**

(Unaudited, millions of Canadian dollars, except per share information)

			Three months ended		Six months ended	
	Notes		2024	June 30, 2023	2024	June 30, 2023
Revenue	11	\$	461.3	\$ 508.7	\$ 900.8	\$ 1,123.2
Operating expenses	11		393.9	477.7	780.9	1,040.9
Gross margin			67.4	31.0	119.9	82.3
General and administrative	13		14.9	8.6	22.5	19.8
Share-based compensation			-	3.9	2.8	7.9
Depreciation			21.3	22.7	44.5	44.6
Operating income			31.2	(4.2)	50.1	10.0
Finance costs and other	12		18.3	23.2	39.9	47.3
Realized loss (gain) on derivative contracts			11.2	(10.7)	21.6	(17.9)
Unrealized loss (gain) on derivative contracts			1.5	(5.1)	2.9	29.4
Realized gain on marketable securities	4		-	-	(5.0)	-
(Gain) loss on sale of assets			-	(1.1)	-	0.9
Loss (income) from equity investments			0.5	(6.1)	(0.6)	(5.7)
Transaction costs			-	1.3	1.3	1.7
Loss before income tax			(0.3)	(5.7)	(10.0)	(45.7)
Deferred income tax recovery			-	(1.0)	-	(10.0)
<b>Net loss and comprehensive loss</b>		\$	<b>(0.3)</b>	\$ (4.7)	\$ (10.0)	\$ (35.7)
Net (loss) income and comprehensive (loss) income attributable to:						
Shareholders			(4.7)	(6.4)	(16.0)	(31.2)
Non-controlling interest			4.4	1.7	6.0	(4.5)
<b>Net loss and comprehensive loss</b>		\$	<b>(0.3)</b>	\$ (4.7)	\$ (10.0)	\$ (35.7)
Net loss per share attributable to shareholders:						
Basic	10(c)	\$	(0.01)	\$ (0.02)	\$ (0.04)	\$ (0.07)
Diluted	10(c)	\$	(0.01)	\$ (0.02)	\$ (0.04)	\$ (0.07)

See the accompanying notes to the condensed interim consolidated financial statements

**Tidewater Midstream and Infrastructure Ltd.**
**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**

(Unaudited, millions of Canadian dollars)

	Notes	Attributable to Shareholders of the Corporation				Non-controlling interest	Total Equity
		Share capital	Employee share reserve	Convertible debentures	Retained earnings (deficit)		
Balance, January 1, 2024		\$ 540.8	\$ 18.0	\$ 4.9	\$ (252.9)	\$ 29.7	\$ 340.5
Net (loss) income		-	-	-	(16.0)	6.0	(10.0)
Issuance of common shares		1.6	(1.6)	-	-	-	-
Share issue costs (net of tax)		(0.3)	-	-	-	-	(0.3)
Share-based compensation		-	0.8	-	-	-	0.8
Tidewater Renewables Ltd. issuance of common shares		-	-	-	-	1.2	1.2
Issuance of 2024 Convertible Debentures	9	-	-	6.6	-	-	6.6
Repayment of 2019 Convertible Debentures	9	-	-	(0.2)	-	-	(0.2)
<b>Balance, June 30, 2024</b>		<b>\$ 542.1</b>	<b>\$ 17.2</b>	<b>\$ 11.3</b>	<b>\$ (268.9)</b>	<b>\$ 36.9</b>	<b>\$ 338.6</b>
Balance, January 1, 2023		\$ 537.6	\$ 15.0	\$ 4.9	\$ 145.8	\$ 43.0	\$ 746.3
Net loss		-	-	-	(31.2)	(4.5)	(35.7)
Issuance of common shares		0.4	(0.4)	-	-	-	-
Share-based compensation		-	5.7	-	-	-	5.7
Dividends declared		-	-	-	(8.5)	-	(8.5)
<b>Balance, June 30, 2023</b>		<b>\$ 538.0</b>	<b>\$ 20.3</b>	<b>\$ 4.9</b>	<b>\$ 106.1</b>	<b>\$ 38.5</b>	<b>\$ 707.8</b>

See the accompanying notes to the condensed interim consolidated financial statements

**Tidewater Midstream and Infrastructure Ltd.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
(Unaudited, millions of Canadian dollars)

		Three months ended June 30,		Six months ended June 30,	
	Notes	2024	2023	2024	2023
<b>Cash provided by (used in):</b>					
<b>Operating activities</b>					
Net loss		\$ (0.3)	\$ (4.7)	\$ (10.0)	\$ (35.7)
Adjustments:					
Non-cash share-based compensation		(0.5)	3.2	0.8	5.7
Depreciation		21.3	22.7	44.5	44.6
Interest and finance charges	12	11.6	17.5	25.7	32.4
Accretion and other	12	6.1	6.8	12.0	13.6
Unrealized loss (gain) on foreign exchange		0.2	(0.9)	0.8	(0.9)
Unrealized loss (gain) on derivative contracts		1.5	(5.1)	2.9	29.4
Realized gain on marketable securities	4	-	-	(5.0)	-
(Gain) loss on sale of assets		-	(1.1)	-	0.9
Loss (income) from equity investments		0.5	(6.1)	(0.6)	(5.7)
Deferred income tax recovery		-	(1.0)	-	(10.0)
Decommissioning costs incurred		(0.3)	(0.4)	(0.3)	(1.0)
Changes in non-cash operating working capital		(12.3)	13.3	(72.3)	8.0
Net cash provided by (used in) operating activities		27.8	44.2	(1.5)	81.3
<b>Financing activities</b>					
(Repayment) advances of bank debt		(30.8)	41.6	(261.3)	118.8
Advances of term debt		-	25.0	-	25.0
Net proceeds from issuance of 2024 Convertible					
Debentures	9	95.4	-	95.4	-
Repayment of 2019 Convertible Debentures	9	(75.0)	-	(75.0)	-
Payment of lease liabilities and other		(9.6)	(12.1)	(20.2)	(24.6)
Interest and financing charges paid		(10.9)	(22.0)	(24.9)	(34.5)
Net proceeds from common share issuance		0.1	-	(0.3)	-
Payment of dividends		-	(4.2)	-	(8.4)
Changes in non-cash financing working capital		3.6	-	3.6	-
Net cash (used in) provided by financing activities		(27.2)	28.3	(282.7)	76.3
<b>Investing activities</b>					
Expenditures on property, plant and equipment	5	(21.7)	(96.0)	(29.8)	(202.1)
Proceeds from capital emission credit sales	3	18.9	78.7	21.2	97.4
Receipt of government grant		1.8	-	1.8	2.6
Cash proceeds from sales of assets		-	2.2	341.6	8.3
Contribution to investments		-	(0.4)	-	(0.4)
Changes in non-cash investing working capital		(10.0)	(36.4)	(48.8)	(57.3)
Net cash (used in) provided by investing activities		(11.0)	(51.9)	286.0	(151.5)
<b>(Decrease) increase in cash and cash equivalents</b>		<b>(10.4)</b>	<b>20.6</b>	<b>1.8</b>	<b>6.1</b>
Cash and cash equivalents, beginning of period		12.3	2.5	0.1	17.0
<b>Cash and cash equivalents, end of period</b>		<b>\$ 1.9</b>	<b>\$ 23.1</b>	<b>\$ 1.9</b>	<b>\$ 23.1</b>

See the accompanying notes to the condensed interim consolidated financial statements

# Tidewater Midstream and Infrastructure Ltd.

## Notes to the Interim Financial Statements

For the three and six month periods ended June 30, 2024 and 2023

(Tabular amounts stated in millions of Canadian dollars, except as noted)

### 1. REPORTING ENTITY

Tidewater Midstream and Infrastructure Ltd. ("Tidewater" or the "Corporation" when referring to the consolidated group, and "Tidewater Midstream" when referring to the legal entity) is a diversified midstream and infrastructure company with an integrated value chain across the North American natural gas processing, natural gas liquids ("NGL"), and petroleum refining and renewables markets. Tidewater's common shares are publicly traded on the Toronto Stock Exchange ("TSX") under the symbol "TWM". The Corporation's principal place of business is Suite 900, 222 – 3rd Ave SW, Calgary, Alberta, Canada, T2P 0B4.

As at June 30, 2024 and December 31, 2023, Tidewater Midstream owned 23.9 million common shares of Tidewater Renewables Ltd. ("Tidewater Renewables"), representing approximately 69% of Tidewater Renewables' issued and outstanding common shares. Tidewater Renewables is a multi-faceted, energy transition company focusing on the production of low carbon fuels, and is publicly traded on the TSX under the symbol "LCFS".

These condensed interim consolidated financial statements ("Interim Financial Statements") include the results of Tidewater Midstream, its subsidiary companies, partnerships and joint arrangements as at and for the three and six months ended June 30, 2024.

### 2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

These Interim Financial Statements are in compliance with IAS 34 "Interim Financial Reporting", as issued by the International Accounting Standards Board. The accounting policies applied are in accordance with International Financial Reporting Standards ("IFRS"), are consistent with the Corporation's consolidated financial statements as at and for the year ended December 31, 2023 ("Consolidated Financial Statements") and should be read in conjunction with those Consolidated Financial Statements. The Interim Financial Statements were approved and authorized for issuance by Tidewater's Board of Directors on August 14, 2024.

### 3. INVENTORY AND EMISSION CREDITS

The following table summarizes the Corporation's inventory and emission credits:

	June 30, 2024	December 31, 2023
Feedstocks	\$ 39.8	\$ 43.0
Refined products	29.1	27.4
Materials and supplies	9.6	7.8
Marketing inventory	4.6	4.3
Operating emission credits	25.2	15.6
Total current inventory	108.3	98.1
Long-term inventory	35.3	35.0
<b>Total inventory</b>	<b>\$ 143.6</b>	<b>\$ 133.1</b>

During the three and six months ended June 30, 2024, Tidewater Renewables generated \$12.9 million and \$33.6 million, respectively, of capital emission credits (three and six months ended June 30, 2023 - \$76.6 million and \$78.6 million, respectively) for achieving construction, engineering and operational milestones on the HDRD Complex and the proposed sustainable aviation fuel facility. During the three and six months ended June 30, 2024, Tidewater sold capital emission credits to third parties for cash proceeds of \$18.9 million and \$21.2 million, respectively (three and six months ended June 30, 2023 - \$78.7 million and \$97.4 million, respectively), and utilized \$12.4 million of capital emission credits to reduce the Corporation's emissions liability.

At June 30, 2024 and December 31, 2023, all inventory and operating emission credits were carried at cost and \$NIL was carried at net realizable value.

# Tidewater Midstream and Infrastructure Ltd.

## Notes to the Interim Financial Statements

For the three and six month periods ended June 30, 2024 and 2023

(Tabular amounts stated in millions of Canadian dollars, except as noted)

### 4. INVESTMENTS

On January 9, 2024, Tidewater sold 12,466,437 AltaGas Ltd. ("AltaGas") common shares for cash proceeds of \$341.6 million. The Corporation recognized a gain of \$5.0 million on this sale.

### 5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is comprised of the following:

	Plant and infrastructure	Assets under construction	Total
<b>Cost</b>			
Balance, January 1, 2023	\$ 1,551.8	\$ 282.8	\$ 1,834.6
Additions	-	301.7	301.7
Capital emission credits awarded	-	(82.7)	(82.7)
Receipt of government grant	-	(2.6)	(2.6)
Completed projects	427.7	(427.7)	-
Disposals	(43.9)	-	(43.9)
Sale of Pipestone assets	(471.9)	(37.9)	(509.8)
Decommissioning asset	41.7	-	41.7
Balance, December 31, 2023	\$ 1,505.4	\$ 33.6	\$ 1,539.0
Additions	-	29.8	29.8
Capital emission credits awarded	(28.9)	(4.7)	(33.6)
Receipt of government grant	-	(1.8)	(1.8)
Completed projects	28.3	(28.3)	-
Disposals	(4.2)	-	(4.2)
Decommissioning asset	4.2	-	4.2
Balance, June 30, 2024	\$ 1,504.8	\$ 28.6	\$ 1,533.4
<b>Accumulated Depreciation and Impairment</b>			
Balance, January 1, 2023	\$ 263.8	\$ -	\$ 263.8
Depreciation	64.4	-	64.4
Impairment	405.4	-	405.4
Disposals	(38.2)	-	(38.2)
Sale of Pipestone assets	(34.0)	-	(34.0)
Balance, December 31, 2023	\$ 661.4	\$ -	\$ 661.4
Depreciation	28.8	-	28.8
Disposals	(4.2)	-	(4.2)
Balance, June 30, 2024	\$ 686.0	\$ -	\$ 686.0
<b>Net book value</b>			
December 31, 2023	\$ 844.0	\$ 33.6	\$ 877.6
<b>June 30, 2024</b>	<b>\$ 818.8</b>	<b>\$ 28.6</b>	<b>\$ 847.4</b>

# Tidewater Midstream and Infrastructure Ltd.

## Notes to the Interim Financial Statements

For the three and six month periods ended June 30, 2024 and 2023

(Tabular amounts stated in millions of Canadian dollars, except as noted)

### 6. ACCOUNTS PAYABLE, ACCRUED LIABILITIES AND PROVISIONS

	June 30, 2024	December 31, 2023
Trade and accrued payables	\$ 210.6	\$ 258.8
Deferred revenue	11.1	0.8
Interest payable	2.3	6.3
Emission liabilities and provisions	8.7	46.8
Secured liability <sup>(1)</sup>	24.8	24.8
Government grant	16.2	16.2
Current portion of decommissioning obligation	7.0	7.0
<b>Total accounts payable, accrued liabilities and provisions</b>	<b>\$ 280.7</b>	<b>\$ 360.7</b>

(1) The secured obligation was repaid on July 25, 2024, using funds drawn from the Tidewater Midstream Senior Credit Facility.

### 7. BANK DEBT

The following table summarizes the Corporation's bank debt:

	June 30, 2024	December 31, 2023
Tidewater Midstream Senior Credit Facility	\$ 89.4	\$ 322.3
Tidewater Renewables Senior Credit Facility	143.4	171.8
Financing costs	(5.7)	(8.8)
<b>Total bank debt</b>	<b>\$ 227.1</b>	<b>\$ 485.3</b>
Current portion of bank debt, net of financing costs	142.8	395.5
Long-term portion of bank debt, net of financing costs	84.3	89.8

Tidewater Midstream and Tidewater Renewables each have a revolving credit facility (each a "Senior Credit Facility" and together, the "Senior Credit Facilities") with a syndicate of banks. The Senior Credit Facilities are not cross-collateralized, are not subject to cross defaults, nor are Tidewater Midstream and Tidewater Renewables consolidated for the purposes of covenant testing or availability.

#### *Tidewater Midstream*

On January 10, 2024, Tidewater Midstream fully repaid the \$225.0 million of term debt drawn under its Senior Credit Facility with proceeds from the monetization of the AltaGas common shares (note 4). At June 30, 2024, total aggregate availability under the Tidewater Midstream Senior Credit Facility was \$150.0 million, with a maturity on February 10, 2026.

Tidewater Midstream is required to maintain certain deconsolidated financial covenants on an annualized basis. The calculations for each of these ratios are based on specific definitions in the Senior Credit Facility, are not in accordance with GAAP, and cannot be directly calculated by referring to the Corporation's consolidated financial statements. At June 30, 2024, Tidewater Midstream was in compliance with its financial covenants.

Tidewater Midstream's deconsolidated financial covenants as at June 30, 2024 and December 31, 2023, were as follows:

	Ratio	June 30, 2024	December 31, 2023
Deconsolidated debt to adjusted EBITDA <sup>(1)</sup>	Maximum 4.50:1	1.68	2.86
Deconsolidated first lien senior debt <sup>(2)</sup> to adjusted EBITDA	Maximum 3.50:1	1.68	2.86
Adjusted EBITDA to interest coverage	Minimum 2.50:1	4.31	2.58

(1) Deconsolidated debt includes the syndicated and operating facilities under the Tidewater Midstream Senior Credit Facility and excludes the Tidewater Renewables Senior Credit Facility, Term Debt Facility, and convertible debentures.

(2) Deconsolidated first lien senior debt includes the syndicated and operating facilities under the Tidewater Midstream Senior Credit Facility and excludes the Tidewater Renewables Senior Credit Facility, Term Debt Facility, and convertible debentures.

## Tidewater Midstream and Infrastructure Ltd.

### Notes to the Interim Financial Statements

For the three and six month periods ended June 30, 2024 and 2023

(Tabular amounts stated in millions of Canadian dollars, except as noted)

At June 30, 2024, Tidewater Midstream had \$39.0 million (December 31, 2023 - \$117.8 million) of letters of credit outstanding, which operate under a separate facility.

#### *Tidewater Renewables*

At June 30, 2024, total aggregate availability under the Tidewater Renewables Senior Credit Facility was \$175.0 million.

Tidewater Renewables is required to maintain certain quarterly financial covenants on an annualized basis. The annualization basis is calculated on year-to-date 2024 results. The calculations for each of the financial covenants are based on specific definitions in the agreements governing Tidewater Renewable's Senior Credit Facility and Term Debt Facility (note 8), are not in accordance with GAAP, and cannot be directly calculated by referring to Tidewater Renewables' consolidated financial statements. At June 30, 2024, Tidewater Renewables was in compliance with its financial covenants.

	Ratio	June 30, 2024
Senior debt <sup>(1)</sup> to adjusted EBITDA	Maximum 4.00:1	3.05
First lien senior debt <sup>(2)</sup> to adjusted EBITDA	Maximum 3.00:1	1.37
Adjusted EBITDA to interest coverage	Minimum 2.50:1	3.13

(1) Senior debt includes the Tidewater Renewables Senior Credit Facility and Term Debt Facility.

(2) First lien senior debt includes the Tidewater Renewables Senior Credit Facility and excludes the Term Debt Facility.

At June 30, 2024, Tidewater Renewables had \$8.1 million (December 31, 2023 - \$8.1 million) of letters of credit outstanding, which operate under a separate facility.

## 8. TERM DEBT

The following table summarizes Tidewater Renewables' term debt:

	June 30, 2024	December 31, 2023
Term Debt Facility	\$ 175.0	\$ 175.0
Discount <sup>(1)</sup>	(15.6)	(18.0)
<b>Total term debt</b>	<b>\$ 159.4</b>	<b>\$ 157.0</b>
Current portion of term debt, net of discount	24.5	24.5
Long-term portion of term debt, net of discount	134.9	132.5

(1) Includes the original issue discount, debt issuance costs and the fair value of the warrant liability upon issuance, net of accretion.

The Term Debt Facility is subordinated to and is subject to the same financial covenants as Tidewater Renewables' Senior Credit Facility, as described in note 7.

# Tidewater Midstream and Infrastructure Ltd.

## Notes to the Interim Financial Statements

For the three and six month periods ended June 30, 2024 and 2023

(Tabular amounts stated in millions of Canadian dollars, except as noted)

### 9. CONVERTIBLE DEBENTURES

On June 4, 2024, the Corporation issued convertible unsecured subordinated debentures (the “2024 Convertible Debentures”) for a principal amount of \$100.0 million at a price of \$1,000 per convertible debenture. The 2024 Convertible Debentures mature on June 30, 2029, and accrue interest at the rate of 8.0% per annum payable semi-annually on the last day of June and December, commencing on December 31, 2024.

The 2024 Convertible Debentures are convertible at the holder's option into common shares of Tidewater Midstream at a conversion price of \$0.78. The 2024 Convertible Debentures are not redeemable before June 30, 2027. On or after June 30, 2027, the 2024 Convertible Debentures may be redeemed, in whole or in part, at the option of Tidewater Midstream at par plus accrued and unpaid interest, provided that the volume weighted average trading price of the Tidewater Midstream common shares on the TSX for the 20 consecutive trading days ending five trading days preceding the date on which notice of redemption is given is not less than 125% of the conversion price. Tidewater Midstream shall provide not more than 60, nor less than 30 days, prior notice of redemption.

The liability component of the 2024 Convertible Debentures was initially recognized at the fair value of a similar liability which does not contain an equity conversion option, based on an estimated market interest rate of 9.5%. The difference between the \$100.0 million principal amount of the 2024 Convertible Debentures and the fair value of the liability component was recognized in shareholders’ equity. Total transaction costs directly attributable to the offering of \$4.6 million were allocated proportionately to the liability and equity components of the 2024 Convertible Debentures. Accretion of the liability component and accrued interest payable on the 2024 Convertible Debentures are included as financing costs.

The following table summarizes the Corporation’s 2024 Convertible Debentures:

	Number of convertible debentures (000s)		Liability component		Equity component
Balance, December 31, 2023	-	\$	-	\$	-
Issuance of convertible debentures	1,000		93.2		6.8
Issue costs	-		(4.4)		(0.2)
Unwinding of discount	-		0.2		-
<b>Balance, June 30, 2024</b>	<b>1,000</b>	<b>\$</b>	<b>89.0</b>	<b>\$</b>	<b>6.6</b>

On June 4, 2024, the proceeds from the issuance of the 2024 Convertible Debentures were used to repay the \$75.0 million principal amount and associated accrued and unpaid interest of the 5.5% convertible debentures (the “2019 Convertible Debentures”) that were due to mature on September 30, 2024. As the 2019 Convertible Debentures were repaid prior to maturity, the amount paid was allocated to the debt and equity components using the same method as was used to allocate the original issuance price. The repayment amount allocated to the liability component was the \$74.8 million fair value of the 2019 Convertible Debentures on June 4, 2024, using quoted market prices on the TSX. The residual amount of \$0.2 million was allocated to the equity component.

The following table summarizes the Corporation’s 2019 Convertible Debentures:

	Number of convertible debentures (000s)		Liability component		Equity component
Balance, January 1, 2023	750	\$	71.2	\$	4.9
Unwinding of discount	-		2.1		-
Balance, December 31, 2023	750	\$	73.3	\$	4.9
Unwinding of discount	-		1.5		-
Repayment of convertible debentures	(750)		(74.8)		(0.2)
<b>Balance, June 30, 2024</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>4.7</b>

# Tidewater Midstream and Infrastructure Ltd.

## Notes to the Interim Financial Statements

For the three and six month periods ended June 30, 2024 and 2023

(Tabular amounts stated in millions of Canadian dollars, except as noted)

### 10. EQUITY ATTRIBUTABLE TO SHAREHOLDERS

#### a) Issued and outstanding common shares

As at June 30, 2024, Tidewater had 429.4 million of common shares outstanding with a carrying value of \$542.1 million (December 31, 2023 - 427.8 million outstanding common shares with a carrying value of \$540.8 million).

#### b) Issued and outstanding equity warrants

As at June 30, 2024 and December 31, 2023, Tidewater had 40.1 million equity warrants outstanding and all equity warrants are exercisable, with 38.6 million equity warrants expiring on August 16, 2024, and 1.5 million equity warrants expiring on September 16, 2024.

#### c) Net loss per share

	Three months ended June 30, 2024			Three months ended June 30, 2023		
	Net loss	Common shares (millions)	Net loss per share	Net loss	Common shares (millions)	Net loss per share
Net loss attributable to shareholders – basic and diluted	\$ (4.7)	429.1	\$ (0.01)	\$ (6.4)	424.9	\$ (0.02)

For the three months ended June 30, 2024, 20.7 million share awards (June 30, 2023 - 23.5 million), 40.1 million shares relating to equity warrants (June 30, 2023 - 40.1 million), and 172.6 million shares related to convertible debentures (June 30, 2023 - 84.0 million) were anti-dilutive.

	Six months ended June 30, 2024			Six months ended June 30, 2023		
	Net loss	Common shares (millions)	Net loss per share	Net loss	Common shares (millions)	Net loss per share
Net loss attributable to shareholders – basic and diluted	\$ (16.0)	428.7	\$ (0.04)	\$ (31.2)	424.7	\$ (0.07)

For the six months ended June 30, 2024, 14.7 million share awards (June 30, 2023 - 23.5 million), 40.1 million shares relating to equity warrants (June 30, 2023 - 40.1 million), and 172.6 million shares related to convertible debentures (June 30, 2023 - 84.0 million) were anti-dilutive.

# Tidewater Midstream and Infrastructure Ltd.

## Notes to the Interim Financial Statements

For the three and six month periods ended June 30, 2024 and 2023

(Tabular amounts stated in millions of Canadian dollars, except as noted)

### 11. REVENUE AND OPERATING EXPENSES

For the three and six months ended June 30, 2024 and 2023, the Corporation had one vertically integrated operating segment: midstream and infrastructure, as the chief operating decision maker reviews operating results at this level to assess financial performance and make resource allocation decisions. The midstream and infrastructure operating segment includes the following revenue categories: midstream; downstream; and marketing and other. Amounts disclosed below do not include realized or unrealized gains and losses on derivative contracts resulting from the Corporation's commodity price risk management initiatives.

Three months ended June 30, 2024	Midstream	Downstream	Marketing and other	Total
Revenue (before intercompany eliminations)	\$ 47.5	\$ 336.5	\$ 170.7	\$ 554.7
Intercompany eliminations	(17.8)	(69.9)	(5.7)	(93.4)
Revenue from external customers	\$ 29.7	\$ 266.6	\$ 165.0	\$ 461.3
Operating expenses (before intercompany eliminations)	\$ 16.2	\$ 294.7	\$ 176.4	\$ 487.3
Intercompany eliminations	(2.3)	(80.8)	(10.3)	(93.4)
Operating expenses from external vendors	\$ 13.9	\$ 213.9	\$ 166.1	\$ 393.9
<b>Gross margin</b>	<b>\$ 15.8</b>	<b>\$ 52.7</b>	<b>\$ (1.1)</b>	<b>\$ 67.4</b>

Three months ended June 30, 2023	Midstream	Downstream	Marketing and other	Total
Revenue (before intercompany eliminations)	\$ 72.1	\$ 179.1	\$ 306.4	\$ 557.6
Intercompany eliminations	(7.3)	(27.3)	(14.3)	(48.9)
Revenue from external customers	\$ 64.8	\$ 151.8	\$ 292.1	\$ 508.7
Operating expenses (before intercompany eliminations)	\$ 37.7	\$ 167.1	\$ 321.8	\$ 526.6
Intercompany eliminations	(2.4)	(21.1)	(25.4)	(48.9)
Operating expenses from external vendors	\$ 35.3	\$ 146.0	\$ 296.4	\$ 477.7
<b>Gross margin</b>	<b>\$ 29.5</b>	<b>\$ 5.8</b>	<b>\$ (4.3)</b>	<b>\$ 31.0</b>

Six months ended June 30, 2024	Midstream	Downstream	Marketing and other	Total
Revenue (before intercompany eliminations)	\$ 88.9	\$ 633.3	\$ 321.1	\$ 1,043.3
Intercompany eliminations	(25.3)	(104.4)	(12.8)	(142.5)
Revenue from external customers	\$ 63.6	\$ 528.9	\$ 308.3	\$ 900.8
Operating expenses (before intercompany eliminations)	\$ 45.4	\$ 548.7	\$ 329.3	\$ 923.4
Intercompany eliminations	(4.7)	(113.7)	(24.1)	(142.5)
Operating expenses from external vendors	\$ 40.7	\$ 435.0	\$ 305.2	\$ 780.9
<b>Gross margin</b>	<b>\$ 22.9</b>	<b>\$ 93.9</b>	<b>\$ 3.1</b>	<b>\$ 119.9</b>

# Tidewater Midstream and Infrastructure Ltd.

## Notes to the Interim Financial Statements

For the three and six month periods ended June 30, 2024 and 2023

(Tabular amounts stated in millions of Canadian dollars, except as noted)

Six months ended June 30, 2023	Midstream	Downstream	Marketing and other	Total
Revenue (before intercompany eliminations)	\$ 140.3	\$ 437.5	\$ 689.4	\$ 1,267.2
Intercompany eliminations	(15.9)	(75.0)	(53.1)	(144.0)
Revenue from external customers	\$ 124.4	\$ 362.5	\$ 636.3	\$ 1,123.2
Operating expenses (before intercompany eliminations)	\$ 70.1	\$ 389.2	\$ 725.6	\$ 1,184.9
Intercompany eliminations	(4.9)	(59.4)	(79.7)	(144.0)
Operating expenses from external vendors	\$ 65.2	\$ 329.8	\$ 645.9	\$ 1,040.9
Gross margin	\$ 59.2	\$ 32.7	\$ (9.6)	\$ 82.3

## 12. FINANCE COSTS AND OTHER

Finance costs and other are comprised of the following:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Interest on bank debt, term debt and convertible debentures	\$ 11.6	\$ 21.2	\$ 25.7	\$ 38.4
Interest capitalized	-	(3.7)	-	(6.0)
Total interest expense	11.6	17.5	25.7	32.4
Foreign exchange loss (gain)	0.6	(1.1)	2.2	1.3
Total finance costs and other before accretion	\$ 12.2	\$ 16.4	\$ 27.9	\$ 33.7
Unwinding of discount on decommissioning obligations	1.8	0.9	3.6	1.7
Unwinding of discount on long term debt	3.5	2.6	6.6	4.9
Unwinding of discount on lease liabilities	0.7	3.3	1.8	7.2
Other	0.1	-	-	(0.2)
Total accretion	6.1	6.8	12.0	13.6
<b>Total finance costs and other</b>	<b>\$ 18.3</b>	<b>\$ 23.2</b>	<b>\$ 39.9</b>	<b>\$ 47.3</b>

## 13. GENERAL AND ADMINISTRATIVE

General and administrative expenses are comprised of the following:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Employee costs	\$ 8.0	\$ 7.0	\$ 10.7	\$ 15.0
Capitalized corporate costs	-	(1.3)	(0.5)	(2.4)
Non-recurring <sup>(1)</sup>	3.4	0.7	6.4	2.0
External services <sup>(2)</sup>	1.5	1.0	2.1	2.0
Licenses and insurance	0.7	0.8	1.6	1.7
Rent and office expenses	0.8	0.1	1.2	0.7
Other	0.5	0.3	1.0	0.8
<b>Total general and administrative expenses</b>	<b>\$ 14.9</b>	<b>\$ 8.6</b>	<b>\$ 22.5</b>	<b>\$ 19.8</b>

(1) Primarily includes costs related to executive and management restructuring changes.

(2) Includes accounting, legal and consulting costs.

## Tidewater Midstream and Infrastructure Ltd.

### Notes to the Interim Financial Statements

For the three and six month periods ended June 30, 2024 and 2023

(Tabular amounts stated in millions of Canadian dollars, except as noted)

#### 14. COMMITMENTS

In addition to the commitments disclosed elsewhere in the Interim Financial Statements, the Corporation has assumed commitments in various transportation and term purchase agreements through its normal course of operations. The estimated annual minimum payments are presented below, gross of any anticipated flow-through operating cost recoveries from customers.

		Within one year	After one year but not more than five years	More than five years	Total
Purchase obligations	\$	9.0	\$ -	\$ -	\$ 9.0
Firm transportation contracts	\$	24.3	\$ 94.5	\$ 33.4	\$ 152.2

#### 15. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure sufficient financial flexibility to achieve ongoing business objectives, including funding future investment and growth opportunities and financial obligations, and maximizing shareholder returns.

The Corporation considers its capital employed to be bank debt, term debt, convertible debentures and shareholders' equity. The Corporation makes adjustments to capital employed by monitoring economic conditions and investment opportunities. The Corporation generally relies on credit facilities and cash flows from operations in excess of interest to fund capital requirements. To maintain or modify its capital structure, the Corporation may issue new common or preferred shares, issue new subordinated debt, renegotiate existing debt terms, or repay existing debt. The Corporation is not currently subject to any externally imposed capital requirements, other than covenants (note 7) on its bank debt and term debt.

The Corporation also monitors its capital structure based on consolidated net debt to adjusted EBITDA. This metric measures the Corporation's financial leverage. Consolidated net debt is defined as bank debt, term debt and convertible debentures, less cash and cash equivalents. The definition of adjusted EBITDA for capital management purposes is the same measure used in the calculation of Tidewater Midstream's financial covenants on its Senior Credit Facility (note 7).

#### 16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

##### a) Fair value of financial instruments

At June 30, 2024, the fair value of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities and provisions approximated their carrying value due to their short-term maturity. The carrying value of the outstanding bank debt and term debt approximated fair value due to the use of floating interest rates.

At June 30, 2024, the fair value of the Corporation's 2024 Convertible Debentures was \$101.0 million using quoted market prices on the TSX.

##### b) Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Corporation's accounts receivable, and from financial counterparties holding cash, cash equivalents and derivative contracts. Cash consists of amounts on deposit with Canadian chartered banks. The Corporation manages credit exposure of cash and cash equivalents by selecting financial institutions with high credit ratings.

## Tidewater Midstream and Infrastructure Ltd.

### Notes to the Interim Financial Statements

For the three and six month periods ended June 30, 2024 and 2023

(Tabular amounts stated in millions of Canadian dollars, except as noted)

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The Corporation assesses lifetime expected credit losses for accounts receivable using historical default rates, aged accounts receivable analysis, and forward-looking information to determine the appropriate expected credit losses. At June 30, 2024, lifetime expected credit losses for accounts receivable outstanding were \$1.9 million (December 31, 2023 - \$1.9 million).

#### c) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet financial obligations at the point at which they are due. The Corporation manages its liquidity risk through ongoing capital management. Management's assessment of its liquidity reflects estimates, assumptions and judgements relating to current market conditions.

#### *Tidewater Renewables*

On June 30, 2024, Tidewater Renewables had negative working capital of \$189.2 million, including \$167.3 million of Senior Credit Facility and additional debt capacity under the Term Credit Facility due on August 18, 2024. Tidewater Renewables currently will have insufficient cash to fund its operations for the next 12 months if Tidewater Renewables sales decline and/or if the Senior Credit Facility and additional debt capacity under the Term Debt Facility mature, without further extension or refinancing.

During the six months ended June 30, 2024, Tidewater Renewables contracted and sold BC LCFS capital and operating emission credits at an average price of approximately \$450 per emission credit to various counterparties. Tidewater Renewables had intended to forward sell emission credits to de-risk and manage liquidity of the business, however, towards the end of the second quarter of 2024, Tidewater Renewables was unable to secure forward sales agreements for the BC LCFS capital and operating emission credits expected to be granted and/or generated during the third quarter of 2024. Tidewater Renewables attributes the inability to contract near-term BC LCFS capital and operating emission credit sales to a substantial increase in the volume of subsidized U.S. renewable diesel physically moving out of the oversupplied U.S. renewable fuel market and into the higher value British Columbia market. This increased supply of U.S. renewable diesel being imported into Canada has reduced the demand for BC LCFS capital and operating emission credits. This is a result of overlapping U.S. and Canadian low carbon fuel policies which allow U.S. renewable diesel producers to take advantage of U.S. and state compliance credits, which are generated at the point of production, then import their volumes to Canada and generate BC LCFS emission credits at the point of sale. Tidewater Renewables relies heavily on the revenue generated from the sale of BC LCFS operating and emissions credits.

While CFR operating emission credit pricing has remained relatively stable, the BC LCFS emission credit pricing has significantly declined after June 30, 2024. In August 2024, the Government of British Columbia reported BC LCFS emission credit sales prices for July 2024 transactions at an average price of \$207 per BC LCFS emission credit, resultant from two BC LCFS emission credit sales as compared to an average price of over \$450 per BC LCFS emission credit for each of the past twelve months.

As Tidewater Renewables had no forward sales contracted for BC LCFS credits expected to be granted and/or generated from renewable diesel sales for the third quarter of 2024, management of Tidewater Renewables evaluated alternative liquidity sources, including a transaction whereby Tidewater Midstream would acquire certain assets from Tidewater Renewables in exchange for up front cash proceeds and near-term BC LCFS credit purchases (the "Proposed Transaction") (note 17a), while the sector awaits a longer term solution. In connection with the Proposed Transaction, Tidewater Renewables' Board of Directors established an independent special committee (the "Renewables Special Committee") to evaluate the Proposed Transaction and to negotiate the terms thereof with the independent special committee established by the Board of Directors of Tidewater Midstream (the "Midstream Special Committee") and to assess alternative liquidity sources. The Renewables Special Committee has retained a financial advisor and legal counsel in connection with the Proposed Transaction.

While Tidewater Renewables has been successful in obtaining financing to date, there can be no assurance that Tidewater Renewables will secure financing on terms favourable to Tidewater Renewables, or at all. Should

# Tidewater Midstream and Infrastructure Ltd.

## Notes to the Interim Financial Statements

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(Tabular amounts stated in millions of Canadian dollars, except as noted)

Tidewater Renewables be unable to generate sufficient cash flow from financing and operating activities, the carrying value of the Tidewater Renewables assets could be subject to material adjustments and other adjustments may be necessary to these Interim Financial Statements should such events impair the Tidewater Renewables' ability to continue as a going concern.

### *Tidewater Midstream*

Tidewater Midstream anticipates that working capital, cash flow from operating activities, and other sources of financing will be sufficient to meet its obligations and financial commitments and will provide sufficient funding for anticipated capital expenditures.

### *Contractual maturities*

The following table details the contractual maturities of the Corporation's financial liabilities as at June 30, 2024 and December 31, 2023:

	June 30, 2024		December 31, 2023	
	Less than one year	Greater than one year	Less than one year	Greater than one year
Accounts payable, accrued liabilities and provisions <sup>(1)</sup>	\$ 280.7	\$ -	\$ 342.2	\$ -
Derivative contracts	42.4	20.0	31.0	21.3
Warrant liability	2.3	-	3.2	-
Lease liabilities and other <sup>(2)</sup>	24.0	15.3	37.5	20.4
Bank debt <sup>(3)</sup>	143.4	89.4	396.8	97.3
Term debt <sup>(3)</sup>	25.0	150.0	25.0	150.0
Convertible debentures <sup>(3)</sup>	-	100.0	75.0	-
<b>Total financial liabilities</b>	<b>\$ 517.8</b>	<b>\$ 374.7</b>	<b>\$ 910.7</b>	<b>\$ 289.0</b>

(1) Amounts at December 31, 2023 excludes provisions of \$18.5 million settled in the first quarter of 2024.

(2) Amounts represent the expected undiscounted cash payments related to leases.

(3) Amounts represent undiscounted principal only and exclude accrued interest and transaction costs.

### **d) Market risk**

Market risk is the risk that changes in market conditions, such as commodity prices, foreign exchange rates and interest rates, will affect the Corporation's cash flow, income, or the value of its financial instruments. The objective of the Corporation's market risk management program is to manage and control market risk exposures within acceptable parameters, while maximizing the Corporation's return.

#### *Interest rate risk*

Interest rate risk refers to the risk that the value of the financial instrument or cash flows associated with the financial instrument will fluctuate due to changes in market interest rates. The Corporation may use forward interest rate swaps to hedge the interest rate associated with interest payments occurring as a result of its bank debt.

At June 30, 2024, the Corporation had variable rate bank debt (note 7) totalling \$232.8 million. A 1% change in the interest rates on bank debt would have an after-tax impact on net loss of approximately \$0.4 million and \$0.9 million for the three and six months ended June 30, 2024, respectively.

#### *Foreign currency exchange rate risk*

Foreign currency risk is the risk that the value of future cash flows will fluctuate as a result of changes in foreign currency exchange rates. The Corporation's foreign currency risk arises from certain working capital balances denominated in United States Dollars (USD). As at June 30, 2024, net working capital and derivative contract balances

denominated in USD were \$38.2 million. A 5% change in foreign exchange rates between the USD and the Canadian Dollar would have an after-tax impact on net loss of approximately \$2.0 million for the six months ended June 30, 2024.

#### *Commodity price risk*

Commodity price risk is the risk that the fair value of a commodity derivative will fluctuate because of changes in market prices. In the normal course of operations, the Corporation purchases and sells various commodities and uses derivatives to protect its revenue and operating costs from price fluctuations. The Corporation is subject to price risk through these derivative contract assets and liabilities. A 10% change in prices for the underlying commodities, related to the Corporation's derivative contracts, would have an after-tax impact on net loss of \$2.8 million for the six months ended June 30, 2024.

## **17. SUBSEQUENT EVENTS**

### **a) Proposed transaction between Tidewater Midstream and Tidewater Renewables**

The special committees and Boards of Directors of both Tidewater Midstream and Tidewater Renewables have approved entering into a related party purchase and sale agreement in relation to the Proposed Transaction:

Under the Proposed Transaction, the assets to be divested by Tidewater Renewables and acquired by Tidewater Midstream include:

- the 100% owned canola co-processing infrastructure, fluid catalytic cracking co-processing infrastructure, and steam methane reformer;
- working interests in various Prince George Refinery assets including tankage, rack and truck infrastructure, water treatment and electrical utilities; and
- a 100% owned natural gas storage facility co-located at Tidewater Midstream's Brazeau River Complex.

Consideration for the Proposed Transaction includes:

- cash payment of \$129.7 by Tidewater Midstream; and
- a commitment by Tidewater Midstream to purchasing BC LCFS emission credits over the next nine months, representing minimum proceeds of \$80.7 million to Tidewater Renewables, under the assumption that the HDRD Complex continues to operate at over 90% utilization.

Tidewater Midstream expects to finance the Proposed Transaction through operating cash flow, a \$25.0 million increase to its Senior Credit Facility and a \$150.0 million term loan. While Tidewater Midstream has been successful in obtaining financing to date, there can be no assurance that it will secure financing to close the Proposed Transaction.

Tidewater Renewables will use the net proceeds from the Proposed Transaction to repay amounts outstanding on the Tidewater Renewables Senior Credit Facility, which will provide an immediate improvement to Tidewater Renewables' leverage profile and a reduction to cash interest costs.

The completion of the Proposed Transaction is contingent upon securing all requisite regulatory consents and approvals, Tidewater Renewables obtaining approval from its capital providers and Tidewater Midstream obtaining financing from its capital provider, and the completion of final documentation. Tidewater Renewables is exempt from the valuation and majority of the minority approval requirements stipulated in Section 5.4 and 5.6 of Multilateral Instrument 61-101, Protection of Minority Security Holders in Special Transactions ("MI 61-101"), due to the "financial hardship" exemption provided in Section 5.5(g) and 5.7(1)(e) of MI 61-101.

# **Tidewater Midstream and Infrastructure Ltd.**

## **Notes to the Interim Financial Statements**

**For the three and six month periods ended June 30, 2024 and 2023**

**(Tabular amounts stated in millions of Canadian dollars, except as noted)**

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### **b) Divestiture of used cooking oil feedstock asset by Tidewater Renewables**

Subsequent to June 30, 2024, on August 14, 2024, Tidewater Renewables entered into a definitive purchase and sale agreement for the sale its used cooking oil feedstock assets for \$10.5 million, subject to pre and post-closing adjustments. The sale is subject to certain closing conditions and is expected to close in September 2024. Net proceeds of this transaction will be used to repay outstanding debt balances.