



Condensed Interim Consolidated Financial Statements

For the three and nine month periods ended September 30, 2025

Tidewater Renewables Ltd.
Condensed Interim Consolidated Statements of Financial Position

(Unaudited, thousands of Canadian dollars)

As at	Notes	September 30, 2025	December 31, 2024
Assets			
Current			
Cash and cash equivalents		\$ 2,042	\$ 44
Accounts receivable		7,126	13,916
Inventory and emission credits	3	50,653	42,225
Prepaid expenses and other		1,036	3,366
Assets held for sale	4(b)	-	14,346
Total current assets		60,857	73,897
Investments		46,443	35,430
Right-of-use assets		6,655	10,832
Property, plant and equipment	4(a)	284,496	286,367
Total assets		\$ 398,451	\$ 406,526
Liabilities			
Current			
Accounts payable, accrued liabilities and provisions		\$ 19,523	\$ 25,041
Deferred revenues	3	11,667	-
Derivative contracts		3,568	29,142
Lease liabilities		6,108	6,984
Warrant liability		6,401	233
Total current liabilities		47,267	61,400
Senior credit facility	5	9,735	20,273
Second lien credit facility	6	169,512	160,033
Lease liabilities		1,412	5,692
Provisions		1,443	1,357
Total liabilities		229,369	248,755
Equity			
Attributable to shareholders		169,082	151,271
Attributable to non-controlling interest		-	6,500
Total equity		169,082	157,771
Total liabilities and equity		\$ 398,451	\$ 406,526

See the accompanying notes to the condensed interim consolidated financial statements

Tidewater Renewables Ltd.
Condensed Interim Consolidated Statements of Net (Loss) Income and Comprehensive (Loss) Income

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

			Three months ended September 30,		Nine months ended September 30,	
	Notes		2025	2024	2025	2024
Revenue	8	\$	62,004	\$ 91,625	\$ 193,284	\$ 350,102
Operating expenses			49,401	63,243	158,575	246,407
Gross margin			12,603	28,382	34,709	103,695
General and administrative			1,331	1,893	3,952	6,965
Share-based compensation			104	394	659	281
Depreciation			5,654	5,610	13,471	24,508
Operating income			5,514	20,485	16,627	71,941
Finance costs and other	9		5,613	13,483	16,243	33,138
Realized loss on derivative contracts			2,778	13,876	13,301	31,899
Unrealized gain on derivative contracts			(2,414)	(13,268)	(25,573)	(13,585)
Loss (gain) on warrant liability revaluation			3,412	(1,770)	6,168	(2,715)
Loss on sale of assets			-	491,028	-	491,028
Impairment expense			-	801	-	801
(Income) loss from equity investments			(2,901)	664	(11,013)	(797)
Transaction costs			-	1,532	194	1,537
(Loss) income before income tax			(974)	(485,861)	17,307	(469,365)
Deferred income tax recovery			-	(118,745)	-	(114,904)
Net (loss) income and comprehensive (loss) income		\$	(974)	\$ (367,116)	\$ 17,307	\$ (354,461)
Net (loss) income per share:						
Basic	7(b)	\$	(0.03)	\$ (10.46)	\$ 0.48	\$ (10.15)
Diluted	7(b)	\$	(0.03)	\$ (10.46)	\$ 0.47	\$ (10.15)

See the accompanying notes to the condensed interim consolidated financial statements

Tidewater Renewables Ltd.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Unaudited, thousands of Canadian dollars)

	Notes	Attributable to Shareholders of the Corporation			Non-controlling interest	Total equity
		Share capital	Equity reserves	Deficit		
Balance, January 1, 2025		\$ 517,527	\$ 3,904	\$ (370,160)	\$ 6,500	\$ 157,771
Net income and comprehensive income		-	-	17,307	-	17,307
Issuance of common shares	7(a)	103	(103)	-	-	-
Share-based compensation		-	504	-	-	504
Disposal of interest in RNG Partnership	4(b)	-	-	-	(6,500)	(6,500)
Balance, September 30, 2025		\$ 517,630	\$ 4,305	\$ (352,853)	\$ -	\$ 169,082
Balance, January 1, 2024		\$ 513,043	\$ 5,898	\$ (12,314)	\$ 6,500	\$ 513,127
Net loss and comprehensive loss		-	-	(354,461)	-	(354,461)
Issuance of common shares		4,428	(788)	-	-	3,640
Share-based compensation		-	684	-	-	684
Balance, September 30, 2024		\$ 517,471	\$ 5,794	\$ (366,775)	\$ 6,500	\$ 162,990

See the accompanying notes to the condensed interim consolidated financial statements

Tidewater Renewables Ltd.
Condensed Interim Consolidated Statements of Cash Flows

(Unaudited, thousands of Canadian dollars)

		Three months ended September 30,		Nine months ended September 30,	
	Notes	2025	2024	2025	2024
Cash provided by (used in):					
Operating activities					
Net (loss) income		\$ (974)	\$ (367,116)	\$ 17,307	\$ (354,461)
Adjustments:					
Non-cash share-based compensation		71	460	504	684
Depreciation		5,654	5,610	13,471	24,508
Interest and finance charges	9	3,585	5,877	11,119	22,522
Accretion and other	9	2,039	3,594	5,598	7,529
Unrealized loss on investments		-	4,442	-	2,094
Unrealized loss (gain) on foreign exchange	9	161	(187)	(381)	385
Unrealized gain on derivative contracts		(2,414)	(13,268)	(25,573)	(13,585)
Loss (gain) on warrant liability revaluation		3,412	(1,770)	6,168	(2,715)
Loss on sale of assets		-	491,028	-	491,028
Impairment expense		-	801	-	801
(Income) loss from equity investment		(2,901)	664	(11,013)	(797)
Deferred income tax recovery		-	(118,745)	-	(114,904)
Changes in non-cash operating working capital		5,015	(8,256)	16,977	12,997
Net cash provided by operating activities		13,648	3,134	34,177	76,086
Financing activities					
Repayment of senior credit facility		(5,031)	(135,035)	(10,896)	(163,427)
Payment of lease liabilities		(1,723)	(1,748)	(5,246)	(5,250)
Interest and financing charges paid		(3,585)	(5,877)	(11,119)	(22,522)
Changes in non-cash financing working capital		2,826	1,117	2,468	4,415
Net cash used in financing activities		(7,513)	(141,543)	(24,793)	(186,784)
Investing activities					
Expenditures on property, plant and equipment	4(a)	(5,619)	(1,443)	(10,114)	(15,771)
Proceeds from capital emission credit sales		-	2,412	1,300	35,975
Receipt of government grant		-	208	-	1,966
Proceeds from sale of assets	4(b)	-	138,291	7,846	138,291
Contributions to investments		-	-	-	(2,094)
Changes in non-cash investing working capital		1,324	(3,025)	(6,418)	(47,769)
Net cash (used in) provided by investing activities		(4,295)	136,443	(7,386)	110,598
Increase (decrease) in cash and cash equivalents		1,840	(1,966)	1,998	(100)
Cash and cash equivalents, beginning of period		202	1,971	44	105
Cash and cash equivalents, end of period		\$ 2,042	\$ 5	\$ 2,042	\$ 5

See the accompanying notes to the condensed interim consolidated financial statements

Tidewater Renewables Ltd.

Notes to the Interim Financial Statements

For the three and nine month periods ended September 30, 2025 and 2024

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

1. REPORTING ENTITY

Tidewater Renewables Ltd. (the “Corporation” or “Tidewater Renewables”) was incorporated under the Alberta Business Corporations Act (Alberta) on May 11, 2021 and is a majority-owned subsidiary of Tidewater Midstream and Infrastructure Ltd. (“Tidewater Midstream”). The Corporation’s common shares trade on the Toronto Stock Exchange (“TSX”) under the symbol “LCFS”. The Corporation’s principal place of business is Suite 900, 222 – 3rd Ave SW, Calgary, Alberta, Canada, T2P 0B4.

The Corporation is focused on the production of low carbon fuels. The Corporation manages the operations of its hydrogen-derived renewable diesel (“HDRD”) Complex including the acquisition of feedstock, its production schedule and the marketing of renewable fuels. Through the production and sale of renewable fuels, the Corporation generates operating emission credits, including the British Columbia low carbon fuel credits (“BC LCFS”) and the Canadian clean fuel regulations (“CFR”) credits, which are sold to various counterparties.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

These condensed interim consolidated 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, 2024 and should be read in conjunction with those consolidated financial statements. The condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors on November 12, 2025.

3. INVENTORY AND EMISSION CREDITS

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

	September 30, 2025	December 31, 2024
Renewable feedstocks	\$ 11,964	\$ 12,294
Renewable refined products	5,133	7,322
Operating emission credits	30,963	21,309
Capital emission credits	2,593	1,300
Total inventory and emission credits	\$ 50,653	\$ 42,225

As at September 30, 2025, the Corporation had commitments to transfer control of operating emission credits to customers. The Corporation received payment and recognized deferred revenues of \$11.7 million for these commitments. Revenue will be recognized when the credits are transferred in the fourth quarter of 2025.

Tidewater Renewables Ltd.**Notes to the Interim Financial Statements****For the three and nine month periods ended September 30, 2025 and 2024**

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

4. PROPERTY, PLANT AND EQUIPMENT**a) Property, plant and equipment is comprised of the following:**

	Plant and infrastructure	Assets under construction	Total
Cost			
Balance, January 1, 2025	\$ 298,822	\$ 628	\$ 299,450
Additions	-	10,114	10,114
Capital emission credits awarded	-	(2,593)	(2,593)
Disposals	(4,369)	-	(4,369)
Balance, September 30, 2025	\$ 294,453	\$ 8,149	\$ 302,602
Accumulated Depreciation			
Balance, January 1, 2025	\$ 13,083	\$ -	\$ 13,083
Depreciation	9,301	-	9,301
Disposals	(4,278)	-	(4,278)
Balance, September 30, 2025	\$ 18,106	\$ -	\$ 18,106
Net book value			
December 31, 2024	\$ 285,739	\$ 628	\$ 286,367
September 30, 2025	\$ 276,347	\$ 8,149	\$ 284,496

b) 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 total proceeds of \$7.8 million, of which \$4.7 million was received on close and a further \$3.1 million is expected to be received upon the satisfaction of certain post-closing conditions on or before December 30, 2025.

Total proceeds	\$ 7,846
Net assets sold	(14,346)
Non-controlling interest derecognized as result of the sale	6,500
Gain on sale of RNG Partnership	\$ -

Tidewater Renewables Ltd.**Notes to the Interim Financial Statements****For the three and nine month periods ended September 30, 2025 and 2024**

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

5. SENIOR CREDIT FACILITY

The following table summarizes the Corporation's Senior Credit Facility:

	September 30, 2025	December 31, 2024
Senior Credit Facility	\$ 10,000	\$ 20,896
Financing costs	(265)	(623)
Total Senior Credit Facility	\$ 9,735	\$ 20,273
Current portion, net of financing costs	-	-
Long-term portion, net of financing costs	\$ 9,735	\$ 20,273

On March 26, 2025, the Corporation amended its Senior Credit Facility 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 the Corporation will be required to maintain certain financial covenants on an annualized basis.

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

6. SECOND LIEN CREDIT FACILITY

The following table summarizes the Corporation's Second Lien Credit Facility:

	September 30, 2025	December 31, 2024
Second Lien Credit Facility	\$ 183,930	\$ 175,000
Discount ⁽¹⁾	(14,418)	(14,967)
Total Second Lien Credit Facility	\$ 169,512	\$ 160,033
Current portion, net of discount	-	-
Long-term portion, net of discount	\$ 169,512	\$ 160,033

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

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

- increased the tranche C second lien credit facility (the "Tranche C Facility") by \$10.0 million to \$43.0 million for the purpose of refinancing the Senior Credit Facility in certain circumstances;
- the Corporation 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 the Corporation 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.

Tidewater Renewables Ltd.**Notes to the Interim Financial Statements****For the three and nine month periods ended September 30, 2025 and 2024**

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

7. EQUITY ATTRIBUTABLE TO SHAREHOLDERS**a) Issued and outstanding common shares**

As at September 30, 2025, the Corporation had 36.4 million common shares outstanding with a carrying value of \$517.6 million (December 31, 2024 - 36.4 million outstanding common shares with a carrying value of \$517.5 million).

b) Net (loss) income per share

	Three months ended September 30, 2025			Three months ended September 30, 2024		
	Net loss	Common shares (000s)	Net loss per share	Net loss	Common shares (000s)	Net loss per share
Net loss - basic and diluted	\$ (974)	36,412	\$ (0.03)	\$ (367,116)	35,109	\$ (10.46)

For the three months ended September 30, 2025, 1.0 million share awards (September 30, 2024 - 1.2 million) and 4.4 million warrants (September 30, 2024 - 4.4 million) were excluded from the weighted-average share calculations as they were anti-dilutive.

	Nine months ended September 30, 2025			Nine months ended September 30, 2024		
	Net income	Common shares (000s)	Net income per share	Net loss	Common shares (000s)	Net loss per share
Net income - basic	\$ 17,307	36,404	\$ 0.48	\$ (354,461)	34,912	\$ (10.15)
Dilutive effect of share awards	-	690	(0.01)	-	-	-
Net income - diluted	\$ 17,307	37,094	\$ 0.47	\$ (354,461)	34,912	\$ (10.15)

For the nine months ended September 30, 2025, 0.2 million share awards (September 30, 2024 - 1.6 million) and 4.4 million warrants (September 30, 2024 - 4.4 million) were excluded from the weighted-average share calculations as they were anti-dilutive.

Tidewater Renewables Ltd.

Notes to the Interim Financial Statements

For the three and nine month periods ended September 30, 2025 and 2024

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

8. 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 September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Renewable diesel ⁽¹⁾	\$ 48,410	\$ 42,832	\$ 124,668	\$ 142,813
Emission credits	4,819	42,205	45,564	128,169
Blending fuels ⁽²⁾	8,775	2,421	23,052	51,700
Take-or-pay agreements	-	4,167	-	27,420
Total revenue	\$ 62,004	\$ 91,625	\$ 193,284	\$ 350,102

(1) For the three and nine months ended September 30, 2024, the Corporation recognized \$4.5 million and \$25.8 million in revenue related to the assets divested to Tidewater Midstream, respectively.

(2) The amount represents revenue from the conventional refined product portion of the blended fuels.

9. FINANCE COSTS AND OTHER

Finance costs and other are comprised of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Interest on senior credit facility and second lien credit facility	\$ 3,585	\$ 5,877	\$ 11,119	\$ 22,522
Total interest expense	3,585	5,877	11,119	22,522
Realized foreign exchange (gain) loss	(172)	(243)	(93)	608
Unrealized foreign exchange loss (gain)	161	(187)	(381)	385
Total finance costs and other before accretion	\$ 3,574	\$ 5,447	\$ 10,645	\$ 23,515
Unwinding of discount on decommissioning obligations	31	28	86	83
Unwinding of discount on long-term debt	1,879	3,333	5,041	6,669
Unwinding of discount on lease liabilities	129	233	471	777
Total accretion	2,039	3,594	5,598	7,529
Unrealized gain on investments	-	4,442	-	2,094
Total finance costs and other	\$ 5,613	\$ 13,483	\$ 16,243	\$ 33,138

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT
a) Fair value of financial instruments

At September 30, 2025, the fair value of cash and cash equivalents, accounts receivable, accounts payables, accrued liabilities and provisions approximated their carrying value due to their short-term maturity. The carrying value of the outstanding Senior Credit Facility and Second Lien Credit facility approximated its fair value due to the use of floating interest rates.

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 September 30, 2025, lifetime expected credit losses for accounts receivable outstanding were \$0.2 million (December 31, 2024 - \$0.2 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. The Corporation anticipates that its 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 September 30, 2025 and December 31, 2024:

	September 30, 2025		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	\$ 19,523	\$ -	\$ 25,041	\$ -
Derivative contracts	3,568	-	29,142	-
Lease liabilities ⁽¹⁾	6,273	1,586	7,193	6,315
Senior credit facility ⁽²⁾	-	10,000	-	20,896
Second lien credit facility ⁽²⁾	-	183,930	-	175,000
Total financial liabilities	\$ 29,364	\$ 195,516	\$ 61,376	\$ 202,211

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

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

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 Senior Credit Facility.

At September 30, 2025, the Corporation had a variable rate Senior Credit Facility (note 5) totalling \$10.0 million. A 1% change in the interest rates on the Senior Credit Facility would have an after-tax impact on net (loss) income of approximately \$0.1 million for the nine months ended September 30, 2025.

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 September 30, 2025, net working capital liabilities and derivative contract balances denominated in USD were \$1.0 million. A 5% change in foreign exchange rates between the USD and the Canadian Dollar would have an after-tax impact on net (loss) income of \$0.1 million for the nine months ended September 30, 2025.

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 may use derivatives to protect a portion of 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) income of \$1.2 million for the nine months ended September 30, 2025.

Warrant liability risk

The Corporation's 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) income of \$0.8 million for the nine months ended September 30, 2025.

Tidewater Renewables Ltd.**Notes to the Interim Financial Statements****For the three and nine month periods ended September 30, 2025 and 2024****(Tabular amounts stated in thousands of Canadian dollars, except as noted)****11. RELATED PARTY TRANSACTIONS**

The Corporation has entered into certain agreements and transactions with Tidewater Midstream, which are discussed in note 24 of the Corporation's consolidated financial statements as at and for the year ended December 31, 2024.

a) Related party transactions

Related party transactions included in the consolidated statements of net (loss) income and comprehensive (loss) income for the three and nine months ended September 30, 2025 and 2024, are summarized in the following table:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Revenue from take-or-pay agreements	\$ -	\$ 4,167	\$ -	\$ 27,420
Revenue from the sale of renewable fuels	9,085	41,580	43,736	118,902
Purchases of blending fuels ⁽¹⁾	8,775	2,340	22,956	52,444
Purchase of emission credits	-	-	-	6,023
Sale of emission credits	-	13,344	28,280	13,344
Other operating expenses	4,518	6,129	17,062	24,260
G&A expenses under the shared services agreement	821	736	2,120	2,022
Realized loss on derivative contracts	584	1,215	2,413	3,056
Unrealized gain on derivative contracts	(418)	(1,587)	(4,067)	(844)

(1) Tidewater Renewables purchases conventional refined product from Tidewater Midstream to blend with its renewable refined products and sell to external customers. These purchases are made under short-term agreements at market rates.

b) Related party balances

The related party balances included in the consolidated statement of financial position as September 30, 2025 and December 31, 2024, are summarized in the following table:

	September 30, 2025	December 31, 2024
Accounts receivable	\$ 355	\$ 10,516
Accounts payable, accrued liabilities and provisions	(5,193)	(7,138)
Derivative contracts	(749)	(4,812)