



TIDEWATER
Midstream and Infrastructure Ltd.

Condensed Interim Consolidated Financial Statements

For the three month period ended March 31, 2026

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

As at	Notes	March 31, 2026	December 31, 2025
Assets			
Current			
Cash and cash equivalents		\$ -	\$ 1.1
Accounts receivable		163.6	120.0
Derivative contracts		0.4	-
Inventory and emission credits	4	139.0	96.6
Prepaid expenses and other		25.8	26.0
Total current assets		328.8	243.7
Prepaid expenses and other		1.3	2.4
Investments		43.6	39.0
Right-of-use assets		13.3	14.7
Inventory	4	5.5	5.2
Property, plant and equipment	5	772.1	796.1
Deferred tax asset		1.2	4.2
Total assets		\$ 1,165.8	\$ 1,105.3
Liabilities			
Current			
Accounts payable, accrued liabilities and provisions	6	\$ 272.6	\$ 216.8
Derivative contracts		28.9	1.6
Warrant liability		10.4	5.1
Bank debt	7	42.6	164.3
Lease liabilities and other		8.1	9.3
Total current liabilities		362.6	397.1
Bank debt	7	253.0	129.9
Second lien debt	8	172.9	171.2
Convertible debentures		92.2	91.7
Derivative contracts		1.7	1.6
Decommissioning obligations		79.4	88.4
Lease liabilities and other		7.3	8.3
Total liabilities		969.1	888.2
Equity			
Attributable to shareholders		156.5	182.2
Attributable to non-controlling interest		40.2	34.9
Total equity		196.7	217.1
Total liabilities and equity		\$ 1,165.8	\$ 1,105.3

See the accompanying notes to the condensed interim consolidated financial statements

Tidewater Midstream and Infrastructure Ltd.

Condensed Interim Consolidated Statements of Net Loss and Comprehensive Loss

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

	Notes	Three months ended March 31, 2026		Three months ended March 31, 2025	
Revenue	10	\$	385.6	\$	309.9
Operating expenses			327.6		306.3
Gross margin			58.0		3.6
General and administrative			9.2		6.8
Share-based compensation			1.1		1.3
Depreciation			14.8		15.0
Operating income (loss)			32.9		(19.5)
Finance costs and other	12		15.6		16.7
Realized loss on derivative contracts			4.3		6.5
Unrealized loss (gain) on derivative contracts			32.3		(4.5)
Loss on sale of assets			3.7		0.1
Income from equity investments			(4.6)		(6.6)
Transaction costs			-		0.2
Loss before income tax			(18.4)		(31.9)
Deferred income tax expense			3.4		-
Net loss and comprehensive loss		\$	(21.8)	\$	(31.9)
Net (loss) income and comprehensive (loss) income attributable to:					
Shareholders			(27.1)		(31.8)
Non-controlling interest			5.3		(0.1)
Net loss and comprehensive loss		\$	(21.8)	\$	(31.9)
Net loss per share attributable to shareholders:					
Basic and diluted	9(c)	\$	(1.25)	\$	(1.48)

See the accompanying notes to the condensed interim consolidated financial statements

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

(Unaudited, millions of Canadian dollars)

	Notes	Attributable to Shareholders of the Corporation			Non-controlling interest	Total equity
		Share capital	Equity reserves	Deficit		
Balance, January 1, 2026		\$ 544.0	\$ 29.9	\$ (391.7)	\$ 34.9	217.1
Net (loss) income		-	-	(27.1)	5.3	(21.8)
Issuance of common shares	9(b)	0.3	(0.3)	-	-	-
Share-based compensation, adjusted for deferred tax on share-based awards		-	1.4	-	-	1.4
Balance, March 31, 2026		\$ 544.3	\$ 31.0	\$ (418.8)	\$ 40.2	196.7
Balance, January 1, 2025		\$ 543.5	\$ 26.6	\$ (279.5)	\$ 42.4	333.0
Net loss		-	-	(31.8)	(0.1)	(31.9)
Issuance of common shares		0.1	(0.1)	-	-	-
Share-based compensation		-	0.8	-	-	0.8
Tidewater Renewables Ltd. issuance of common shares		-	-	-	0.1	0.1
Disposal of interest in RNG Partnership		-	-	-	(6.5)	(6.5)
Balance, March 31, 2025		\$ 543.6	\$ 27.3	\$ (311.3)	\$ 35.9	295.5

See the accompanying notes to the condensed interim consolidated financial statements

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

	Notes	Three months ended March 31, 2026	Three months ended March 31, 2025
Cash provided by (used in):			
Operating activities			
Net loss		\$ (21.8)	\$ (31.9)
Adjustments:			
Non-cash share-based compensation		1.1	0.8
Depreciation		14.8	15.0
Interest and finance charges	12	10.2	11.5
Accretion and other	12	5.2	5.5
Unrealized loss on foreign exchange		0.4	-
Unrealized loss (gain) on derivative contracts		32.3	(4.5)
Loss on sale of assets		3.7	0.1
Income from equity investments		(4.6)	(6.6)
Deferred income tax expense		3.4	-
Decommissioning costs incurred		(1.4)	(0.8)
Changes in non-cash operating working capital		(37.2)	(3.8)
Net cash provided by (used in) operating activities		6.1	(14.7)
Financing activities			
Advances of bank debt		1.3	4.0
Payment of lease liabilities and other		(2.9)	(3.8)
Interest and financing charges paid		(11.1)	(11.9)
Changes in non-cash financing working capital		3.5	4.6
Net cash used in financing activities		(9.2)	(7.1)
Investing activities			
Expenditures on property, plant and equipment	5	(3.1)	(3.6)
Proceeds from capital emission credit sales		-	1.3
Proceeds from sales of assets		0.1	32.2
Changes in non-cash investing working capital		5.0	(8.1)
Net cash provided by investing activities		2.0	21.8
Decrease in cash and cash equivalents		(1.1)	-
Cash and cash equivalents, beginning of period		1.1	0.1
Cash and cash equivalents, end of period		\$ -	\$ 0.1

See the accompanying notes to the condensed interim consolidated financial statements

Tidewater Midstream and Infrastructure Ltd.

Notes to the Interim Financial Statements

For the three month period ended March 31, 2026 and 2025

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

1. REPORTING ENTITY

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

These condensed interim consolidated financial statements (“Interim Financial Statements”) include the results of Tidewater Midstream, its subsidiary companies, partnerships and joint arrangements as at and for the three months ended March 31, 2026.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

These Interim Financial Statements are in compliance with IAS® Standards 34 “Interim Financial Reporting”, as issued by the International Accounting Standards Board (“IASB”). The accounting policies applied are in accordance with IFRS® Accounting Standards as issued by the IASB, are consistent with the Corporation’s consolidated financial statements as at and for the year ended December 31, 2025 (“Consolidated Financial Statements”) and should be read in conjunction with those Consolidated Financial Statements. The Interim Financial Statements were approved and authorized for issuance by Tidewater’s Board of Directors on May 6, 2026.

3. NEW ACCOUNTING POLICY

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

On January 1, 2026, Tidewater adopted the amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* as issued by the IASB relating to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets. There was not a material impact to Tidewater’s financial statements.

4. INVENTORY AND EMISSION CREDITS

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

	March 31, 2026	December 31, 2025
Feedstocks	\$ 25.7	\$ 19.7
Refined products	38.0	20.4
Materials and supplies	9.8	9.9
Marketing inventory	13.1	8.6
Operating emission credits	49.4	35.4
Capital emission credits	3.0	2.6
Total current inventory and emission credits	139.0	96.6
Long-term inventory	5.5	5.2
Total inventory and emission credits	\$ 144.5	\$ 101.8

Tidewater Midstream and Infrastructure Ltd.
Notes to the Interim Financial Statements
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(Tabular amounts stated in millions of Canadian dollars, except as noted)

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is comprised of the following:

	Plant and infrastructure	Assets under construction	Total
Cost			
Balance, January 1, 2026	\$ 1,497.1	\$ 7.9	\$ 1,505.0
Additions	-	3.1	3.1
Capital emission credits awarded	-	(1.0)	(1.0)
Completed projects	1.1	(1.1)	-
Disposals	(18.0)	-	(18.0)
Decommissioning asset	(9.3)	-	(9.3)
Balance, March 31, 2026	\$ 1,470.9	\$ 8.9	\$ 1,479.8
Accumulated Depreciation and Impairment			
Balance, January 1, 2026	\$ 708.9	\$ -	\$ 708.9
Depreciation	13.0	-	13.0
Disposals	(14.2)	-	(14.2)
Balance, March 31, 2026	\$ 707.7	\$ -	\$ 707.7
Net book value			
December 31, 2025	\$ 788.2	\$ 7.9	\$ 796.1
March 31, 2026	\$ 763.2	\$ 8.9	\$ 772.1

6. ACCOUNTS PAYABLE, ACCRUED LIABILITIES AND PROVISIONS

	March 31, 2026	December 31, 2025
Trade and accrued payables	\$ 193.8	\$ 154.0
Deferred revenue	14.7	12.0
Interest payable	10.7	7.3
Emission liabilities and provisions	24.2	14.6
Government grant	21.0	21.0
Current portion of decommissioning obligation	8.2	7.9
Total accounts payable, accrued liabilities and provisions	\$ 272.6	\$ 216.8

Deferred revenue

As at March 31, 2026, the Corporation had deferred revenue of \$14.7 million, of which \$13.6 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 second quarter of 2026.

Tidewater Midstream and Infrastructure Ltd.
Notes to the Interim Financial Statements
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(Tabular amounts stated in millions of Canadian dollars, except as noted)

7. BANK DEBT

The following table summarizes the Corporation's bank debt:

	March 31, 2026	December 31, 2025
Tidewater Midstream Senior Credit Facility	\$ 275.2	\$ 274.4
Tidewater Renewables Senior Credit Facility	22.9	22.3
Financing costs	(2.5)	(2.5)
Total bank debt	\$ 295.6	\$ 294.2
Current portion, net of financing costs	42.6	164.3
Long-term portion, net of financing costs	253.0	129.9

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 8) are not cross-collateralized, are not subject to cross defaults, nor are Tidewater Midstream and Tidewater Renewables consolidated for the purposes of covenant testing or availability.

Tidewater Midstream

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

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

(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.

Tidewater Midstream is required to maintain certain deconsolidated financial covenants. The calculations for each of these ratios are based on specific definitions in the agreements governing the Tidewater Midstream Senior Credit Facility, are not in accordance with GAAP, and cannot be directly calculated by referring to the Corporation's consolidated financial statements. At March 31, 2026, Tidewater Midstream was in compliance with its financial covenants.

The following table summarizes Tidewater Midstream's deconsolidated financial covenants as at March 31, 2026:

	Ratio	March 31, 2026
Deconsolidated debt to adjusted EBITDA ⁽¹⁾	Maximum 4.50:1	3.52
Deconsolidated first lien senior debt ⁽²⁾ to adjusted EBITDA	Maximum 4.50:1	3.52
Adjusted EBITDA to interest coverage	Minimum 2.00:1	2.96

(1) Deconsolidated debt includes the syndicated, operating, and term facilities under the Tidewater Midstream Senior Credit Facility and excludes the Tidewater Renewables Senior Credit Facility, second lien credit facility, and convertible debentures.

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

Tidewater Midstream and Infrastructure Ltd.
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At March 31, 2026, Tidewater Midstream had \$25.5 million (December 31, 2025 - \$38.0 million) of letters of credit outstanding, which operate under a separate facility.

Tidewater Renewables

The Tidewater Renewables Senior Credit Facility has a maturity date of February 28, 2027.

Tidewater Renewables is required to maintain certain financial covenants. The calculations for each of these ratios are based on specific definitions in the agreements governing the Tidewater Renewables' Senior Credit Facility and the second lien credit facility, are not in accordance with GAAP, and cannot be directly calculated by referring to Tidewater Renewables' financial statements. At March 31, 2026, Tidewater Renewables was in compliance with its financial covenants.

The following table summarizes Tidewater Renewables' Senior Credit Facility and the second lien credit facility (note 8) financial covenants as at March 31, 2026:

	Ratio	March 31, 2026
Tidewater Renewables debt to adjusted EBITDA ⁽¹⁾⁽²⁾	Maximum 4.50:1	2.19
Adjusted EBITDA to interest coverage ⁽²⁾	Minimum 2.50:1	6.46

(1) Debt to adjusted EBITDA ratio for the fiscal quarter ending June 30, 2026, not greater than 4:00:1, fiscal quarter ending September 30, 2026, not greater than 3.50:1, for fiscal quarter ending December 31, 2026 and beyond, not greater than 3.00:1.

(2) Adjusted EBITDA for 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. Interest is to be calculated on a trailing twelve-month basis.

8. SECOND LIEN CREDIT FACILITY

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

	March 31, 2026	December 31, 2025
Second Lien Credit Facility	\$ 183.9	\$ 183.9
Discount ⁽¹⁾	(11.0)	(12.7)
Total Second Lien Credit Facility	\$ 172.9	\$ 171.2
Current portion, net of discount	-	-
Long-term portion, net of discount	\$ 172.9	\$ 171.2

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

At March 31, 2026, Tidewater Renewables was in compliance with its financial covenants (note 7).

9. EQUITY ATTRIBUTABLE TO SHAREHOLDERS

a) 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.

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 financial statements have been adjusted retrospectively to reflect the share consolidation.

Tidewater Midstream and Infrastructure Ltd.

Notes to the Interim Financial Statements

For the three month period ended March 31, 2026 and 2025

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

b) Issued and outstanding common shares

As at March 31, 2026, Tidewater had 21.8 million common shares outstanding with a carrying value of \$544.3 million (December 31, 2025 - 21.7 million outstanding common shares with a carrying value of \$544.0 million).

c) Net loss per share

	Three months ended March 31, 2026			Three months ended March 31, 2025		
	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	\$ (27.1)	21.7	\$ (1.25)	\$ (31.8)	21.6	\$ (1.48)

For the three months ended March 31, 2026, 1.7 million share awards (March 31, 2025 - 1.7 million) and 11.9 million shares related to convertible debentures (March 31, 2025 - 19.5 million) were excluded from the weighted-average share calculations as they were anti-dilutive.

10. REVENUE

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

	Three months ended March 31, 2026	Three months ended March 31, 2025
Conventional gasoline and diesel	\$ 120.6	\$ 96.6
NGL and crude oil marketing	161.5	142.0
Renewable fuels ⁽¹⁾	75.9	31.0
Emission credits	2.6	14.0
Fee for service ⁽²⁾	16.9	19.7
Other refined products ⁽³⁾	5.0	6.1
Other ⁽⁴⁾	3.1	0.5
Total revenue	\$ 385.6	\$ 309.9

(1) Beginning in the second quarter of 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.

11. GOVERNMENT GRANT

For the three months ended March 31, 2026, the Corporation recognized \$6.1 million of expected proceeds to be received from the Government of Canada's biofuels production incentive as a recovery of operating expenses.

Tidewater Midstream and Infrastructure Ltd.

Notes to the Interim Financial Statements

For the three month period ended March 31, 2026 and 2025

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

12. FINANCE COSTS AND OTHER

Finance costs and other are comprised of the following:

	Three months ended March 31, 2026	Three months ended March 31, 2025
Interest on bank debt, second lien debt and convertible debentures	\$ 10.2	\$ 11.5
Foreign exchange loss (gain) and other	0.2	(0.3)
Total finance costs and other before accretion	\$ 10.4	\$ 11.2
Unwinding of discount on decommissioning obligations	2.0	2.0
Unwinding of discount on long-term debt	3.0	2.9
Unwinding of discount on lease liabilities	0.2	0.6
Total accretion	5.2	5.5
Total finance costs and other	\$ 15.6	\$ 16.7

13. COMMITMENTS

In addition to the commitments disclosed elsewhere in the Interim 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	More than five years	Total
Firm transportation contracts	\$ 21.2	\$ 36.9	\$ 4.7	\$ 62.8

14. CAPITAL MANAGEMENT

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

The Corporation considers its capital employed to be bank debt, 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, other than covenants (note 7) on its bank debt and second lien debt.

The Corporation also monitors its capital structure based on consolidated net debt to adjusted EBITDA. This metric measures the Corporation's financial leverage. Consolidated net debt is defined as bank debt, second lien debt and convertible debentures, less cash and cash equivalents.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Fair value of financial instruments

At March 31, 2026, 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 March 31, 2026, the fair value of the Corporation's convertible debentures was \$88.0 million using quoted market prices on the TSX.

b) Credit risk

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

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 March 31, 2026, lifetime expected credit losses for accounts receivable outstanding were \$4.0 million (December 31, 2025 - \$4.0 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 believes that it has access to sufficient capital through its net cash provided by operating activities, funds from its Senior Credit Facilities, proceeds from the sale of 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 expects it will have sufficient liquidity to meet its obligations as they come due.

Contractual maturities

The following table details the contractual maturities of the Corporation's financial liabilities as at March 31, 2026 and December 31, 2025:

	March 31, 2026		December 31, 2025	
	Less than one year	Greater than one year	Less than one year	Greater than one year
Accounts payable, accrued liabilities and provisions	\$ 272.6	\$ -	\$ 216.8	\$ -
Derivative contracts	28.9	1.7	1.6	1.6
Lease liabilities and other ⁽¹⁾	8.3	8.3	9.5	9.3
Bank debt ⁽²⁾	42.9	255.2	165.8	130.9
Second lien debt ⁽²⁾	-	183.9	-	183.9
Convertible debentures ⁽²⁾	-	100.0	-	100.0
Total financial liabilities	\$ 352.7	\$ 549.1	\$ 393.7	\$ 425.7

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

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

Tidewater Midstream and Infrastructure Ltd.

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

d) Market risk

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

Interest rate risk

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

At March 31, 2026, the Corporation had variable rate bank debt (note 7) totalling \$298.1 million. A 1% change in the interest rates on bank debt would have an after-tax impact on net loss of approximately \$0.6 million for the three months ended March 31, 2026.

Foreign currency exchange rate risk

Foreign currency risk is the risk that the value of future cash flows will fluctuate as a result of changes in foreign currency exchange rates. The Corporation's foreign currency risk arises from certain working capital balances denominated in United States Dollars (USD). As at March 31, 2026, net working capital and derivative contract balances denominated in USD were \$9.8 million. A 5% change in foreign exchange rates between the USD and the Canadian Dollar would have an after-tax impact on net loss of approximately \$0.5 million for the three months ended March 31, 2026.

Commodity price risk

Commodity price risk is the risk that the fair value of a commodity derivative will fluctuate because of changes in market prices. In the normal course of operations, the Corporation purchases and sells various commodities and uses derivatives to protect its revenue and operating costs from price fluctuations. The Corporation is subject to price risk through these derivative contract assets and liabilities. A 10% change in prices for the underlying commodities, related to the Corporation's derivative contracts, would have an after-tax impact on net loss of \$11.4 million for the three months ended March 31, 2026.