



**TIDEWATER**  
Midstream and Infrastructure Ltd.

Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of Tidewater Midstream and Infrastructure Ltd. ("Tidewater") is responsible for the preparation of the consolidated financial statements. The consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB") and include certain estimates that reflect management's best estimates and judgements. Management has determined such estimates on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

Management has developed and maintains an extensive system of internal accounting controls that provide reasonable assurance that all transactions are accurately recorded, that the consolidated financial statements present fairly Tidewater's financial results, and that Tidewater's assets are safeguarded. Management believes that this system of internal controls has operated effectively for the year ended December 31, 2025. Tidewater has effective disclosure controls and procedures to ensure timely and accurate disclosure of material information relating to Tidewater which complies with the requirements of Canadian securities legislation.

Deloitte LLP was appointed by a resolution of the Board of Directors to audit the consolidated financial statements of Tidewater and to provide an independent professional opinion. Deloitte LLP was appointed to hold such office until the next annual meeting of the shareholders of Tidewater.

The Board of Directors, through its Audit Committee, has reviewed the consolidated financial statements including notes thereto with management and Deloitte LLP. The members of the Audit Committee are independent directors who are not employees of Tidewater. The Board of Directors have approved the information contained in the consolidated financial statements based on the recommendation of the Audit Committee.

"Jeremy Baines"  
Chief Executive Officer

"Ian Quartly"  
Chief Financial Officer

March 25, 2026  
Calgary, Alberta

## Independent Auditor's Report

To the Shareholders and the Board of Directors of  
Tidewater Midstream and Infrastructure Ltd.

### Opinion

We have audited the consolidated financial statements of Tidewater Midstream and Infrastructure Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of net loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

#### ***Revenue Recognition - Refer to Note 18 of the financial statements***

##### *Key Audit Matter Description*

The Company primarily generates revenue from 1) the sale of refined petroleum products including gasoline, low sulfur diesel and ancillary products including heavy fuel oil, liquified petroleum gas, ethanol and very low sulfur fuel oil, as well as renewable fuels and emissions credits; 2) gathering, storage, processing, natural gas liquids ("NGL") fractionation, and transportation revenue generated through arrangements that are designed to recover operating costs and provide a return on capital; and 3) marketing revenue from the sale of crude oil, and NGL's. Revenue from the rendering of services or the sale of goods is recognized when a specific performance obligation is satisfied through the transfer of goods or services to a customer.

Revenue is a key audit matter due to the significant audit effort required in performing audit procedures related to the Company's revenue recognition.

## *How the Key Audit Matter Was Addressed in the Audit*

Our audit procedures related to revenue recognition included the following, among others:

- Obtaining and analyzing the executed contracts to understand the key facts and circumstances, and
- Identifying the performance obligation and evaluating revenue recognition by obtaining and inspecting a combination of the following audit evidence: external confirmations, invoices, bill of lading/shipping documents and cash receipts.

## Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Corporation as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mandeep Singh.

/s/ Deloitte LLP

Chartered Professional Accountants  
Calgary, Alberta  
March 25, 2026

## Tidewater Midstream and Infrastructure Ltd.

### Consolidated Statements of Financial Position

(Millions of Canadian dollars)

As at December 31	Notes	2025	2024
<b>Assets</b>			
Current			
Cash and cash equivalents	\$	1.1	\$ 0.1
Accounts receivable		120.0	159.1
Derivative contracts		-	7.9
Inventory and emission credits	5	96.6	132.8
Prepaid expenses and other		26.0	10.0
Assets held for sale	8(d)(e)	-	38.3
<b>Total current assets</b>		<b>243.7</b>	<b>348.2</b>
Prepaid expenses and other		2.4	6.8
Investments	6	39.0	35.4
Right-of-use assets	7	14.7	18.9
Inventory	5	5.2	18.0
Property, plant and equipment	8(a)	796.1	813.7
Deferred tax asset	15	4.2	-
<b>Total assets</b>	<b>\$</b>	<b>1,105.3</b>	<b>\$ 1,241.0</b>
<b>Liabilities</b>			
Current			
Accounts payable, accrued liabilities and provisions	9	\$ 216.8	\$ 206.1
Derivative contracts		1.6	37.5
Warrant liabilities	11	5.1	0.2
Bank debt	10	164.3	14.8
Lease liabilities and other	14	9.3	12.7
<b>Total current liabilities</b>		<b>397.1</b>	<b>271.3</b>
Bank debt	10	129.9	281.2
Second lien debt	11	171.2	160.0
Convertible debentures	12	91.7	89.8
Derivative contracts		1.6	3.7
Decommissioning obligations	13	88.4	87.7
Lease liabilities and other	14	8.3	14.3
<b>Total liabilities</b>		<b>888.2</b>	<b>908.0</b>
<b>Equity</b>			
Attributable to shareholders		182.2	290.6
Attributable to non-controlling interest	17	34.9	42.4
<b>Total equity</b>		<b>217.1</b>	<b>333.0</b>
<b>Total liabilities and equity</b>	<b>\$</b>	<b>1,105.3</b>	<b>\$ 1,241.0</b>

See the accompanying notes to the consolidated financial statements

Approved by the Board:  
(signed) "Jeremy Baines", Director

(signed) "David Smith", Director

**Tidewater Midstream and Infrastructure Ltd.**  
**Consolidated Statements of Net Loss and Comprehensive Loss**  
(Millions of Canadian dollars, except per share information)

For the year ended December 31	Notes	2025	2024
Revenue	18(a)	\$ 1,318.5	\$ 1,640.5
Operating expenses		1,275.8	1,442.6
Gross margin		42.7	197.9
General and administrative	20	22.8	39.5
Share-based compensation	21(c)	5.2	5.0
Depreciation	7,8	63.6	90.5
Operating (loss) income		(48.9)	62.9
Finance costs and other	19	71.6	81.5
Realized loss on derivative contracts		19.2	42.4
Unrealized gain on derivative contracts		(25.2)	(17.9)
Realized gain on marketable securities		-	(5.0)
Impairment reversal	8(f)	-	(19.7)
Loss on sale of assets	8(c)(e)(g)	5.7	1.0
Income from equity investments	6	(3.6)	(3.7)
Transaction costs		0.9	4.7
Loss before income tax		(117.5)	(20.4)
Deferred income tax recovery	15	(4.2)	(1.6)
<b>Net loss and comprehensive loss</b>		<b>\$ (113.3)</b>	<b>\$ (18.8)</b>
Net (loss) income and comprehensive (loss) income attributable to:			
Shareholders		(112.2)	(26.6)
Non-controlling interest		(1.1)	7.8
<b>Net loss and comprehensive loss</b>		<b>\$ (113.3)</b>	<b>\$ (18.8)</b>
Net loss per share attributable to shareholders:			
Basic and diluted	16(d)	\$ (5.19)	\$ (1.24)

*See the accompanying notes to the consolidated financial statements*

**Tidewater Midstream and Infrastructure Ltd.**  
**Consolidated Statements of Changes in Shareholders' Equity**  
(Millions of Canadian dollars)

	Notes	Attributable to Shareholders of the Corporation			Non-controlling interest	Total equity
		Share capital	Equity reserves	Deficit		
Balance, January 1, 2025		\$ 543.5	\$ 26.6	\$ (279.5)	\$ 42.4	\$ 333.0
Net loss		-	-	(112.2)	(1.1)	(113.3)
Issuance of common shares	16(c)	0.5	(0.5)	-	-	-
Share-based compensation Tidewater Renewables Ltd.		-	3.8	-	-	3.8
issuance of common shares		-	-	-	0.1	0.1
Disposal of interest in RNG Partnership	8(e)	-	-	-	(6.5)	(6.5)
<b>Balance, December 31, 2025</b>		<b>\$ 544.0</b>	<b>\$ 29.9</b>	<b>\$ (391.7)</b>	<b>\$ 34.9</b>	<b>\$ 217.1</b>
Balance, January 1, 2024		\$ 540.8	\$ 22.9	\$ (252.9)	\$ 29.7	\$ 340.5
Net (loss) income		-	-	(26.6)	7.8	(18.8)
Issuance of common shares	16(c)	3.0	(1.8)	-	-	1.2
Share issue costs (net of tax)	16(c)	(0.3)	-	-	-	(0.3)
Share-based compensation Tidewater Renewables Ltd.		-	0.7	-	-	0.7
issuance of common shares		-	-	-	4.9	4.9
Issuance of 2024 Convertible Debentures (net of tax)	12	-	5.0	-	-	5.0
Repayment of 2019 Convertible Debentures	12	-	(0.2)	-	-	(0.2)
<b>Balance, December 31, 2024</b>		<b>\$ 543.5</b>	<b>\$ 26.6</b>	<b>\$ (279.5)</b>	<b>\$ 42.4</b>	<b>\$ 333.0</b>

*See the accompanying notes to the consolidated financial statements*

## Tidewater Midstream and Infrastructure Ltd.

### Consolidated Statements of Cash Flows

(Millions of Canadian dollars)

For the year ended December 31	Notes	2025	2024
<b>Cash provided by (used in):</b>			
<b>Operating activities</b>			
Net loss		\$ (113.3)	\$ (18.8)
Adjustments:			
Non-cash share-based compensation		3.8	0.7
Depreciation	7,8	63.6	90.5
Interest and finance charges	19	45.4	52.8
Accretion and other	19	22.9	24.6
Unrealized (gain) loss on foreign exchange		(0.6)	2.0
Unrealized gain on derivative contracts		(25.2)	(17.9)
Realized gain on marketable securities		-	(5.0)
Impairment reversal	8(f)	-	(19.7)
Loss on sale of assets	8(c)(e)(g)	5.7	1.0
Income from equity investments	6	(3.6)	(3.7)
Deferred income tax recovery	15	(4.2)	(1.6)
Decommissioning costs incurred	13	(6.0)	(4.4)
Changes in non-cash operating working capital	22(a)	68.7	(134.0)
<b>Net cash provided by (used in) operating activities</b>		<b>57.2</b>	<b>(33.5)</b>
<b>Financing activities</b>			
Repayment of bank debt		(6.0)	(191.3)
Net proceeds from issuance of 2024 Convertible			
Debentures	12	-	95.4
Repayment of convertible Debentures	12	-	(75.0)
Payment of lease liabilities and other	14	(13.2)	(39.1)
Interest and financing charges paid		(46.4)	(55.0)
Net proceeds from common share issuance		-	1.0
Changes in non-cash financing working capital	22(b)	3.7	4.1
<b>Net cash used in financing activities</b>		<b>(61.9)</b>	<b>(259.9)</b>
<b>Investing activities</b>			
Expenditures on property, plant and equipment	8(a)	(22.6)	(44.9)
Proceeds from capital emission credit sales		1.3	23.6
Cash paid on acquisition	8(b)	(1.2)	-
Receipt of government grant	8(a)	-	2.0
Proceeds from sales of assets	8(c)(d)(e)	37.9	353.2
Changes in non-cash investing working capital	22(c)	(9.7)	(40.5)
<b>Net cash provided by investing activities</b>		<b>5.7</b>	<b>293.4</b>
<b>Increase in cash and cash equivalents</b>		<b>1.0</b>	<b>-</b>
Cash and cash equivalents, beginning of year		0.1	0.1
<b>Cash and cash equivalents, end of year</b>		<b>\$ 1.1</b>	<b>\$ 0.1</b>

See the accompanying notes to the consolidated financial statements

## **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"), petroleum refining and renewables markets. The Corporation's strategy is to profitably grow and create shareholder value by acquiring and building high quality, strategically located infrastructure. To achieve its business objective, Tidewater is focused on providing customers with a full service, vertically integrated value chain through the acquisition and development of energy infrastructure, including downstream facilities, natural gas processing facilities, natural gas liquids infrastructure, pipelines, storage, and various renewable initiatives. To complement its infrastructure asset base, the Corporation also markets crude oil, refined product, natural gas, NGLs and renewable products and services to customers across North America.

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.

### **Tidewater Renewables**

Tidewater Renewables Ltd. ("Tidewater Renewables") is an energy transition company focusing on the production of low carbon fuels and is publicly traded on the TSX under the symbol "LCFS". As at December 31, 2025, the Corporation owned 23.9 million common shares of Tidewater Renewables (December 31, 2024 - 23.9 million common shares), representing 66% of Tidewater Renewables' issued and outstanding common shares (December 31, 2024 - 66%). The Corporation retains control over Tidewater Renewables and therefore consolidates the subsidiary.

## **2. BASIS OF PRESENTATION**

### **a) Statement of compliance**

The Corporation prepares its consolidated financial statements in accordance with IFRS<sup>®</sup> Accounting Standards as issued by the IASB. The accounting policies that follow have been consistently applied to all years presented.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on March 25, 2026.

### **b) Basis of measurement**

These consolidated financial statements have been prepared on a historical cost basis, except as otherwise allowed for in accordance with IFRS<sup>®</sup> Accounting Standards.

### **c) Basis of consolidation**

Subsidiaries are entities controlled by the Corporation. The financial results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing these consolidated financial statements.

Non-controlling interest ("NCI") represents the portion of equity ownership in a subsidiary not attributable to the Corporation's shareholders. NCI is initially measured as the proportionate share of its interest in the subsidiary and is subsequently adjusted for the proportionate share of net income (loss) and comprehensive income (loss) attributable to the NCI, as well as any dividends paid to the NCI.

**d) Functional and presentation currency**

These consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency, with all values presented in millions unless otherwise indicated.

Transactions in foreign currencies are translated to Canadian dollars at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the period end exchange rate. Revenue and expenses are translated using the average exchange rates for the period. Foreign currency differences arising on translation or from the settlement of foreign currency transactions are recognized in the statement of net income (loss) and comprehensive income (loss).

**e) Management's material accounting judgements, estimates and related assumptions**

The timely preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions based on currently available information that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the statement of financial position and the reported amounts of income and expenses during the reporting period. Accordingly, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

*Key sources of judgement and estimation uncertainty:*

The following are the key judgements and estimates that have been made in the preparation of the consolidated financial statements that significantly impact the carrying amounts of assets and liabilities:

*Judgements*

*i) Depreciation*

Depreciation of an asset often requires management to make judgements regarding the determination of an asset's future economic benefit and useful life. Among other factors, these judgements are based on industry standards and historical experience.

*ii) Impairment*

The determination of an asset, cash generating unit ("CGU") or group of CGUs' impairment is based on management's judgements in regard to the existence of internal or external indicators of impairment. The determination of a CGU is also based on management's judgement in regard to determining the smallest group of assets that generate cash inflows independently of other assets. The asset composition of a CGU can directly impact the recoverability of the related assets. The allocation of assets into a CGU requires judgment and interpretations with respect to the integration between assets, the existence of active markets, similar exposure to market risks, shared infrastructure and the way in which management monitors the operations. In assessing recoverability, each CGU's carrying value is compared against the recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and the value in use.

*iii) Revenue recognition*

To determine the timing and amount of revenue recognition, management utilizes judgment, which includes the nature and type of performance obligations under contract, the timing of when such performance obligations have been satisfied and the likelihood that customers will have the ability to exercise any make-up rights that have accumulated before they expire.

*iv) Joint arrangements and midstream operations*

The Corporation is party to various joint operating, processing and other agreements in conjunction with its natural gas processing activities. The revenue and expenses allocated between partners are governed by the terms of these agreements and are subject to interpretation and audit by the applicable parties.

*v) Deferred income tax*

Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse and judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse.

*Estimates*

*i) Depreciation*

Processing facilities and related equipment are depreciated, net of estimated residual values, on a straight-line basis over their estimated useful lives. Where facilities and equipment, including major components, are significant in relation to the total cost of the assets and have differing useful lives, they are depreciated separately. Depreciation methods, useful lives and residual values are reviewed on an annual basis and, if necessary, any changes are accounted for prospectively.

*ii) Decommissioning obligations*

The carrying amount of decommissioning obligations depends on estimates of current pre-tax credit-adjusted risk-free interest rates, future restoration and reclamation expenditures and the timing of those expenditures. The estimated costs for decommissioning obligations include such activities as abandonment, remediation and reclamation of wells, and the dismantling, demolition and disposal of facilities and equipment, as well as remediation and restoration of the sites.

Management reviews these estimates, and periodically engages a range of independent evaluators to provide restoration estimates on its various operating facilities and sites. However, the ultimate costs are uncertain, and cost estimates may vary in response to changes in legal requirements, the emergence of new restoration techniques or experience at other processing sites.

*iii) Share-based compensation*

Tidewater Midstream and Tidewater Renewables use the fair value method of accounting for long-term incentive plans, which includes the incentive stock option plans, Restricted Share Units ("RSUs"), Performance Share Units ("PSUs"), Deferred Share Units ("DSUs") and the Employee Stock Purchase Plans ("ESPP"). Estimates and assumptions are used in the appropriate valuation models to determine fair value.

For stock options, Tidewater Midstream and Tidewater Renewables use the Black-Scholes option pricing model, which requires that management make assumptions for the expected life of the option, the anticipated volatility of the share price over the life of the option, the risk-free interest rate for the life of the option and forfeiture rate.

*iv) Impairment of property, plant and equipment*

In determining the recoverable amount of assets in the absence of quoted market prices, estimates are made regarding the present value of future cash flows. Future cash flow estimates are based on future production profiles and reserves for surrounding wells, commodity prices, demand for refined product and costs. Estimates are also made in determining the discount rate used to calculate the present value of cash flows.

v) *Derivative financial instruments*

Fair values of derivative contracts fluctuate depending on the underlying estimates of future commodity prices and foreign currency exchange rates. The estimated fair value of all derivative financial instruments are based on observable market data, including commodity price curves, foreign currency curves and credit spread.

To estimate the fair value of warrant liabilities, the Corporation uses the Black-Scholes option pricing model which requires that management make assumptions for the expected life of the warrant, the exercise price of the warrant, the anticipated volatility of the share price over the life of the warrant, and the risk-free interest rate for the life of the warrant.

**3. MATERIAL ACCOUNTING POLICIES**

The material accounting policies set out below have been applied consistently to the periods presented in these consolidated financial statements.

**a) Financial instruments**

*Recognition and measurement*

Tidewater measures financial assets at amortized cost if the asset is held with the objective to collect contractual cash flows on specified dates that are solely payments of principal and interest. At initial recognition, financial assets are recognized at fair value plus transaction costs. Subsequent to initial recognition, these financial assets are recorded at amortized cost using the effective interest method less any impairment losses. At each statement of financial position date an assessment is made whether there is objective evidence that a financial asset is impaired based on expected credit loss information. For the Corporation's financial assets measured at amortized cost, loss allowances are determined based on the expected credit loss over the asset's lifetime. Expected credit losses are a probability-weighted estimate of credit losses, considering possible default events over the expected life of a financial asset.

The Corporation classifies financial assets or liabilities as fair value through profit or loss when the financial instrument is held with the objective to sell the asset or settle the liability within a short period of time. These financial instruments are measured at fair value on initial recognition and subsequently remeasured at fair value, with changes in the fair values recognized in net income (loss). Transaction costs in respect of financial instruments at fair value through profit or loss are recognized in the statement of net income (loss) and comprehensive income (loss). Investments in level one fair value hierarchy securities are carried at their period-end trading price (level one fair value hierarchy estimate).

Where a financial liability is not measured at fair value through profit or loss, it is measured at amortized cost. For interest bearing debt, this is the fair value of the proceeds received net of transaction costs associated with the borrowing. After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any transaction costs and any discount or premium on settlement.

The Corporation derecognizes financial assets when the contractual rights to the cash flow expire or when the rights to receive the cash flow are transferred in a transaction in which either: substantially all of the risks and rewards of ownership of the financial asset are transferred; or the Corporation neither transfers nor retains substantially all of the risks and rewards of ownership; and it does not retain control of the financial asset. In transactions where the Corporation retains either all or substantially all of the risks and rewards of the transferred assets they are not derecognized.

The Corporation has classified and measured all financial instruments at amortized cost except for cash and cash equivalents, derivative contracts, and the warrant liabilities which are measured at fair value through profit and loss.

*Derivative contracts*

Derivative contracts executed by the Corporation to manage market risk are classified as fair value through profit or loss. The estimated fair value is determined by reference to observable market data including commodity price curves, foreign currency curves and credit spreads. Transaction costs are charged to the consolidated statements of net income (loss) and comprehensive income (loss) as incurred. Realized gains and losses on these contracts are recorded as gains and losses on derivative contracts in the consolidated statement of net income (loss) and comprehensive income (loss) in the period they occur. Changes in the fair value of derivative contracts are recorded as unrealized gains and losses on derivative contracts in the consolidated statement of net income (loss) and comprehensive income (loss).

Derivatives may include those derivatives that are embedded in financial or non-financial contracts that are not closely related to the host contracts. For embedded derivatives within a financial asset host contract, the embedded derivative is not separated from the host contract and instead, the whole contract is accounted for as a single instrument. For embedded derivatives within a financial liability host contract, the embedded derivative is separated from the host contract and accounted for as a derivative instrument.

*Fair value hierarchy*

The Corporation classifies the fair value of financial instruments according to the following hierarchies based on the amount of observable inputs used to value the instruments:

- Level 1 – values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities. The fair value of any marketable securities has been derived with reference to the quoted closing bid prices of the underlying securities. The Corporation has used level 1 inputs to determine the fair value of the convertible debentures.
- Level 2 – values based on inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly. Such inputs can be corroborated with other observable inputs for substantially the complete term of the contract. The Corporation has used level 2 inputs to determine the fair value of derivative contracts and the warrant liabilities.
- Level 3 – values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. The Corporation does not use any level 3 inputs for its fixed rate debt or derivative financial instrument fair value measurements.

**b) Joint arrangements**

Joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Joint ventures are accounted for using the equity method.

The Corporation may conduct certain activities through jointly controlled operations. The consolidated financial statements reflect only Tidewater's rights to assets and obligations for liabilities in such activities. Joint control exists for contractual arrangements governing Tidewater's assets whereby Tidewater has less than 100% working interest, all of the partners have control of the arrangement collectively, and spending on the project requires unanimous consent of all parties who collectively control the arrangement and share the associated risks. The Corporation consolidates all joint operations in line with its rights to assets and obligation for liabilities as follows:

- in the consolidated statement of financial position for the Corporation's share of the assets held jointly and the liabilities for which it is jointly responsible; and
- in the consolidated statements of net income (loss) and comprehensive income (loss) for the Corporation's share of the income and expenses generated by the jointly controlled operation.

**c) Inventory**

Inventories are valued at the lower of weighted average cost or net realizable value. Costs include direct purchase costs, transportation, and an appropriate portion of fixed and variable overhead costs incurred in converting materials into finished goods, based on the normal production capacity. When the costs of joint products are not separately identifiable, they are allocated based on their expected relative sales values. Net realizable value is the estimated selling price for inventories less the estimated costs to sell.

The reversal of previous net realizable value write-downs is recorded when there is a subsequent increase in the value of inventories.

Long-term inventory is recorded at historical cost and consists of crude oil linefill that the Corporation is required to maintain on third party pipelines. The Corporation classifies as long-term inventory its proportionate share of barrels used to fill a pipeline such that when an incremental barrel is pumped into or enters a pipeline it forces product out at another location.

Carrying amounts of long-term inventory that are not expected to be recoverable through future cash flows are written down to net realizable value.

**d) Emission credits and allowances**

Under the British Columbia low carbon fuel standard and Canadian clean fuel regulations, emission credits are issued for supplying or offering for sale fuels with a carbon intensity below the targets in the relevant jurisdiction (collectively "operating emission credits") or for achieving certain capital project investment milestones under an agreement with the government of British Columbia ("capital emission credits").

Operating BC LCFS emission credits and CFR emission credits are generated at the point of sale of renewable fuels. The operating emission credits generated can be sold with the renewable fuel, sold separately, or used by the Corporation to offset carbon emission liabilities. Such operating emission credits are held for sale in the ordinary course of business as inventory at cost and carried at the lower of cost or net realizable value. When the costs of joint products are not separately identifiable, they are allocated based on their expected relative sales values. Net realizable value is the estimated future sales price of the operating emission credits the Corporation expects to realize when they are sold, less estimated costs to sell. The number of operating emission credits issued is determined based on pre-approved carbon intensities of feedstock consumed.

The Corporation recognizes revenue for operating emission credits generated, that is in the ordinary course of business, when it transfers control of the emission credits to the customer. When the Corporation offsets the calculated emission liability with operating emission credits, the difference between the proceeds received and the carrying value of the operating credits is recognized on a net basis as other income when the relevant emission compliance report is filed.

Capital emission credits granted to the Corporation under the British Columbia low carbon fuel standard for achieving certain capital project investment milestones are valued at fair value less costs to sell. The cost to sell is usually nominal. Fair value is determined based on market prices or forward contracted prices. When earned, the emission credits are recognized in inventory as held for sale. Subsequent to initial recognition, any changes to fair value less cost to sell are recorded in the consolidated statements of net income (loss) and comprehensive income (loss). Proceeds from the sale of capital emission credits are presented within investing activities in the consolidated statements of cash flows.

**e) Assets held for sale**

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is met when the sale is highly probable, and the asset is available for immediate sale in its present condition. For the sale to be highly probable, management must be committed to sell the asset and an active program to locate a buyer and complete the sale must have been initiated. In addition, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value and the sale should be expected to be completed within one year from the date of classification. Assets classified as held for sale are measured at the lower of the carrying amount and fair value less costs of disposal, with impairments recognized in the consolidated statement of net income (loss) and comprehensive income (loss) in the period measured. Assets held for sale are not depreciated.

**f) Investments**

Equity investments are initially measured at cost and are adjusted for the Corporation's proportionate share of earnings or losses. Equity investments are increased for contributions made and decreased for distributions received. The Corporation funds its portion of development, construction or capital expansion projects through capital contributions and classifies these contributions as cash used in investing activities in its consolidated statement of cash flows. The Corporation considers distributions received as a return on investment to the extent that the distribution was generated through operating results, and therefore classifies these distributions as cash flows from operating activities in its consolidated statement of cash flows. An equity method investment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. When such a condition is deemed other than temporary, the carrying value of the investment is written down to its fair value, and an impairment charge is recorded in the consolidated statement of net income (loss) and comprehensive income (loss).

**g) Leases***Lease identification and initial measurement*

The Corporation assesses each new contract to determine whether it contains a lease. A specific asset is the subject of a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Corporation allocates contract consideration to the lease and non-lease components on the basis of their relative stand-alone prices.

The lease liability and initial right-of-use asset are recognized at the lease commencement date measured at the present value of fixed lease payments (including in-substance fixed payments) plus the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, discounted at a rate the Corporation would be required to borrow over a similar term.

*Subsequent measurement*

After initial recognition, the lease liability is accreted for the passage of time and reduced for lease settlements made during each period. For leases denominated in a currency other than the Corporation's functional currency, the lease liability is considered a monetary item and is revalued at each reporting date.

After initial recognition, the right-of-use asset is depreciated on a straight-line basis over the term of the lease. The right-of-use asset is considered a non-monetary item and is reported using the exchange rate at the lease commencement date. Similar to property, plant and equipment, right-of-use assets are subject to the impairment requirements of IAS® Standards 36, Impairment of Assets. The Corporation assesses right-of-use assets whenever events or changes in circumstances indicate that the carrying value of the right-of-use asset may not be recoverable. An impairment loss is recognized immediately in the consolidated statement of net income (loss) and comprehensive income (loss) for the amount that the right-of-use asset's carrying amount exceeds its recoverable amount.

**h) Property, plant and equipment***Measurement*

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Initial cost includes expenditures that are directly attributable to the acquisition or construction of the asset, any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, estimated decommissioning provisions and borrowing costs on qualifying assets. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Corporation and the costs can be measured reliably.

Major maintenance programs (turnaround costs) comprise of costs of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset that was separately depreciated is replaced and it is probable that future economic benefits associated with the item will flow to the Corporation, the expenditure is capitalized and the carrying amount of the replaced asset is derecognized. Inspection costs associated with major maintenance programs are capitalized and amortized over the period to the next inspection. All other repair and maintenance costs are expensed as incurred.

Cushion gas, which represents the volume of hydrocarbons required for maintaining minimum storage reservoir pressure, is recorded at historical cost. Cushion gas is considered a component of the facility and is not amortized because of its indefinite useful life.

Linefill and tank bottoms, which represents the minimum product volume required for the operation of pipelines and storage tanks, respectively, are recorded at historical cost. Linefill and tank bottom volumes are recovered when the pipeline or storage tanks are removed from service. Linefill and tank bottoms volumes are considered a component of the facility and are not amortized because of an indefinite useful life.

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount of the asset and are recognized separately in the consolidated statement of net income (loss) and comprehensive income (loss).

*Depreciation*

Depreciation commences when property, plant and equipment are considered available for use. Assets under construction are not depreciated until they are in the location and condition necessary to be capable of operating in the manner intended by management. Depreciation is recognized in the statement of net income (loss) and comprehensive income (loss) on a straight-line basis over the useful lives of each component of property, plant and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Major maintenance (turnaround costs) are depreciated over the period to the next scheduled maintenance. Depreciation method and useful lives of the assets are reviewed annually and adjusted on a prospective basis when required. Pipeline linefill, cushion gas in storage caverns, and barrels of refined product that represent the minimum working requirements in tanks are not depreciated.

The estimated useful lives of the Corporation's property, plant and equipment are as follows:

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Crude refining, processing and storage facilities	20 to 50 years
Renewable fuel refinery units	20 to 60 years
Processing and storage facilities and equipment	20 to 30 years
Turnaround costs	4 to 5 years
Other equipment	2 to 25 years

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### *Impairment*

The carrying values of the Corporation's property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. These indicators include, but are not limited to, the economic performance of the assets, the Corporation's business plans, changes in commodity prices leading to lower activity levels, an increase in the discount rate and evidence of physical damage. If any such indication exists, then the CGU's recoverable amount is estimated.

For the purpose of assessing impairment, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets or CGUs. Recoverability is measured by comparing the carrying amount of the asset or the CGU to which the asset belongs to the higher of its value in use and its fair value less costs of disposal. Value in use is calculated using estimated discounted future cash flows generated by the asset or its CGU. The Corporation estimates fair value less cost to sell based upon recent market transactions for similar assets. In the absence of such transactions, an appropriate valuation model is used.

An impairment loss is recognized if the carrying amount of an asset or its respective CGU exceeds its estimated recoverable amount. Impairment losses are recognized in net income (loss). An impairment loss in respect of property, plant and equipment recognized in prior years is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation if no impairment loss had been recognized. Reversals of impairment losses are recognized in net income (loss).

#### **i) Government grants**

Government grants are recognized at fair value where there is reasonable assurance that the grant will be received and any conditions attached to the grant will be fulfilled. Grants related to the acquisition of long-term assets are deducted from the carrying amount of the related asset which reduces the depreciation expense recognized in net income (loss) over the useful life of the related asset. Grants that compensate the Corporation for expenses incurred are recognized as a reduction to expenses in the same periods in which the expenses are incurred.

#### **j) Provisions and contingent liabilities**

Provisions are recognized by the Corporation when a legal or constructive obligation exists as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the amount of that obligation. Provisions are stated at the present value of the expenditure expected to settle the obligation. A contingent liability is recorded when it is not probable that an outflow will be required, if the amount cannot be estimated reliably or if the existence of the outflow can only be confirmed by the occurrence of a future event.

From time to time, the Corporation will assume a counterparty's emission liabilities for cash proceeds. Provisions for emission liabilities are initially recorded in the period when the emission liability is assumed using the best estimate of the cost required to settle the obligation and is remeasured at each reporting date. The Corporation may use certain operating and capital emission credits, or a portion thereof, towards the settlement of this liability when the relevant emission compliance report is filed, and any gain or loss is recognized as other income. Emission compliance reports are filed on an annual or quarterly basis.

Provisions are recognized for decommissioning and restoration obligations associated with the Corporation's property, plant and equipment. The best estimate of the expenditures required to settle the present obligation at each reporting date are recorded on a discounted basis using the pre-tax credit-adjusted risk-free interest rate. The future cash flow estimates are adjusted to reflect the risks specific to the liability. The value of the obligation is added to the carrying amount of the associated property, plant and equipment asset and depreciated in accordance with the depreciation policy. The obligation is accreted over time through charges to finance costs and other. Changes in

the future cash flow estimates resulting from revisions to the estimated timing or amount of undiscounted cash flows or to the discount rate are recognized as changes in the decommissioning obligation and associated property, plant and equipment asset. Actual decommissioning expenditures up to the recorded liability at the time are charged against the obligation as the costs are incurred.

**k) Convertible debentures**

Convertible debentures are a non-derivative financial instrument that creates a financial liability for the entity and grants an option to the holder of the instrument to convert it into common shares of the Corporation. The liability component of the debentures is initially recorded at the fair value of a similar liability that does not have a conversion option. The equity component is recognized initially, net of deferred income taxes, as the difference between gross proceeds and the fair value of the liability component. Transaction costs are allocated to the liability and equity components in proportion to the allocation of proceeds. Subsequent to initial recognition, the liability component of the debentures is measured at amortized cost using the effective interest method and is accreted each period, such that the carrying value will equal the principal amount outstanding at maturity. The equity component is not re-measured. The carrying amounts of the liability and equity components of the debentures are reclassified to shareholders' capital on conversion to common shares.

**l) Income taxes**

Income taxes are comprised of current and deferred taxes. Income taxes are recognized in net income (loss) except to the extent that they relate to items recognized directly in equity, in which case the related income taxes are also recognized directly in equity.

Current income taxes are based on the expected taxes payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred taxes are recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable income will be available against which they can be utilized.

**m) Revenue**

Revenue is measured at the fair value of the consideration received or receivable, after eliminating intercompany sales. Revenue from the rendering of services or the sale of goods is recognized when a specific performance obligation is satisfied through the transfer of goods or services to a customer.

In addition to the above general principle, the Corporation also applies the following specific revenue recognition policies:

*i) Conventional gasoline and diesel and other refined product revenue*

The Corporation generates revenue from the sale of refined petroleum products, including gasoline, low sulphur diesel, and ancillary products including, but not limited to, heavy fuel oil ("HFO"), liquified petroleum gas ("LPG"), ethanol and very low sulfur fuel oil ("VLSFO"). Revenue contracts are usually for periods of less than one year and contracted prices are based on a market index price. Revenue is recognized when control of the products is transferred to the customer at an amount that reflects the consideration to which the Corporation expects to be entitled in exchange for those products. Performance obligations associated with the sale of these products are satisfied at the point in time when the products are delivered to and/or title passes to the customer.

*ii) Renewable fuels revenue*

The Corporation generates revenue from the sale of refined renewable fuels, primarily renewable diesel. Revenue contracts are usually for periods of less than one year and contracted prices are based on market index prices for the commodity and any attached emissions credits, if applicable. Revenue from the sale of renewable diesel is recognized when the refined product is transferred to the customer at an amount that reflects the consideration to which the Corporation expects to be entitled in exchange for the products. Performance obligations associated with the sale of these products are satisfied at the point in time when the products are delivered to and/or title passes to the customer based on the actual volumes sold at the delivery point.

*iii) Emission credits revenue*

Emission credit revenue is generated from the sale of emissions credits that are sold separately, detached from renewable fuels. The Corporation recognizes emission credit revenue when ownership of the credits is transferred. Revenue is recognized at an amount that reflects the consideration to which the Corporation expects to be entitled from the sale of the emission credits. Performance obligations associated with the sale of emission credits are satisfied at the point in time when emission credits are delivered to and/or title passes to the customer.

*iv) Fee for service revenue*

Fee for service revenue is generated from gathering, storage, processing, NGL fractionation, and transportation of natural gas, condensate, and NGLs. Gathering and processing revenue is generated through arrangements that are designed to recover operating costs and provide a return on capital. Fees are charged for processing natural gas, condensate and for NGL fractionation services through a combination of month-to-month and multi-year agreements and processing arrangements. The performance obligation from this form of revenue is normally met in the period in which the services are rendered, in accordance with the applicable third-party agreements. Under these arrangements, a fee is charged per unit transported or processed, or through the recovery of operating costs for the facility based upon that customer's pro-rata share of total facility throughput. Users of each facility are charged a fee per unit based upon that customer's pro-rata share of total throughput, with an adjustment to actual costs and throughput completed after the end of each year.

Throughput volumes and operating costs are reviewed to determine whether the estimated unit fee charged properly reflects the actual volumes and costs. The allocation of revenues and operating costs to other plant owners are also reviewed. Amounts collected in excess of the recoverable amounts are recorded as a current liability and recoverable amounts in excess of the amounts collected are recorded as a current receivable.

The Corporation's gas storage assets store natural gas for customers. Storage revenue is generated through arrangements to acquire, inject, store, withdraw and dispose of customers' natural gas. The performance obligation from this form of revenue is normally met in the period in which the services are rendered, in accordance with the applicable third-party agreements. Under these arrangements, the fee is recognized in the period in which the gas acquisition, injection, storage, withdrawal, or disposition occurs. Because the Corporation does not take title to the customer's gas, the Corporation's gas storage inventory transactions are not recorded on the statement of financial position.

*v) NGL and crude oil marketing*

Tidewater generates revenue from marketing activities related to the sale of crude oil and NGLs. These activities involve purchasing, aggregating, and reselling products to third-party customers. Contracts are usually for periods less than one year and prices are normally based on a market index price adjusted for transportation, quality, and regional differentials. The performance obligations are satisfied when the customer takes possession of the product and title has transferred to the customer based on the actual volumes sold at the delivery point.

**n) Operating and general and administrative expenses**

Operating expenses consist of the weighted average cost of crude oil, natural gas, NGLs and renewable feedstocks; storage and transportation fees including pipeline, truck and rail; various field operating expenses, including salaries and benefits for operations personnel; fuel and power costs; emission expense; maintenance and integrity management costs; regulatory compliance; insurance; and property taxes. General and administrative expenses consist primarily of salaries and benefits; legal fees; information systems; contract and consultant costs; and audit and tax fees.

**o) Share-based compensation**

Tidewater Midstream and Tidewater Renewables each have share-based incentive plans in the form of stock options, DSUs, RSUs, PSUs and ESPP.

Stock options granted to directors, officers, employees and consultants of Tidewater Midstream and Tidewater Renewables are accounted for using the fair value method. The fair value of each option granted is estimated on the grant date and that value is recorded as share-based compensation expense over the vesting period of the grants, with a corresponding increase to employee share reserve. The consideration received by Tidewater Midstream and Tidewater Renewables on the exercise of stock options is recorded as an increase to the respective entity's share capital together with corresponding amounts previously recognized as employee share reserve. Forfeitures are estimated based on historical information for each reporting period and adjusted as required to reflect actual forfeitures that have occurred in the period. In order to record share-based compensation expense, Tidewater Midstream and Tidewater Renewables each estimates the fair value of stock options granted using assumptions related to interest rates, expected lives of the options, volatility of the underlying security, forfeiture rates and expected dividend yields.

DSUs granted to directors of Tidewater Midstream and Tidewater Renewables are accounted for using the fair value method. Although DSUs vest immediately, they can only be redeemed upon termination or separation of services. DSUs may be settled in cash or in shares at the option of Tidewater Midstream or Tidewater Renewables. The fair value of each unit granted is estimated on the grant date and that value is recorded as share-based compensation expense, with a corresponding increase to employee share reserve. In order to record share-based compensation expense, Tidewater Midstream and Tidewater Renewables each estimates the fair value of the units granted using assumptions related to interest rates, volatility of the underlying security and expected dividend yields.

RSUs granted to directors, officers, employees and consultants of Tidewater Midstream and Tidewater Renewables are accounted for using the fair value method. The fair value of each RSU granted is estimated on the grant date and that value is recorded as share-based compensation expense over the vesting period of the grants, with a corresponding increase to employee share reserve. RSUs generally vest over three years, expire at the end of the third year, and can be settled by either cash or equity at the discretion of the issuing entity. Forfeitures are estimated based on historical information for each reporting period and adjusted as required to reflect actual forfeitures that have occurred in the period. In order to record share-based compensation expense, Tidewater Midstream and Tidewater Renewables each estimates the fair value of RSUs granted using assumptions related to interest rates, volatility of the underlying security, forfeiture rates and expected dividend yields.

PSUs are granted to officers, employees and consultants of Tidewater Midstream and Tidewater Renewables. The Board of Directors of each entity designates, at the time of grant, the date or dates on which all or a portion of the PSUs will vest and any performance conditions to such vesting. The fair value of the PSUs is determined on the grant date based on the market price of the respective entity's common shares on the grant date. PSUs issued to participants are held by the plan trustee and are recorded as an employee share reserve. PSUs will be settled in equity in the amount equal to the fair value of the PSU on that date. The fair value is expensed over the vesting term on a graded vesting basis and represents the fair value for the graded vested portion of the PSUs outstanding. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of PSUs that vest.

The Savings Plan and ESPP allow eligible employees of Tidewater Midstream and Tidewater Renewables to contribute cash into the Savings Plan or purchase common shares of the entity they are employed by via the ESPP plan. Tidewater Midstream and Tidewater Renewables will match 100% of the employee's contribution, up to a maximum of 5% of the employee's base salary into the plans as elected by the employees. For the ESPP, the shares are acquired on the TSX consistent with the timing of the employee's remuneration. The cost of the shares purchased to match the employee's contribution is expensed as incurred.

**p) Earnings per share**

Basic earnings per share is computed by dividing net income (loss) attributable to shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share amounts are calculated giving effect to the potential dilution that would occur if contracts to issue common shares were exercised, fully vested, or converted to common shares. The weighted average number of diluted shares is calculated in accordance with the treasury stock method for share awards and the if-converted method for potentially issuable common shares through convertible debentures. The treasury stock method assumes that proceeds received from the exercise of in-the-money dilutive instruments are used to repurchase common shares at the average market price during the period. The if-converted method assumes the conversion of convertible debentures at the beginning of the reporting period.

**4. FUTURE ACCOUNTING PRONOUNCEMENTS**

***Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures***

In May 2024, the IASB issued amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* relating to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets. The amendments will be effective on January 1, 2026, but are not expected to have a material impact on Tidewater's financial statements.

***IFRS 18 Presentation and Disclosure in Financial Statements***

IFRS 18 *Presentation and Disclosure in Financial Statements* ("IFRS 18") was issued by the IASB on April 9, 2024. IFRS 18 replaces IAS 1 *Presentation of Financial Statements* and will be applied to annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. IFRS 18 introduces a revised structure for the consolidated statements of net loss, requires disclosures for certain management-defined performance measures, and enhanced requirements for grouping of information in the financial statements. Tidewater is currently assessing the impact of adopting IFRS 18 on the consolidated financial statements.

**Tidewater Midstream and Infrastructure Ltd.****Notes to the Consolidated Financial Statements  
For the years ended December 31, 2025 and 2024****5. INVENTORY AND EMISSION CREDITS**

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

	<b>December 31, 2025</b>	December 31, 2024
Feedstocks	\$ 19.7	\$ 27.1
Refined products	20.4	37.9
Materials and supplies	9.9	10.0
Marketing inventory	8.6	6.7
Operating emission credits	35.4	49.8
Capital emission credits	2.6	1.3
Total current inventory and emission credits	96.6	132.8
Long-term inventory	5.2	18.0
<b>Total inventory and emission credits</b>	<b>\$ 101.8</b>	<b>\$ 150.8</b>

For the years ended December 31, 2025, and 2024, all inventory and operating emission credits were carried at cost and \$NIL was carried at net realizable value. The cost of inventory and operating emission credits expensed for the year ended December 31, 2025, was \$1,059.0 million (December 31, 2024 - \$1,266.4 million).

The Corporation reclassified \$13.1 million of pipeline linefill related to the Western Pipeline from long-term inventory to property, plant and equipment following the acquisition of the Western Pipeline on September 25, 2025 (note 8(b)).

**6. INVESTMENTS**

As at December 31, 2025, the carrying value for the Corporations equity investment in the Rimrock Cattle Company ("RCC") was \$39.0 million (December 31, 2024 - \$35.4 million).

The tables below provide RCC's summarized financial information (presented at 100 percent):

**Net income and comprehensive income**

For the year ended December 31	<b>2025</b>	2024
Revenue	\$ 242.3	\$ 244.4
Operating expenses	227.2	237.7
General and administrative	1.7	1.9
Depreciation	3.3	3.3
Gain on commodity contracts	(12.8)	(2.7)
Unrealized loss (gain) on revaluation of biological assets	7.8	(13.6)
Finance costs and other	6.2	6.1
Income tax expense	1.7	2.7
Net income and comprehensive income	\$ 7.2	\$ 9.0
Net income and comprehensive income attributable to Tidewater	\$ 3.6	\$ 4.5

**Statement of financial position**

As at December 31	<b>2025</b>	2024
Current assets	\$ 134.4	\$ 111.9
Non-current assets	66.8	65.8
Current liabilities	12.5	78.0
Non-current liabilities	110.4	28.7

**Tidewater Midstream and Infrastructure Ltd.**

**Notes to the Consolidated Financial Statements**

**For the years ended December 31, 2025 and 2024**

**7. RIGHT-OF-USE ASSETS**

Right-of-use assets are comprised of the following:

	Pipelines and storage tanks		Rail cars		Buildings, field equipment and surface leases		Total
<b>Cost</b>							
Balance, January 1, 2024	\$	65.7	\$	68.1	\$	13.2	\$ 147.0
Additions		-		-		2.3	2.3
Disposals		(65.7)		(10.1)		(2.9)	(78.7)
Terminations		-		(0.1)		(1.2)	(1.3)
Balance, December 31, 2024	\$	-	\$	57.9	\$	11.4	\$ 69.3
Additions		-		3.5		0.4	3.9
Disposals		-		(17.5)		(2.7)	(20.2)
Terminations		-		-		(0.1)	(0.1)
Balance, December 31, 2025	\$	-	\$	43.9	\$	9.0	\$ 52.9
<b>Accumulated Depreciation</b>							
Balance, January 1, 2024	\$	48.2	\$	45.2	\$	6.7	\$ 100.1
Depreciation		17.5		9.3		2.4	29.2
Disposals		(65.7)		(10.1)		(2.9)	(78.7)
Terminations		-		-		(0.2)	(0.2)
Balance, December 31, 2024	\$	-	\$	44.4	\$	6.0	\$ 50.4
Depreciation		-		5.4		2.1	7.5
Disposals		-		(17.5)		(2.1)	(19.6)
Terminations		-		-		(0.1)	(0.1)
Balance, December 31, 2025	\$	-	\$	32.3	\$	5.9	\$ 38.2
<b>Net book value</b>							
December 31, 2024	\$	-	\$	13.5	\$	5.4	\$ 18.9
<b>December 31, 2025</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>11.6</b>	<b>\$</b>	<b>3.1</b>	<b>\$ 14.7</b>

## Tidewater Midstream and Infrastructure Ltd.

### Notes to the Consolidated Financial Statements For the years ended December 31, 2025 and 2024

#### 8. PROPERTY, PLANT AND EQUIPMENT

##### a) Property, plant and equipment is comprised of the following:

		Plant and infrastructure <sup>(1)</sup>		Assets under construction		Total
<b>Cost</b>						
Balance, January 1, 2024	\$	1,520.1	\$	33.6	\$	1,553.7
Additions		2.4		44.9		47.3
Capital emission credits awarded		(38.1)		(8.4)		(46.5)
Receipt of government grant		-		(2.0)		(2.0)
Completed projects		45.8		(45.8)		-
Impairment		-		(0.4)		(0.4)
Disposals		(15.9)		(4.0)		(19.9)
Reclassification to assets held for sale		(24.0)		(12.9)		(36.9)
Decommissioning asset		7.2		-		7.2
Balance, December 31, 2024	\$	1,497.5	\$	5.0	\$	1,502.5
Additions		1.7		22.6		24.3
Acquisitions		8.6		-		8.6
Reclassification from long-term inventory (note 5)		13.1		-		13.1
Capital emission credits awarded		-		(2.6)		(2.6)
Completed projects		17.1		(17.1)		-
Disposals		(41.3)		-		(41.3)
Decommissioning asset		0.4		-		0.4
Balance, December 31, 2025	\$	1,497.1	\$	7.9	\$	1,505.0
<b>Accumulated Depreciation and Impairment</b>						
Balance, January 1, 2024	\$	661.4	\$	-	\$	661.4
Depreciation		61.3		-		61.3
Impairment reversal		(24.3)		-		(24.3)
Disposals		(9.6)		-		(9.6)
Balance, December 31, 2024	\$	688.8	\$	-	\$	688.8
Depreciation		56.1		-		56.1
Disposals		(36.0)		-		(36.0)
Balance, December 31, 2025	\$	708.9	\$	-	\$	708.9
<b>Net book value</b>						
December 31, 2024	\$	808.7	\$	5.0	\$	813.7
<b>December 31, 2025</b>	<b>\$</b>	<b>788.2</b>	<b>\$</b>	<b>7.9</b>	<b>\$</b>	<b>796.1</b>

(1) As at December 31, 2025, \$31.9 million of linefill, cushion gas and tank bottoms was included as non-depreciating property, plant and equipment (December 31, 2024 - \$17.1 million).

##### b) Western Pipeline Acquisition

On May 6, 2025, Tidewater announced that it had entered into definitive agreements with Pembina Pipeline Corporation and certain of its affiliates (collectively “Pembina”), through a wholly owned limited partnership, to acquire the north segment of Pembina’s Western Pipeline System (the “Western Pipeline”), for total cash consideration of approximately \$1.2 million, as well as the assumption of certain future abandonment and reclamation obligations and liabilities estimated at approximately \$30.0 million (undiscounted value) (the “Transaction”).

The Western Pipeline is an approximately 377 km crude oil pipeline originating in Taylor, British Columbia and terminating in Prince George, British Columbia. The Western Pipeline's connection at Taylor, British Columbia is the key conduit tying Tidewater’s Prince George Refinery into the northeastern British Columbia crude supply region.

## Tidewater Midstream and Infrastructure Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

The Transaction closed on September 25, 2025. The Corporation accounted for the Transaction as an asset acquisition with the cost being allocated to the assets and liabilities based on their relative fair values on the acquisition date.

Property, plant and equipment	\$	8.6
Decommissioning obligations		(7.4)
<b>Consideration paid</b>	<b>\$</b>	<b>1.2</b>

Closing adjustments were finalized in January 2026 and included an \$11.8 million reimbursement of net tolls that Tidewater had paid to Pembina between the transaction effective date of January 1, 2025 and the transaction closing date of September 25, 2025. The \$11.8 million closing adjustment was received by Tidewater on January 20, 2026, and used to pay down amounts on the Tidewater Midstream Senior Credit Facility.

In December 2025, the undiscounted remediation costs for the asset were revised from approximately \$30.0 million to \$15.5 million.

Following the acquisition, \$13.1 million of linefill related to the Western Pipeline was reclassified to property, plant and equipment from long-term inventory (note 5).

#### c) Sale of the Sylvan Lake Gas Processing Facility

On July 3, 2025, Tidewater entered into a definitive agreement with Parallax Energy Operating Inc. for the sale of its Sylvan Lake gas plant and associated gas gathering infrastructure (collectively the "Sylvan Lake Gas Processing Facility") for approximately \$5.5 million, subject to customary adjustments and regulatory approvals. The Sylvan Lake Gas Processing Facility was a non-core asset of Tidewater.

On October 21, 2025, Tidewater completed the sale of the Sylvan Lake Gas Processing Facility. Proceeds from the transaction were used to repay amounts outstanding on the Tidewater Midstream Senior Credit Facility (note 10).

Gross proceeds	\$	5.5
Closing adjustments		(0.7)
Net proceeds received		4.8
Property, plant and equipment		4.3
Decommissioning obligations		(0.9)
<b>Gain on sale of Sylvan Lake Gas Processing Facility</b>	<b>\$</b>	<b>1.4</b>

#### d) Sale of Brazeau River Complex roadway network

During the fourth quarter of 2024, the Corporation classified \$24.0 million of property, plant and equipment associated with the Brazeau River Complex roadway network (the "BRC Roadway Network") as held for sale.

On March 6, 2025, Tidewater entered into a definitive purchase and sale agreement for the sale of the BRC Roadway Network to Canadian Resource Roadways LP for total proceeds of \$24.0 million. The BRC Roadway Network was a non-core asset to Tidewater. The sale closed on March 24, 2025, and the \$22.5 million of proceeds received upon closing of the sale were used on March 26, 2025, to reduce the term facility component of the Tidewater Midstream Senior Credit Facility (note 10). The balance of the proceeds were received on December 29, 2025, and were used subsequent to year-end, on January 6, 2026, to reduce the term facility component of the Tidewater Midstream Senior Credit Facility.

**Tidewater Midstream and Infrastructure Ltd.****Notes to the Consolidated Financial Statements****For the years ended December 31, 2025 and 2024****e) Sale of Rimrock Renewables Limited Partnership**

During 2024, the Corporation classified its interest in the Rimrock Renewables Limited Partnership (“RNG Partnership”) as held for sale.

On January 10, 2025, Tidewater completed the sale of its interest in the RNG Partnership for a total purchase price of \$7.8 million in cash, of which \$4.7 million was received on close and a further \$2.1 million was received in February 2026 in satisfaction of the total purchase price.

Gross proceeds	\$	7.8
Closing adjustments		(1.0)
Net proceeds received		6.8
Net assets sold		(14.3)
Non-controlling interest derecognized as result of the sale		6.5
<b>Loss on sale of RNG Partnership</b>	<b>\$</b>	<b>(1.0)</b>

**f) Impairment reversal**

		<b>2025</b>	<b>2024</b>
Deep Basin CGU <sup>(1)</sup>	\$	-	\$ (24.3)
Other		-	0.4
Total relating to property, plant and equipment	\$	-	\$ (23.9)
Total relating to investments		-	3.9
Total relating to accounts receivable		-	0.3
<b>Total impairment reversal</b>	<b>\$</b>	<b>-</b>	<b>\$ (19.7)</b>

(1) 2024 includes the Ram River Gas Plant and the Brazeau River Complex.

At December 31, 2024, Tidewater recorded \$24.3 million of net reversals of previously recorded impairment charges to the Deep Basin CGU. The impairment reversal resulted from a net increase in the estimated recoverable amount of certain assets within the CGU compared to the prior impairment assessment performed at December 31, 2023. The increase in the net estimated recoverable amount was primarily due to the elimination of the take-or-pay fees paid to Tidewater Renewables as a result of the 2024 transaction between Tidewater Midstream and Tidewater Renewables, and the review of the recoverable amount of the Brazeau River Complex roadway network as a result of its sale process (note 8(d)). The recoverable amounts were calculated based on fair value less costs to dispose or value in use, which represents the estimated net present value of the cash flows expected to be derived from the asset.

**g) Other**

During the year ended December 31, 2025, Tidewater recognized a loss on sale of assets of \$2.8 million related to the final settlement of the closing adjustments for the 2023 sale of the Pipestone natural gas plant and associated infrastructure, and a loss of \$3.3 million on the disposal of other non-core assets.

During the year ended December 31, 2024, Tidewater disposed of certain non-core assets that resulted in a loss on sale of assets of \$1.0 million.

## Tidewater Midstream and Infrastructure Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

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

	December 31, 2025	December 31, 2024
Trade and accrued payables	\$ 154.0	\$ 178.6
Deferred revenue	12.0	0.8
Interest payable	7.3	3.5
Emission liabilities and provisions	14.6	-
Government grant	21.0	16.2
Current portion of decommissioning obligation (note 13)	7.9	7.0
<b>Total accounts payable, accrued liabilities and provisions</b>	<b>\$ 216.8</b>	<b>\$ 206.1</b>

##### *Deferred revenue*

As at December 31, 2025, the Corporation had deferred revenue of \$12.0 million, of which \$11.2 million was related to payments received for commitments to transfer operating emission credits to customers. Revenue will be recognized when the credits are transferred in the first quarter of 2026.

##### *Emission liabilities and provisions*

Emission liabilities are typically recorded upon the sale of refined petroleum products, including gasoline, low sulphur diesel, and ancillary products, based on their carbon intensity. The Corporation may use certain operating and capital emission credits, or a portion thereof, towards the settlement of this liability.

At December 31, 2025, Tidewater's emissions liability related to Canadian Fuel Regulations obligations. The Corporation's estimated BC LCFS obligations were fully offset by credits in inventory.

During 2024, Tidewater's emissions liability was fully offset by credits purchased as part of the 2024 transaction between Tidewater Midstream and Tidewater Renewables.

##### *Government grant*

In 2021, the Corporation received a \$20.0 million grant under the Government of Alberta's *Industrial Energy Efficiency and Carbon Capture Utilization and Storage Program* to be used solely for project expenditures related to reducing carbon emissions. The unused portion of the grant at December 31, 2025, plus accrued interest, is required to be refunded to the Government of Alberta. At December 31, 2025, \$21.0 million has been classified as a current payable to the Government of Alberta.

#### 10. BANK DEBT

The following table summarizes the Corporation's bank debt:

	December 31, 2025	December 31, 2024
Tidewater Midstream Senior Credit Facility	\$ 274.4	\$ 281.8
Tidewater Renewables Senior Credit Facility	22.3	20.9
Financing costs	(2.5)	(6.7)
<b>Total bank debt</b>	<b>\$ 294.2</b>	<b>\$ 296.0</b>
Current portion, net of financing costs	164.3	14.8
Long-term portion, net of financing costs	129.9	281.2

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 and the second lien credit facility (note 11) 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 and Infrastructure Ltd.****Notes to the Consolidated Financial Statements****For the years ended December 31, 2025 and 2024***Tidewater Midstream*

The following facilities are available to Tidewater Midstream under its Senior Credit Facility:

	Facility amount	Maturity date	Amount drawn December 31, 2025
Syndicated facility	\$ 125.0	September 12, 2026	\$ 125.0
Operating facility	50.0	September 12, 2026	25.8
Term facility	123.6	August 30, 2027	123.6
<b>Tidewater Midstream Senior Credit Facility</b>	<b>\$ 298.6</b>		<b>\$ 274.4</b>

The syndicated and operating facilities are revolving facilities that can be drawn in either Canadian or U.S. funds and bear interest at the agent bank's prime lending rate or adjusted Canadian Overnight Repo Rate Average ("CORRA") or Secured Overnight Financing Rate ("SOFR") lending rates, plus applicable margins and stamping fees. Pricing and margins are tied to Tidewater Midstream's quarterly deconsolidated debt to adjusted EBITDA ratio, as calculated for covenant reporting.

The term facility under the Tidewater Midstream Senior Credit Facility is a non-revolving, variable rate facility. Tidewater Midstream is required to make mandatory quarterly repayments of \$5.0 million. Repayments made prior to the maturity date permanently reduce the total funds available under the facility.

On March 26, 2025, in conjunction with the closing of the BRC Roadway Network sale and the permanent repayment of a portion of the Term Facility using the proceeds from the sale (note 8(d)), the Tidewater Midstream Senior Credit Facility was amended to defer the first mandatory quarterly repayment of \$5.0 million on the Term Facility until April 30, 2026. In addition, the financial covenants were amended until March 31, 2026, to increase the first lien senior debt to adjusted EBITDA covenant to 4.50:1 (from 3.50:1) and decrease the adjusted EBITDA to interest coverage ratio to 1.50:1 (from 2.50:1).

On September 30, 2025, the Tidewater Midstream Senior Credit Facility was amended to waive the requirements to comply with the quarterly financial covenants until March 31, 2026. Subsequent to year-end, on March 23, 2026, Tidewater Midstream made several amendments to its Senior Credit Facility. The amendments extend the maturity dates of the syndicated and operating components of the facility from September 12, 2026 to August 30, 2027, and modify the financial covenant requirements for March 31, 2026, reverting back to the original covenant ratios applicable to its Senior Credit Facility for periods beginning June 30, 2026.

The maturity dates of the various facilities available under the Tidewater Midstream Senior Credit Facility as a result of the amendments are as follows:

	Facility Amount	Maturity Date
Syndicated facility	\$ 125.0	August 30, 2027
Operating facility	50.0	August 30, 2027
Term facility	122.2	August 30, 2027
<b>Tidewater Midstream Senior Credit Facility</b>	<b>\$ 297.2</b>	

## Tidewater Midstream and Infrastructure Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

The covenant modifications per the March 23, 2026, Tidewater Midstream Senior Credit Facility amendments are as follows:

Fiscal quarter ending	Adjusted EBITDA to interest coverage ratio	Deconsolidated debt to adjusted EBITDA ratio	Deconsolidated first lien senior debt to adjusted EBITDA ratio
March 31, 2026 <sup>(1)</sup>	Minimum 2.00:1	Maximum 4.50:1	Maximum 4.50:1
June 30, 2026, and beyond <sup>(1)</sup>	Minimum 2.50:1	Maximum 4.00:1	Maximum 3.50:1

(1) Covenant reporting at March 31, 2026, to be calculated based on three months annualized, at June 30, 2026, on six months annualized, at September 30, 2026, on nine months annualized, and December 31, 2026, and beyond, on the trailing-twelve months.

At December 31, 2025, Tidewater Midstream had \$38.0 million (December 31, 2024 - \$30.9 million) of letters of credit outstanding, which operate under a separate facility.

#### Tidewater Renewables

The following facilities are available to Tidewater Renewables under its Senior Credit Facility:

	Facility amount	Maturity date	Amount drawn December 31, 2025
Syndicated facility	\$ 5.0	February 28, 2027	\$ 5.0
Operating facility	35.0	February 28, 2027	17.3
<b>Tidewater Renewables Senior Credit Facility</b>	<b>\$ 40.0</b>		<b>\$ 22.3</b>

The Tidewater Renewables Senior Credit Facility can be drawn in Canadian funds and bears interest at the agent bank's prime lending rate or adjusted CORRA or SOFR lending rates, plus applicable margins and stamping fees.

On March 26, 2025, the Tidewater Renewables Senior Credit Facility was amended to increase the total aggregate availability by \$10.0 million to \$40.0 million. In addition, the requirement to comply with the quarterly financial covenants has been waived until March 31, 2026 (previously waived until September 30, 2025) at which time Tidewater Renewables' will be required to maintain certain financial covenants on an annualized basis.

On May 7, 2025, the maturity date of the Tidewater Renewables Senior Credit Facility was extended from February 28, 2026, to February 28, 2027.

## 11. SECOND LIEN CREDIT FACILITY AND WARRANT LIABILITIES

The following table summarizes the Tidewater Renewables' second lien credit facility:

	December 31, 2025	December 31, 2024
Second Lien Credit Facility	\$ 183.9	\$ 175.0
Discount <sup>(1)</sup>	(12.7)	(15.0)
<b>Total Second Lien Credit Facility</b>	<b>\$ 171.2</b>	<b>\$ 160.0</b>
Current portion, net of discount	-	-
Long-term portion, net of discount	171.2	160.0

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

Tidewater Renewables has a Second Lien Credit Facility consisting of a tranche A facility in the aggregate principal amount of \$155.1 million (the "Tranche A Facility"), a tranche B facility in the aggregate principal amount of \$28.8 million (the "Tranche B Facility"), and a tranche C facility in the aggregate principal amount of \$43.0 million (the "Tranche C Facility") which may only be drawn in certain circumstances to refinance the Senior Credit Facility.

The Tidewater Renewables Second Lien Credit Facility is subordinate to the Senior Credit Facility and is subject to a number of customary covenants and restrictions, however, compliance by Tidewater Renewables with its quarterly

## Tidewater Midstream and Infrastructure Ltd.

### Notes to the Consolidated Financial Statements For the years ended December 31, 2025 and 2024

financial covenants has been waived until March 31, 2026.

On March 26, 2025, the following amendments were made to the Tidewater Renewables Second Lien Credit Facility:

- increased the Tranche C second lien credit facility by \$10.0 million to \$43.0 million for the purpose of refinancing the Tidewater Renewables Senior Credit Facility in certain circumstances;
- Tidewater Renewables was provided the option to elect that the April 24, 2025 interest payment on the \$150.0 million Tranche A Facility be paid in kind. Tidewater Renewables exercised this option and \$5.1 million was added to the aggregate principal amount of the Tranche A Facility on April 24, 2025.
- the maturity date of the Second Lien Tranche B and Tranche C Facilities was extended from February 28, 2026, to October 24, 2027;
- the requirement to comply with the quarterly financial covenants was waived until March 31, 2026 (previously waived until September 30, 2025) at which time Tidewater Renewables will be required to maintain certain financial covenants on an annualized basis; and
- the amendment fee of \$3.8 million was added to the principal amount of the Tranche B Facility.

Minimum interest on the Tranche A Facility was 6.5% for periods up to and including October 24, 2025. Beginning October 25, 2025, the Tranche A Facility bears minimum interest of 6.875% for periods between October 25, 2025 and October 24, 2026, and minimum 7.25% from October 25, 2026 up to but excluding the maturity date of October 24, 2027. The rates are subject to an annual CPI Index adjustment factor with a maximum cumulative increase of 4.0% per annum.

The Tranche B Facility bears interest at 9.5% and is subject to variable quarterly repayments based on a portion of Tidewater Renewables' adjusted cash flows. The \$28.8 million Tranche B Facility can be repaid at Tidewater Renewables' option without penalty.

In the event a First Lien Demand Notice is presented to Tidewater Renewables, the Tranche C Facility can be drawn down by way of a single advance and bears interest at the adjusted CORRA rate plus 8.0% payable quarterly in arrears. At Tidewater Renewables discretion, the \$33.0 million Tranche C Facility is subject to variable repayments.

The following table summarizes the Tidewater Renewables' warrant liabilities as at December 31, 2025:

	Number of warrants outstanding (millions)	Fair value
Balance, January 1, 2024	3.4	\$ 3.2
Upon issuance of 2024 warrants, September 12, 2024	1.0	0.8
Gain on 2022 warrant liability revaluation <sup>(1)</sup>	-	(3.2)
Gain on 2024 warrant liability revaluation <sup>(1)</sup>	-	(0.6)
Balance, December 31, 2024	4.4	\$ 0.2
Loss on 2022 warrant liability revaluation <sup>(1)</sup>	-	2.3
Loss on 2024 warrant liability revaluation <sup>(1)</sup>	-	2.6
<b>Balance, December 31, 2025</b>	<b>4.4</b>	<b>5.1</b>

(1) The gain or loss on warrant liabilities revaluation is included in the 'unrealized (gain) loss on derivative contracts' line of the statement of net loss and comprehensive loss.

**Tidewater Midstream and Infrastructure Ltd.****Notes to the Consolidated Financial Statements****For the years ended December 31, 2025 and 2024**

The fair value of the 2022 Warrants was determined using the Black-Scholes option pricing model, including the following assumptions:

	<b>December 31, 2025</b>		December 31, 2024	
Exercise price per share	\$	<b>14.84</b>	\$	14.84
Tidewater Renewables common share price	\$	<b>4.25</b>	\$	0.81
Volatility factor of expected market price		<b>89.70%</b>		71.06%
Risk-free interest rate		<b>2.55%</b>		2.93%
Remaining life (years)		<b>1.81</b>		2.81
Expected annual dividend per share		<b>0.00%</b>		0.00%
Fair value	\$	<b>0.70</b>	\$	0.01

The fair value of the 2024 Warrants was determined using the Black-Scholes option pricing model, including the following assumptions:

	<b>December 31, 2025</b>		December 31, 2024	
Exercise price per share	\$	<b>3.99</b>	\$	3.99
Tidewater Renewables common share price	\$	<b>4.25</b>	\$	0.81
Volatility factor of expected market price		<b>89.70%</b>		71.06%
Risk-free interest rate		<b>2.90%</b>		2.96%
Remaining life (years)		<b>3.70</b>		4.70
Expected annual dividend per share		<b>0.00%</b>		0.00%
Fair value	\$	<b>2.74</b>	\$	0.20

**12. CONVERTIBLE DEBENTURES**

The following table summarizes the Corporation's convertible debentures:

	Number of convertible debentures (000s)		Liability component		Equity component
Balance, January 1, 2024	750	\$	73.3	\$	4.9
Issuance of convertible debentures	100		93.2		6.8
Issue costs	-		(4.4)		(0.2)
Deferred income tax liability	-		-		(1.6)
Repayment of convertible debentures	(750)		(74.8)		(0.2)
Unwinding of discount	-		2.5		-
Balance, December 31, 2024	100	\$	89.8	\$	9.7
Unwinding of discount	-		1.9		-
<b>Balance, December 31, 2025</b>	<b>100</b>	<b>\$</b>	<b>91.7</b>	<b>\$</b>	<b>9.7</b>

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 \$15.60. 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 days, 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

## Tidewater Midstream and Infrastructure Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

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. Accretion of the liability component and accrued interest payable on the 2024 Convertible Debentures are included as financing costs.

### 13. DECOMMISSIONING OBLIGATIONS

Tidewater's decommissioning obligation reflects the discounted cash flows expected to be incurred to decommission the Corporation's physical assets. The estimated economic lives of assets covered by the decommissioning provision range from three to 141 years, with the majority of decommissioning costs expected to be incurred over the next 14 to 22 years. The obligation was inflated using a rate of 2.5% (December 31, 2024 - 2.5%) and discounted using credit-adjusted risk-free rates ranging from 5.7% to 8.5% (December 31, 2024 - 8.5%).

The following table summarizes changes in the decommissioning obligation:

		2025		2024
Balance, beginning of year	\$	94.7	\$	84.9
Acquisition of the Western Pipeline (note 8(b))		7.4		-
Sale of Sylvan Gas Processing Facility (note 8(c))		(0.9)		-
Decommissioning costs incurred		(6.0)		(4.4)
Change in discount rate and estimates		(6.9)		6.7
Unwinding of discount included in finance costs		8.0		7.5
<b>Balance, end of year</b>	<b>\$</b>	<b>96.3</b>	<b>\$</b>	<b>94.7</b>
Current portion of decommissioning obligation (note 9)		7.9		7.0
Long-term portion of decommissioning obligation		88.4		87.7

### 14. LEASE LIABILITIES AND OTHER

The Corporation's lease liabilities and other primarily relate to rail cars, office space, field equipment and surface leases.

The following table summarizes the changes in lease liabilities and other:

		2025		2024
Balance, beginning of year	\$	27.0	\$	53.4
Additions		3.9		8.7
Accretion		1.5		2.9
Payments		(13.2)		(39.1)
Terminations		(0.8)		(0.9)
Foreign exchange re-measurement		(0.8)		2.0
<b>Balance, end of year</b>	<b>\$</b>	<b>17.6</b>	<b>\$</b>	<b>27.0</b>
Current portion of lease liability and other		9.3		12.7
Long-term portion of lease liability and other		8.3		14.3

Undiscounted payments associated with lease liabilities and other as at December 31, 2025, are summarized below:

		Within one year	After one year but not more than five years <sup>(1)</sup>	More than five years <sup>(2)</sup>	Total
Undiscounted lease payments	\$	9.5	\$ 8.7	\$ 0.6	\$ 18.8

(1) \$5.4 million to be paid in 2027, \$2.7 million in 2028 and \$0.3 million in 2029 and 2030.

(2) \$0.3 million to be paid in 2031 and 2032.

## Tidewater Midstream and Infrastructure Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

As at December 31, 2025, the incremental borrowing rate used to measure lease liabilities was 6.5% (December 31, 2024 - 6.5%). In 2025, variable lease expenses of \$1.6 million (2024 - \$18.8 million) were incurred. The variable lease payments primarily relate to variable usage charges on office leases and rail cars.

#### 15. INCOME TAXES

The provision for deferred taxes in the consolidated statements of loss and comprehensive loss reflect an effective tax rate which differs from the expected statutory tax rate. Differences were accounted for as follows:

		2025		2024
Loss before income tax	\$	(117.5)	\$	(20.4)
Combined federal and provincial tax rates		24.0%		24.0%
Expected tax recovery		(28.2)		(4.9)
Differences from:				
Unrecognized deferred tax assets		25.7		5.6
Non-taxable portion of capital gains		(2.2)		0.3
Share-based compensation		2.6		(0.8)
Change in tax rate and other		(2.1)		(1.8)
<b>Deferred income tax recovery</b>	<b>\$</b>	<b>(4.2)</b>	<b>\$</b>	<b>(1.6)</b>

The following tables summarize the movement of deferred taxes:

Asset (Liability)	December 31, 2024	Recognized in:			December 31, 2025
		Net income	Equity		
Property, plant and equipment and leases	\$ (139.1)	\$ (1.2)	\$ -	\$ -	(140.3)
Decommissioning obligation	22.7	-	-	-	22.7
Derivative contracts	8.3	(7.1)	-	-	1.2
Convertible debentures	(2.4)	0.4	-	-	(2.0)
Non-capital losses	161.6	35.9	-	-	197.5
Unamortized share issuance costs and finance costs	2.7	0.2	-	-	2.9
Unrecognized deferred tax asset	(53.8)	(25.5)	-	-	(79.3)
Other	-	1.5	-	-	1.5
<b>Total</b>	<b>\$ -</b>	<b>\$ 4.2</b>	<b>\$ -</b>	<b>\$ -</b>	<b>4.2</b>

Asset (Liability)	December 31, 2023	Recognized in:			December 31, 2024
		Net income	Equity		
Property, plant and equipment and leases	\$ (153.8)	\$ 14.7	\$ -	\$ -	(139.1)
Decommissioning obligation	18.7	4.0	-	-	22.7
Derivative contracts	11.5	(3.2)	-	-	8.3
Convertible debentures	(0.4)	(0.4)	(1.6)	-	(2.4)
Non-capital losses	182.6	(21.0)	-	-	161.6
Unamortized share issuance costs and finance costs	3.2	(0.5)	-	-	2.7
Unrecognized deferred tax asset	(61.8)	8.0	-	-	(53.8)
<b>Total</b>	<b>\$ -</b>	<b>\$ 1.6</b>	<b>\$ (1.6)</b>	<b>\$ -</b>	<b>-</b>

As at December 31, 2025, the Corporation had estimated tax pools of \$217.2 million (December 31, 2024 - \$281.4 million) available for deduction against future taxable income. In addition, the Corporation has \$813.3 million

## Tidewater Midstream and Infrastructure Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(December 31, 2024 - \$666.4 million) of unused tax losses expiring between 2038 and 2045. As at December 31, 2025, the Corporation recognized a deferred tax asset of \$4.2 million (December 31, 2024 - \$NIL) associated with its investments in Tidewater Renewables based on the expectation of sufficient future taxable profits. Tidewater Midstream does not recognize deferred tax assets or liabilities for temporary differences because it controls the timing of their reversal and it is not probable that the temporary difference will reverse in the foreseeable future.

#### 16. EQUITY ATTRIBUTABLE TO SHAREHOLDERS

##### a) Authorized

Unlimited number of voting common shares and unlimited number of preferred shares issuable in series.

##### b) Share consolidation

On August 28, 2025, further to the special resolution approved by the Corporation's shareholders at the annual general and special meeting held on May 27, 2025, the Corporation completed a share consolidation on the basis of one post-consolidation common share for every twenty pre-consolidation common shares. As a result of the consolidation, the number of outstanding common shares were reduced from 431,924,662 pre-consolidation common shares to 21,596,232 post-consolidation common shares.

Proportionate adjustments have been made to the conversion price of the Corporation's outstanding convertible unsecured subordinated debentures in accordance with the trust indenture dated June 4, 2024, as well as the Corporation's stock options (and exercise prices), restricted share units, performance share units and deferred share units in accordance with the terms and conditions of the respective plans under which they are issued. All information related to the aforementioned stock option and share plans, convertible debentures, earnings per share, issued and outstanding common shares, basic and diluted common shares, and per share amounts in these consolidated financial statements have been adjusted retrospectively to reflect the share consolidation.

##### c) Issued and outstanding common shares

	2025		2024	
	Number of Shares (millions)	Amount	Number of Shares (millions)	Amount
Balance, beginning of year	21.6	\$ 543.5	21.4	\$ 540.8
Issue of common shares	0.1	0.5	0.2	3.0
Share issuance costs (net of tax)	-	-	-	(0.3)
<b>Balance, end of year</b>	<b>21.7</b>	<b>\$ 544.0</b>	21.6	\$ 543.5

##### d) Net loss per share

	Year ended December 31, 2025			Year ended December 31, 2024		
	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	\$ (112.2)	21.6	\$ (5.19)	\$ (26.6)	21.5	\$ (1.24)

For the year ended December 31, 2025, 1.9 million share awards (December 31, 2024 - 0.7 million) and 20.0 million shares related to convertible debentures (December 31, 2024 - 35.1 million) were excluded from the weighted-average share calculations as they were anti-dilutive.

## Tidewater Midstream and Infrastructure Ltd.

### Notes to the Consolidated Financial Statements For the years ended December 31, 2025 and 2024

#### 17. NON-CONTROLLING INTEREST

A reconciliation of the NCI as at December 31, 2025 and 2024, is as follows:

	Tidewater		
	Renewables	Other	Total NCI
Balance, January 1, 2024	\$ 30.9	\$ (1.2)	\$ 29.7
Issuance of common shares	4.9	-	4.9
Net income attributable to non-controlling interest	6.6	1.2	7.8
Balance, December 31, 2024	42.4	-	42.4
Issuance of common shares	0.1	-	0.1
Net loss attributable to non-controlling interest	(1.1)	-	(1.1)
Disposal of interest in RNG Partnership	(6.5)	-	(6.5)
<b>Balance, December 31, 2025</b>	<b>\$ 34.9</b>	<b>\$ -</b>	<b>\$ 34.9</b>

#### 18. REVENUE

##### a) Disaggregation of revenue

The Corporation disaggregates revenue into categories to reflect how the nature and cash flows are affected by economic factors as follows:

	2025		2024	
Conventional gasoline and diesel	\$	501.9	\$	623.6
NGL and crude oil marketing		513.3		578.4
Renewable fuels <sup>(1)</sup>		163.9		174.6
Operating emission credits		48.1		133.5
Fee for service <sup>(2)</sup>		58.7		88.1
Other refined products <sup>(3)</sup>		23.3		33.7
Other <sup>(4)</sup>		9.3		8.6
<b>Total revenue</b>	<b>\$</b>	<b>1,318.5</b>	<b>\$</b>	<b>1,640.5</b>

(1) Beginning in 2025, a significant portion of renewable diesel was sold with the emissions credits attached, with pricing indexed to U.S import parity benchmarks.

(2) Includes revenue from NGL gas handling, processing, fractionation, and storage and transportation services.

(3) Includes HFO, LPG, ethanol and VLSFO.

(4) Includes sulfur revenue and net royalties.

##### b) Major customers

In 2025, one major customer accounted for 10% of Tidewater's consolidated revenue. Tidewater believes the financial risk associated with this customer is minimal. In 2024, revenue from Cenovus Energy Inc. ("Cenovus"), accounted for approximately 33% of the Corporation's revenue. Tidewater's five-year offtake agreement with Cenovus expired on November 1, 2024, following which the Corporation began marketing diesel and gasoline volumes from the Prince George Refinery directly to customers.

## Tidewater Midstream and Infrastructure Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

#### 19. FINANCE COSTS AND OTHER

Finance costs and other are comprised of the following:

	2025	2024
Interest on bank debt, second lien debt and convertible debentures	\$ 45.4	\$ 52.8
Foreign exchange loss and other	3.3	4.1
<b>Total finance costs and other before accretion</b>	<b>\$ 48.7</b>	<b>\$ 56.9</b>
Unwinding of discount on decommissioning obligations	8.0	7.5
Unwinding of discount on long-term debt	13.4	14.2
Unwinding of discount on lease liabilities	1.5	2.9
<b>Total accretion</b>	<b>22.9</b>	<b>24.6</b>
<b>Total finance costs and other</b>	<b>\$ 71.6</b>	<b>\$ 81.5</b>

#### 20. GENERAL AND ADMINISTRATIVE

General and administrative expenses are comprised of the following:

	2025	2024
Employee costs	\$ 11.1	\$ 18.3
Capitalized corporate costs	(0.3)	(0.5)
Non-recurring <sup>(1)</sup>	4.3	10.7
External services <sup>(2)</sup>	3.7	4.2
Licenses and insurance	2.8	3.1
Rent, office expenses and other	1.2	3.7
<b>Total general and administrative expenses</b>	<b>\$ 22.8</b>	<b>\$ 39.5</b>

(1) 2024 includes costs related to executive and management restructuring changes and the transaction between Tidewater Midstream and Tidewater Renewables.

(2) Includes accounting, legal and consulting costs.

#### 21. SHARE-BASED COMPENSATION

##### a) Share awards

A summary of Tidewater Midstream's stock options, RSUs, and DSUs outstanding and exercisable is as follows:

(thousands of options and units)	Stock Options	RSUs	DSUs	Total
Outstanding, January 1, 2025	536	398	31	965
Granted	503	621	33	1,157
Exercised	-	(106)	(12)	(118)
Forfeited	(67)	(19)	-	(86)
Expired	(42)	(15)	-	(57)
<b>Outstanding, December 31, 2025</b>	<b>930</b>	<b>879</b>	<b>52</b>	<b>1,861</b>
<b>Exercisable, December 31, 2025</b>	<b>220</b>	<b>40</b>	<b>-</b>	<b>260</b>

(thousands of options and units)	Stock Options	RSUs	DSUs	Total
Outstanding, January 1, 2024	408	406	47	861
Granted	455	289	11	755
Exercised	(3)	(126)	(27)	(156)
Forfeited	(238)	(166)	-	(404)
Expired	(86)	(5)	-	(91)
<b>Outstanding, December 31, 2024</b>	<b>536</b>	<b>398</b>	<b>31</b>	<b>965</b>
<b>Exercisable, December 31, 2024</b>	<b>112</b>	<b>51</b>	<b>12</b>	<b>175</b>

**Tidewater Midstream and Infrastructure Ltd.**

**Notes to the Consolidated Financial Statements**

**For the years ended December 31, 2025 and 2024**

The range of exercise prices and weighted average remaining contractual lives of Tidewater Midstream’s outstanding and exercisable stock options as at December 31, 2025 is summarized below:

Range of Exercise Prices (\$ per option)	Stock Options Outstanding			Stock Options Exercisable	
	Number of Stock Options Outstanding (000s)	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price (\$ per option)	Number of Stock Options Exercisable (000s)	Weighted Average Exercise Price (\$ per option)
3.80 - 6.00	477	3.9	3.91	4	5.60
6.01 - 12.00	11	3.2	11.60	4	11.60
12.01 - 18.00	318	3.2	17.00	106	17.00
18.01 - 24.00	90	2.3	21.68	72	21.85
24.01 - 30.20	34	0.7	27.87	34	27.87
<b>Total</b>	<b>930</b>	<b>3.4</b>	<b>11.07</b>	<b>220</b>	<b>19.97</b>

The weighted average fair values of Tidewater Midstream’s options granted is estimated at the date of grant using the Black-Scholes option pricing model, including the following assumptions:

	2025	2024
Volatility factor of expected market price	<b>80%</b>	42%
Annual risk-free interest rate	<b>2.81%</b>	3.93%
Expected life (years)	<b>3.00</b>	3.00
Expected annual dividend per share	<b>0.00%</b>	0.00%
Forfeiture rate	<b>15.56%</b>	11.98%
Fair value per option	\$ <b>2.05</b>	\$ 5.44

**b) PSU plan**

As at December 31, 2025, Tidewater Midstream had \$0.4 million PSU’s outstanding (December 31, 2024 - \$0.8 million).

**c) Share-based compensation expense**

	2025	2024
Stock options	\$ <b>1.2</b>	\$ 1.0
RSUs	<b>1.8</b>	1.6
DSUs	<b>0.2</b>	0.3
PSUs	<b>0.2</b>	0.3
ESPP	<b>0.9</b>	1.8
Plan costs and other	<b>0.2</b>	0.2
Tidewater Midstream share-based compensation expense	<b>4.5</b>	5.2
Tidewater Renewables share-based compensation expense <sup>(1)</sup>	<b>0.7</b>	(0.2)
<b>Total share-based compensation expense</b>	\$ <b>5.2</b>	\$ 5.0

(1) At December 31, 2025, Tidewater Renewables had 422 thousand stock options, 520 thousand RSUs, 128 thousand DSUs and \$NIL PSUs outstanding (December 31, 2024 - 268 thousand stock options, 125 thousand RSUs, 55 thousand DSUs and \$0.1 million PSUs outstanding).

## Tidewater Midstream and Infrastructure Ltd.

### Notes to the Consolidated Financial Statements For the years ended December 31, 2025 and 2024

#### 22. SUPPLEMENTAL CASH FLOWS INFORMATION

a) Changes in non-cash working capital from operating activities is as follows:

	2025	2024
Accounts receivable	\$ 19.3	\$ (11.3)
Prepaid expenses and other	(12.0)	6.2
Inventory	35.5	(11.8)
Accounts payable, accrued liabilities and provisions	25.9	(117.1)
<b>Change in non-cash working capital from operating activities</b>	<b>\$ 68.7</b>	<b>\$ (134.0)</b>

b) Changes in non-cash working capital from financing activities is as follows:

	2025	2024
Accounts payable, accrued liabilities and provisions	\$ 3.7	\$ 4.1
<b>Change in non-cash working capital from financing activities</b>	<b>\$ 3.7</b>	<b>\$ 4.1</b>

c) Changes in non-cash working capital from investing activities is as follows:

	2025	2024
Accounts receivable	\$ (3.0)	\$ -
Inventory	-	(0.1)
Accounts payable, accrued liabilities and provisions	(6.7)	(40.4)
<b>Change in non-cash working capital from investing activities</b>	<b>\$ (9.7)</b>	<b>\$ (40.5)</b>

#### 23. COMMITMENTS

In addition to the commitments disclosed elsewhere in the consolidated financial statements, the Corporation has assumed commitments in various transportation 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 <sup>(1)</sup>	More than five years <sup>(2)</sup>	Total
Firm transportation contracts	\$ 21.4	\$ 40.9	\$ 4.8	\$ 67.1

(1) \$18.3 million to be paid in 2027, \$17.5 million in 2028, \$4.3 million in 2029, and \$0.8 million in 2030.

(2) \$0.7 million to be paid annually in 2031 to 2035, \$0.5 million in 2036, \$0.3 million in 2037 and 2038, and \$0.2 million in 2039.

#### 24. CAPITAL MANAGEMENT

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

The Corporation considers its capital employed to be bank debt, second lien 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.

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, second lien debt and convertible debentures, less cash and cash equivalents.

## **25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Board of Directors has the overall responsibility for the establishment and oversight of the Corporation's risk management framework. The Board of Directors has implemented and monitors compliance with risk management policies. The Corporation's risk management policies are established to identify and analyze the risks faced by the Corporation, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions. The Corporation employs risk management strategies and policies to ensure that any exposures to risk are in compliance with the Corporation's business objectives and risk tolerance levels. While the Board of Directors has the overall responsibility for the Corporation's risk management framework, the Corporation's management has the responsibility to administer and monitor those risks.

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

At December 31, 2025, 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 second lien debt approximated fair value due to the use of floating interest rates.

At December 31, 2025, the fair value of the Corporation's 2024 Convertible Debentures was \$79.9 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.

The Corporation's accounts receivable balances are primarily from purchasers of refined product, natural gas processing fees charged to producers, and purchasers of crude oil, natural gas and NGLs. These purchasers include fuel retailers, producers, marketing and trading companies and financial institutions. The Corporation performs creditworthiness assessment on counterparties including financial status and external credit ratings. Depending on the outcome of each assessment, letters of credit, prepayments, or some other form of credit enhancement may be requested as security.

Accounts receivable balances related to marketing activities are generally settled with counterparties on the industry settlement date, which is typically in the month following the month in which the title transfers. For gas processing services, the Corporation generally invoices customers within 30 days and generally requires payment within 30 days of the invoice date. For sales of refined products, the Corporation generally invoices customers within 5 days and generally requires payment within 10 to 20 days of the invoice date. The Corporation reviews all outstanding accounts receivable balances on a monthly basis.

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 December 31, 2025, lifetime expected credit losses for accounts receivable outstanding were \$4.0 million (December 31, 2024 - \$3.0 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 Midstream*

On December 31, 2025, the Corporation had negative working capital of \$153.4 million, due to \$164.3 million of bank debt being current. Cash flow provided by operating activities was \$57.2 million for the year ended December 31, 2025. Subsequent to year-end, on March 23, 2026, Tidewater Midstream made several amendments to its Senior Credit Facility (note 10). As part of the amendments, Tidewater Midstream extended the maturity dates of the syndicated and operating components of the facility from September 12, 2026 to August 30, 2027.

Tidewater Midstream believes that it has access to sufficient capital through its net cash provided by operating activities, proceeds from the sale of BC LCFS emission credits, proceeds from the sale of non-core assets, and other sources of financing to meet its obligations and financial commitments and provide sufficient funding for anticipated capital expenditures. Tidewater Midstream expects it will have sufficient liquidity to meet its obligations as they come due.

*Tidewater Renewables*

Tidewater Renewables anticipates that net cash from operating activities, funds from its Senior Credit Facility and Second Lien Credit Facility, proceeds from the sale of emissions credits, and other financing sources will be sufficient to fulfill its financial commitments, obligations, and anticipated capital expenditures as they become due.

*Contractual maturities*

The following table details the contractual maturities of the Corporation’s financial liabilities as at December 31, 2025 and 2024:

	<b>December 31, 2025</b>		December 31, 2024	
	Less than one year	Greater than one year	Less than one year	Greater than one year
Accounts payable, accrued liabilities and provisions	\$ 216.8	\$ -	\$ 206.1	\$ -
Derivative contracts	1.6	1.6	37.5	3.7
Lease liabilities and other <sup>(1)</sup>	9.5	9.3	13.1	16.2
Bank debt <sup>(2)</sup>	165.8	130.9	15.0	287.7
Second lien debt <sup>(2)</sup>	-	183.9	-	175.0
Convertible debentures <sup>(2)</sup>	-	100.0	-	100.0
<b>Total financial liabilities</b>	<b>\$ 393.7</b>	<b>\$ 425.7</b>	<b>\$ 271.7</b>	<b>\$ 582.6</b>

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

(2) 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. The Corporation’s financial derivatives are governed through International Swaps and Derivatives Association (“ISDA”) master agreements and clearing brokerage agreements.

*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 continuously monitors interest rates and economic conditions. 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 December 31, 2025, the Corporation had variable rate bank debt (note 10) totalling \$296.7 million (December 31, 2024 - \$302.7 million). A 1% change in the interest rates on bank debt would have an after-tax impact on net loss of \$2.3 million for the year ended December 31, 2025 (December 31, 2024 - \$2.3 million).

*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). The Corporation continuously monitors exchange rate trends and economic conditions. As at December 31, 2025, net working capital and derivative contract balances denominated in USD were \$0.3 million (December 31, 2024 - \$32.2 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 \$NIL for the year ended December 31, 2025 (December 31, 2024 - \$1.8 million).

*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's commodity price risk management policies are designed to help ensure that its hedging activities address its risks by monitoring its derivative positions, as well as physical volumes, grades, locations, and storage capacity. These include crude oil feedstock, renewable and low carbon fuel feedstocks, refined product sales, natural gas purchases and related sales, NGL purchases for fractionation and related sales of the resulting products (including ethane, propane, butane and condensate), and power (to hedge a portion of the Corporation's power supply requirements at its facilities). 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 \$0.6 million for the year ended December 31, 2025 (December 31, 2024 - \$7.5 million).

*Warrant liability risk*

Tidewater Renewables' warrants are classified as a financial liability due to the cashless exercise feature. They are measured at their fair value upon issuance and at each subsequent reporting period. A 10% change in the Corporation's share price would have an after-tax impact on net loss of \$0.7 million for the year ended December 31, 2025 (December 31, 2024 - \$NIL).

**e) Legal claims**

Tidewater is involved in a limited number of legal claims which arise in the normal course of business. The final outcome of such claims cannot be predicted with certainty and could have a material effect on the consolidated financial statements. However, Tidewater believes that the likelihood of being required to make material payments as a result of these legal claims is remote.

**Tidewater Midstream and Infrastructure Ltd.****Notes to the Consolidated Financial Statements****For the years ended December 31, 2025 and 2024**

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**26. KEY MANAGEMENT COMPENSATION**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the corporation. Key management personnel includes directors, officers and executive vice-presidents. Key management personnel compensation is comprised of the following:

		<b>2025</b>		2024
Salaries and other short-term benefits	\$	<b>4.1</b>	\$	4.2
Share based compensation		<b>2.8</b>		0.3
Termination benefits		-		3.0
Total key management personnel compensation	\$	<b>6.9</b>	\$	7.5