



TIDEWATER MIDSTREAM AND INFRASTRUCTURE LTD. ANNOUNCES THIRD QUARTER 2024 RESULTS AND OPERATIONAL UPDATE

NEWS PROVIDED BY
[Tidewater Midstream and Infrastructure Ltd.](#)
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(TSX: [TWM](#))

CALGARY, AB, November 14, 2024 /CNW/ - Tidewater Midstream and Infrastructure Ltd. ("Tidewater" or the "Corporation") (TSX: TWM) has filed its interim consolidated financial statements and Management Discussion and Analysis ("MD&A") for the three and nine month period ended September 30, 2024.

THIRD QUARTER 2024 HIGHLIGHTS

- Net income attributable to shareholders increased by \$15.6 million to a net loss of \$7.3 million in the third quarter 2024, from a net loss of \$22.9 million in the same period of 2023. The improvement was largely due to higher operating income offset by higher costs on renewable feedstock contracts.
- Consolidated adjusted EBITDA⁽¹⁾ was \$29.2 million for the third quarter of 2024, compared to \$37.5 million in the third quarter of 2023, proforma for Pipestone and Dimsdale, which were divested in December 2023.
- During the third quarter of 2024, Tidewater Midstream completed a related party transaction (the “Transaction”) with Tidewater Renewables Ltd. (“Tidewater Renewables”), in which Tidewater Midstream acquired various assets from Tidewater Renewables, including the canola co-processing and fluid catalytic cracking co-processing infrastructure, working interests in various other Prince George Refinery units, a natural gas storage facility located at the Brazeau River Complex (collectively, the “Acquired Assets”), for cash consideration of \$122.0 million, plus the assumption of certain liabilities related to the Acquired Assets. Additionally, as part of the consideration, Tidewater Midstream assigned the right to receive certain British Columbia Low Carbon Fuel Standard (“BC LCFS”) emission credits with a minimum value of \$7.7 million to Tidewater Renewables.
- Tidewater Midstream and Tidewater Renewables also entered into an agreement for the purchase and sale of credits dated September 12, 2024, under which Tidewater Midstream agreed to purchase BC LCFS emission credits from Tidewater Renewables for an aggregate purchase price of \$7.2 million, and also agreed to purchase additional BC LCFS emission credits (subject to certain monthly average limits) from Tidewater Renewables until March 31, 2025, for cash proceeds of approximately \$77.5 million (assuming the Renewable Diesel and Renewable Hydrogen Complex (“HDRD Complex”) continues to operate at over 90% utilization).
- Concurrent with the close of the above Transaction, the Corporation successfully amended and restated its senior credit facility, increasing the aggregate revolving capacity by \$25 million, from \$150 million to \$175 million, and extending the maturity date from February 10, 2026 to September 12, 2026. The Corporation has also added a three-year delayed draw term loan tranche of \$150 million to finance the Acquired Assets and the portion of the BC LCFS credits mentioned above.
- On September 12, 2024, Tidewater Renewables closed the sale of assets from its used cooking oil feedstock business, generating total proceeds of \$10.6 million. The proceeds from this transaction were used to reduce outstanding debt on its first lien senior credit facility.

⁽¹⁾ Non-GAAP financial measure. See the “Non-GAAP Measures” section of this news release.

CEO Message:

“Subsequent to quarter end, in November, our contracted offtake agreement with Cenovus ended and we have made significant progress establishing new customer relationships. However, our refining margins continue to be under pressure due to increased supply of refined products, including renewable diesel, across North America and slowing demand due to a relatively stagnant Canadian economy. Tidewater Renewables has engaged external trade law counsel for the purposes of advising on and preparing a trade remedy complaint against renewable diesel imports from the U.S. that management believes are unfairly priced and having a significant negative impact on the competitiveness on domestic operations. Based on available information and advice, management believes that a trade case against renewable diesel imports from the U.S. has a reasonably high likelihood of success. Preparation of the Tidewater Renewables’ trade complaint is progressing at pace. Filing of a complaint may occur before the close of 2024 and, if a government investigation initiates and concludes that unfairly traded imports are harming Canadian production, duty relief would then be available in 2025.

As we previously disclosed during the third quarter, we completed the related party Transaction between Tidewater Midstream and Tidewater Renewables. The Transaction benefits both Tidewater Midstream and Tidewater Renewables. Tidewater Midstream benefits from acquiring a significant amount of deconsolidated adjusted EBITDA and cash flow that was previously dropped down to Tidewater Renewables during its initial public offering. Tidewater Renewables used the proceeds from the Transaction to repay its first lien debt and also established a contracted purchaser for the BC LCFS emission credits it produces. The Transaction allows Tidewater Renewables to focus its energies on its renewable fuels business.

Looking forward to the fourth quarter, while we remain optimistic about the opportunities for natural gas processing, as LNG Canada and other LNG export terminals start to ramp up next year, in the short term AECO natural gas pricing is at a five year low and producers continue to shut in production, creating near term challenges.

As a result, of the above, we expect to be at the low end of our previously issued consolidated adjusted EBITDA⁽¹⁾ guidance for 2024 of \$130 million to \$150 million. We are also revising our full-year 2024 consolidated maintenance capital forecast which is now expected to be in the range of \$25 million to \$30 million, down from previous guidance, of \$35 million to \$40 million. As a result, the combined revisions have a net positive impact on anticipated free cash flow.”

⁽¹⁾ Non-GAAP financial measure. See the “Non-GAAP Measures” section of this news release.

CONSOLIDATED AND DECONSOLIDATED FINANCIAL HIGHLIGHTS

<i>(in millions of Canadian dollars except per share information)</i>	Three months ended September 30			
	Tidewater Deconsolidated ⁽²⁾		Tidewater Consolidated	
	2024	2023	2024	2023
Net loss attributable to shareholders	\$ (13.2)	\$ (18.8)	\$ (7.3)	\$ (22.9)
Net loss attributable to shareholders per share - basic	\$ (0.03)	\$ (0.04)	\$ (0.02)	\$ (0.05)
Adjusted EBITDA ⁽¹⁾	\$ 15.5	\$ 34.1	\$ 29.2	\$ 48.6
Distributable cash flow attributable to shareholders ⁽¹⁾	\$ (3.2)	\$ (0.2)	\$ (1.2)	\$ 2.0
Distributable cash flow per share – basic ⁽¹⁾	\$ (0.01)	\$ -	\$ -	\$ -
Net debt ⁽³⁾	\$ 383.2	\$ 618.9	\$ 566.5	\$ 953.0
Total capital expenditures	\$ 2.4	\$ 5.7	\$ 3.9	\$ 39.3

(1) Non-GAAP financial measures. See the “Non-GAAP Measures” section of this news release.

(2) Deconsolidated results exclude the results of Tidewater Renewables. See the “Non-GAAP Measures” section of this news release for information on deconsolidated measures.

(3) Capital management measure. See the “Non-GAAP Measures” section of this news release.

<i>(in millions of Canadian dollars except per share information)</i>	Nine months ended September 30			
	Tidewater Deconsolidated ⁽²⁾		Tidewater Consolidated	
	2024	2023	2024	2023
Net loss attributable to shareholders	\$ (43.1)	\$ (41.9)	\$ (23.3)	\$ (54.1)
Net loss attributable to shareholders per share - basic	\$ (0.10)	\$ (0.10)	\$ (0.05)	\$ (0.13)
Adjusted EBITDA ⁽¹⁾	\$ 45.8	\$ 106.3	\$ 114.3	\$ 141.5
Distributable cash flow attributable to shareholders ⁽¹⁾	\$ (16.1)	\$ (28.7)	\$ 8.6	\$ (28.3)
Distributable cash flow per share – basic ⁽¹⁾	\$ (0.03)	\$ (0.07)	\$ 0.02	\$ (0.07)
Net debt ⁽³⁾	\$ 383.2	\$ 618.9	\$ 566.5	\$ 953.0
Total capital expenditures	\$ 17.9	\$ 67.7	\$ 33.7	\$ 241.4

(1) Non-GAAP financial measures. See the “Non-GAAP Measures” section of this news release.

(2) Deconsolidated results exclude the results of Tidewater Renewables. See the “Non-GAAP Measures” section of this news release for information on deconsolidated measures.

(3) Capital management measure. See the “Non-GAAP Measures” section of this news release.

CAPITAL EXPENDITURES

<i>(in millions of Canadian dollars)</i>	Three months ended		Nine months ended	
	September 30, 2024	2023	September 30, 2024	2023
Growth capital ⁽¹⁾	\$ 0.4	\$ 33.6	\$ 13.9	\$ 179.9
Maintenance capital ⁽¹⁾	\$ 3.5	\$ 5.7	\$ 19.8	\$ 61.5
Total capital expenditures	\$ 3.9	\$ 39.3	\$ 33.7	\$ 241.4
Capital emission credits awarded ⁽²⁾	\$ (9.3)	\$ (3.8)	\$ (42.9)	\$ (82.4)

(1) Supplementary financial measures. See the “Non-GAAP Measures” section of this news release.

(2) During the three and nine months ended September 30, 2024, \$2.4 million and \$23.6 million of capital emission credits were monetized.

DOWNSTREAM

PGR

During the third quarter of 2024, total throughput at the Prince George Refinery (the “PGR”) was 11,664 bbl/day, 3% lower than the second quarter of 2024, and 9% lower than the third quarter of 2023 primarily due to a third-party outage in the third quarter that slightly decreased the volume of crude feedstock coming into the facility. The PGR is currently on a four-year turnaround cycle, with the next scheduled turnaround in the second quarter of 2027.

As previously disclosed, Tidewater’s five-year offtake agreement (the “Cenovus Offtake Agreement”) with Cenovus Energy Inc. expired on November 1, 2024. The Cenovus Offtake Agreement provided for the sale of the majority of the nameplate capacity on diesel and gasoline volumes produced at the PGR. The Corporation is now directly marketing diesel and gasoline volumes from the PGR and the HDRD Complex to various customers. As of the date of this news release, Tidewater has entered into agreements with purchasers in respect of the sale of the vast majority of the nameplate capacity on diesel and gasoline volumes produced at the PGR and the HDRD Complex for the remainder of 2024 and is in the process of marketing the nameplate capacity on diesel and gasoline volumes produced at the PGR and the HDRD Complex for 2025. Current market discounts are wider than those at the time the Cenovus offtake agreement was entered into, largely stemming from the oversupply of imported diesel in Western Canada as well as North American supply and demand fundamentals. These wider discounts are expected to yield lower margins, until the government addresses the unfair trade environment. Tidewater is working to optimize its netbacks on its diesel and gasoline. While Tidewater is focused on Western Canadian markets, in the event the Corporation is unable to place all of its product in Western Canada, it could be required to export the balance to potentially lower margin markets.

HDRD Complex

During the three and nine months ended September 30, 2024, the HDRD Complex averaged daily throughput of approximately 2,849 bbl/d and 2,630 bbl/d, respectively. Tidewater Renewables expects full year utilization to exceed the previously announced target of 2,550 bbl/d, representing 85% of design capacity.

PGR Historical Performance:

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Daily throughput (bbl)	11,700	4,363	12,756	12,242	12,399	12,022	11,664
Refinery Yield ⁽¹⁾							
Diesel	45%	46%	44%	48%	46%	46%	42%
Gasoline	42%	41%	42%	40%	41%	39%	43%
Other ⁽²⁾	13%	13%	14%	12%	13%	15%	15%

(1) Refinery yield includes crude, canola and intermediates.

(2) Other refers to heavy fuel oil (HFO), liquified petroleum gas and feedstock consumed to fuel the refinery.

MIDSTREAM

During the third quarter of 2024, total throughput volumes at the midstream facilities were approximately 217 MMcf/day, compared to 312 MMcf/day in the same period of 2023, excluding the throughput volumes from the Pipestone Natural Gas Plant, which was divested in the fourth quarter of 2023. The lower throughput was largely a result of lower producer volumes caused by producer shut-ins due to weak natural gas prices.

Midstream Gas Plant Volumes

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Gross throughput (MMcf/d)	357	290	312	308	302	253	217
BRC ⁽¹⁾	158	98	155	134	134	90	124
Ram River	112	110	88	96	96	93	31
Other ⁽²⁾	87	82	69	78	72	70	62

(1) BRC Inlet volumes include volumes at the BRC straddle plant.

(2) Other volumes include throughput at Tidewater's extraction facilities

Brazeau River Complex and Fractionation Facility

The BRC gas processing facility had throughput of 124 MMcf/day in the third quarter of 2024, 34 MMcf/day higher than the second quarter of 2024, during which a scheduled three-week turnaround was completed, and 31 MMcf/day lower than the third quarter of 2023, largely due to lower producer volumes flowing into the facility as a result of the decrease in natural gas prices, partially offset by higher straddle volumes.

The BRC fractionation facility utilization averaged 82% in the third quarter of 2024, compared to 68% utilization in the second quarter of 2024 due to the scheduled second quarter turnaround, and 87% in the third quarter of 2023 largely due to lower producer volumes. Utilization of the fractionation facility may vary as NGL recoveries are dependent on the gas composition coming into facility.

Ram River Gas Plant

Tidewater Midstream has a 95% operated working interest in the Ram River Gas Plant, a rail-connected sour natural gas processing facility with sulfur handling facilities located in the Strachan region in west central Alberta.

The Ram River Gas Plant had throughput of 31 MMcf/d in the third quarter of 2024, 62 MMcf/d lower than the 93 MMcf/day during the second quarter of 2024, and 57 MMcf/d lower compared to 88 MMcf/d in the third quarter of 2023. Gas processing activities at the Ram River Gas Plant have been temporarily shut-in due to a decline in producer volume resulting from depressed natural gas prices. Natural gas prices are expected to recover during 2025, and gas processing operations are expected to resume as producer activity restarts. Sulfur handling activities continue to be operational.

OUTLOOK AND CAPITAL PROGRAM

Given the current uncertainty surrounding the BC LCFS emission credit market and lower refining margins, the Corporation now expects to perform near the low end of its previously issued 2024 consolidated adjusted EBITDA⁽¹⁾ guidance of \$130 million to \$150 million. The Corporation is also revising its full-year 2024 consolidated maintenance capital forecast which is now expected to be in the range of \$25 million to \$30 million, down from previous guidance, of \$35 million to \$40 million. As a result, the combined revisions have a net positive impact on anticipated free cash flow.

THIRD QUARTER 2024 EARNINGS CALL

In conjunction with the earnings release, Tidewater Midstream's executives will hold a call to review its third quarter 2024 results via conference call on Thursday, November 14, 2024 at 11:00 am MDT (1:00 pm EDT).

To access the conference call by telephone, dial 1-437-900-0527 (local / international participant dial in) or 1-888-510-2154 (North American toll-free participant dial in). A question and answer session for analysts will follow the management's presentation.

A live audio webcast of the conference call will be available by following this link: <https://app.webinar.net/83ew0rR0XQL> and will also be archived there for 90 days.

For those accessing the call via Cision's investor website, we suggest logging in at least 15 minutes prior to the start of the live event. For those dialing in, participants should ask to join the Tidewater Midstream and Infrastructure Ltd. earnings call.

⁽¹⁾ Non-GAAP financial measure. See the "Non-GAAP Measures" section of this news release.

ABOUT TIDEWATER MIDSTREAM

Tidewater is traded on the TSX under the symbol "TWM". Tidewater Midstream's business objective is to build a diversified midstream and infrastructure company in the North American natural gas, natural gas liquids, crude oil, refined product and renewable energy value chain. Its strategy is to profitably grow and create shareholder value through the acquisition and development of conventional and renewable energy infrastructure.

To achieve its business objective, Tidewater Midstream 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, railcars, export terminals, storage, and various renewable initiatives. To complement its infrastructure asset base, the Corporation also markets crude, refined products, natural gas, natural gas liquids and renewable products and services to customers across North America.

Tidewater Midstream is a majority shareholder in Tidewater Renewables, a multi-faceted energy transition company focusing on the production of low carbon fuels. Tidewater Renewables' common shares are publicly traded on the TSX under the symbol "LCFS".

Jeremy Baines
Chief Executive Officer
Tidewater Midstream & Infrastructure Ltd.

Aaron Ames
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NON-GAAP MEASURES

Throughout this news release and in other materials disclosed by the Corporation, Tidewater Midstream uses a number of non-GAAP financial measures, non-GAAP financial ratios, capital management measures, and supplemental financial measures when assessing its results and measuring overall performance. The intent of these non-GAAP measures and ratios is to provide additional useful information to investors and analysts. Certain of these measures and ratios do not have a standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures and ratios presented by other entities. As such, these non-GAAP measures and ratios should not be considered in isolation or used as a substitute for measures and ratios of performance prepared in accordance with GAAP. Except as otherwise indicated, these financial measures will be calculated and disclosed on a consistent basis from period to period. Specific adjusting items may only be relevant in certain periods. The following are the Corporations' non-GAAP financial measures, non-GAAP ratios, capital management measures, and supplementary measures.

Non-GAAP Financial Measures

Consolidated and deconsolidated adjusted EBITDA

Consolidated adjusted EBITDA is calculated as net (loss) income before finance costs, taxes, depreciation, share-based compensation, unrealized gains and losses on derivative contracts, transaction costs, gains and losses on the sale of assets, and other items considered non-recurring in nature plus the Corporation's proportionate share of EBITDA in its equity investments. Deconsolidated adjusted EBITDA is calculated as consolidated adjusted EBITDA less the portion of consolidated adjusted EBITDA attributable to Tidewater Renewables.

In accordance with IFRS, Tidewater Midstream's jointly controlled investments are accounted for using equity accounting. Under equity accounting, net earnings from investments in equity accounted investees are recognized in a single line item in the consolidated statement of net (loss) income and comprehensive (loss) income. The adjustments made to net (loss) income, as described above, are also made to share of profit from investments in equity accounted investees.

Consolidated adjusted EBITDA is used by management to set objectives, make operating and capital investment decisions, monitor debt covenants and assess performance. In addition to its use by management, Tidewater Midstream also believes consolidated adjusted EBITDA is a measure widely used by securities analysts, investors, lending institutions, and others to evaluate the financial performance of the Corporation and other companies in the midstream industry. From time to time, the Corporation issues guidance on this key measure. As a result, consolidated adjusted EBITDA is presented as a relevant measure in this news release and the MD&A to assist analysts and readers in assessing the performance of the Corporation as seen from management's perspective. In addition to reviewing consolidated adjusted EBITDA, management reviews deconsolidated adjusted EBITDA to highlight the Corporation's performance, excluding the portion of consolidated adjusted EBITDA attributable to Tidewater Renewables. Investors should be cautioned that consolidated adjusted EBITDA and deconsolidated adjusted EBITDA should not be construed as alternatives to net (loss) income, net cash provided by operating activities or other measures of financial results determined in accordance with GAAP as an indicator of the Corporation's performance and may not be comparable to companies with similar calculations.

The following table reconciles net (loss) income, the nearest GAAP measure, to adjusted EBITDA:

<i>(in millions of Canadian dollars)</i>	Three months ended		Nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Net loss	\$ (5.3)	\$ (24.9)	\$ (15.3)	\$ (60.6)
Deferred income tax recovery	-	(7.8)	-	(17.8)
Depreciation	21.2	25.9	65.7	70.5
Finance costs and other	20.1	26.0	60.0	73.3
Share-based compensation	1.8	3.8	4.6	11.7
Impairment expense	4.6	-	4.6	-
(Gain) loss on sale of assets	(0.9)	0.4	(0.9)	1.3
Unrealized gain (loss) on derivative contracts	(18.9)	14.8	(16.0)	44.2
Realized gain on marketable securities	-	-	(5.0)	-
Transaction costs	3.0	2.8	4.3	4.5
Non-recurring transactions	2.3	3.6	11.6	9.6
Adjustment to share of profit from equity accounted investments	1.3	4.0	0.7	4.8
Consolidated adjusted EBITDA	\$ 29.2	\$ 48.6	\$ 114.3	\$ 141.5
Less: Consolidated adjusted EBITDA attributable to Tidewater Renewables	(13.7)	(14.5)	(68.5)	(35.2)
Deconsolidated adjusted EBITDA	\$ 15.5	\$ 34.1	\$ 45.8	\$ 106.3

Distributable cash flow and deconsolidated distributable cash flow attributable to shareholders

Distributable cash flow is calculated as net cash provided by (used in) operating activities before changes in non-cash working capital, plus cash distributions from investments, transaction costs, non-recurring transactions, and less other expenditures that use cash from operations. Also deducted is the distributable cash flow of Tidewater Renewables that is attributed to non-controlling interest shareholders. Management believes distributable cash flow is a useful metric for investors when assessing the amount of cash flow generated from normal operations.

Changes in non-cash working capital are excluded from the determination of distributable cash flow because they are primarily the result of seasonal fluctuations or other temporary changes and are generally funded with short-term debt or cash flows from operating activities. Transaction costs are added back as they can vary significantly based on the Corporation's acquisition and disposition activity. Non-recurring transactions that do not reflect Tidewater Midstream's ongoing operations are also excluded. Lease payments, interest and financing charges, and maintenance capital expenditures, including turnarounds, are deducted as they are ongoing recurring expenditures which are funded from operating cash flows.

Deconsolidated distributable cash flow is calculated by subtracting the portion of Tidewater Renewables' distributable cash flow that is attributed to shareholders of Tidewater Midstream from distributable cash flow attributable to shareholders.

The following table reconciles net cash provided by (used in) operating activities, the nearest GAAP measure, to distributable cash flow and deconsolidated distributable cash flow:

<i>(in millions of Canadian dollars)</i>	Three months ended		Nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Net cash (used in) provided by operating activities	\$ (48.9)	\$ 61.4	\$ (50.4)	\$ 142.7
Add (deduct):				
Changes in non-cash operating working capital	70.2	(30.0)	142.5	(38.0)
Transaction costs	3.0	2.8	4.3	4.5
Non-recurring transactions	2.3	3.6	11.6	9.6
Interest and financing charges	(13.2)	(17.7)	(38.9)	(50.1)
Payment of lease liabilities and other, net of sublease payments	(8.6)	(11.4)	(27.8)	(35.3)
Maintenance capital	(3.5)	(5.7)	(19.8)	(61.5)
Tidewater Renewables' distributable cash flow to non-controlling interest shareholders	(2.5)	(1.0)	(12.9)	(0.2)
Distributable cash flow attributable to shareholders	\$ (1.2)	\$ 2.0	\$ 8.6	\$ (28.3)
Tidewater Renewables' distributable cash flow attributed to shareholders of Tidewater	\$ (2.0)	\$ (2.2)	\$ (24.7)	\$ (0.4)
Deconsolidated distributable cash flow attributable to shareholders	\$ (3.2)	\$ (0.2)	\$ (16.1)	\$ (28.7)

Growth capital expenditures are generally funded from retained operating cash flow and additional debt or equity, as required.

Non-GAAP Financial Ratios

Tidewater uses non-GAAP financial ratios to present aspects of its financial performance or financial position, primarily distributable cash flow per share.

Distributable cash flow and deconsolidated distributable cash flow per share

Distributable cash flow per share is calculated as distributable cash flow attributable to shareholders divided by the basic or diluted weighted average number of common shares outstanding for the period.

Deconsolidated distributable cash flow per share is calculated as deconsolidated distributable cash flow attributable to shareholders divided by the basic or diluted weighted average number of common shares outstanding for the period. Management believes that these measures provide investors an indicator of funds generated from the business that could be allocated to each shareholder's equity position.

<i>(in millions of Canadian dollars except share and per share information)</i>	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Distributable cash flow attributable to shareholders	\$ (1.2)	\$ 2.0	\$ 8.6	\$ (28.3)
Deconsolidated distributable cash flow attributable to shareholders	\$ (3.2)	\$ (0.2)	\$ (16.1)	\$ (28.7)
Weighted average common shares outstanding – basic (millions)	430.1	425.2	429.1	424.8
Weighted average common shares outstanding – diluted (millions)	430.1	425.2	429.1	424.8
Distributable cash flow per share – basic and diluted	\$ -	\$ -	\$ 0.02	\$ (0.07)
Deconsolidated distributable cash flow per share – basic and diluted	\$ (0.01)	\$ -	\$ (0.04)	\$ (0.07)

Capital Management Measures

Tidewater's methods for managing capital and liquidity are discussed in the **LIQUIDITY AND CAPITAL RESOURCES** section of the MD&A and within note 24 of the Financial Statements for the year ended December 31, 2023.

Consolidated and deconsolidated net debt

Consolidated net debt is defined as bank debt, second lien debt, and convertible debentures, less cash. Consolidated net debt is used by the Corporation to monitor its capital structure and financing requirements. It is also used as a measure of the Corporation's overall financial strength.

In addition to reviewing consolidated net debt, management reviews deconsolidated net debt to highlight Tidewater Midstream's financial flexibility, balance sheet strength and leverage. Deconsolidated net debt is calculated as consolidated net debt less the portion attributable to Tidewater Renewables.

Consolidated and deconsolidated net debt exclude working capital, lease liabilities and derivative contracts as the Corporation monitors its capital structure based on deconsolidated net debt to deconsolidated adjusted EBITDA, consistent with its credit facility covenants as described in the **LIQUIDITY AND CAPITAL RESOURCES** section.

The following table reconciles consolidated and deconsolidated net debt:

<i>(in millions of Canadian dollars)</i>	September 30, 2024	September 30, 2023
Tidewater Midstream Senior Credit Facility	\$ 283.3	\$ 547.2
Tidewater Renewables Senior Credit Facility	8.3	159.4
Tidewater Renewables Second Lien Credit Facility	175.0	175.0
2024 Convertible debentures - principal	100.0	-
2019 Convertible debentures - principal	-	75.0
Cash	(0.1)	(3.6)
Consolidated net debt	\$ 566.5	\$ 953.0
Less: Tidewater Renewables Senior Credit Facility	(8.3)	(159.4)
Less: Tidewater Renewables Second Lien Credit Facility	(175.0)	(175.0)
Add: Tidewater Renewables cash	-	0.3
Deconsolidated net debt	\$ 383.2	\$ 618.9

Supplementary Financial Measures

“Growth capital” expenditures are generally defined as expenditures which are recoverable or incrementally increase cash flow or earnings potential of assets, expand the capacity of current operations or significantly extend the life of existing assets. This measure is used by the investment community to assess the extent of discretionary capital spending.

“Maintenance capital” expenditures are generally defined as expenditures which support and/or maintain the current capacity, cash flow or earnings potential of existing assets without the associated benefits characteristic of growth capital expenditures. These expenditures include major inspections and overhaul costs that are required on a periodic basis. This measure is used by the investment community to assess the extent of non-discretionary capital spending. Maintenance capital is included in the calculation of distributable cash flow.

Deconsolidated “net (loss) income attributable to shareholders” is comprised of net income or loss attributable to shareholders, as determined in accordance with IFRS, less the net income or loss of Tidewater Renewables attributed to the shareholders of Tidewater.

Deconsolidated “net (loss) income attributable to shareholders – per share” is calculated by dividing deconsolidated “net income or loss attributable to shareholders” by the basic weighted average number of Tidewater Midstream common shares outstanding for the period.

Deconsolidated “Total capital expenditures” is comprised of consolidated capital expenditures, as disclosed in Tidewater’s statement of cash flows, less the capital expenditures of Tidewater Renewables.

OPERATIONAL DEFINITIONS

“bbl/d” means barrels per day; “MMcf/d” means million cubic feet per day.

“BC LCFS emission credits” means the credits awarded to BC Part 3 Fuel Suppliers by either (i) supplying a fuel with a carbon intensity (“CI”) below the prescribed CI limit, or (ii) taking actions that would have a reasonable possibility of reducing greenhouse gas emissions through the use of Part 3 fuels sooner than would occur without the agreed-upon action, which credits may be transferred upon validation.

“BC Part 3 Fuel Suppliers” means a “part 3 fuel supplier” under, collectively British Columbia’s Greenhouse Gas Reduction (Renewable & Low Carbon Fuel Requirements Act) and Renewable & Low Carbon Fuel Requirements Regulation.

“Crack spread” refers to the general price differential between crude oil and the petroleum products refined from it.

“Refinery yield” (expressed as a percentage) represents the percentage of finished product produced from inputs of crude oil and renewable feedstock as well as intermediates. Refinery yields are an important measure of refinery performance indicating the outputs that running a particular feedstock and intermediates through a refinery configuration will produce.

“Throughput” with respect to a natural gas plant, means inlet volumes processed (including any off-load or reprocessed volumes); with respect to a pipeline, the estimated natural gas or liquid volume transported therein; and with respect to NGL processing facilities, means the volume of inlet NGLs processed.

“US” meaning the United States of America, its territories and possessions, any state of the United States and the District of Columbia

Advisory Regarding Forward-Looking Statements

Certain statements contained in this news release constitute forward-looking statements and forward-looking information (collectively referred to herein as, “forward-looking statements”) within the meaning of applicable Canadian securities laws. Such forward-looking statements relate to future events, conditions or future financial performance of Tidewater based on future economic conditions and courses of action. All statements other than statements of historical fact may be forward-looking statements. Such forward-looking statements are often, but not always, identified by the use of any words such as “seek”, “anticipate”, “budget”, “plan”, “continue”, “forecast”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe”, “will likely result”, “are expected to”, “will continue”, “is anticipated”, “believes”, “estimated”, “intends”, “plans”, “projection”, “outlook” and similar expressions. These statements involve known and unknown risks, assumptions, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this news release should not be unduly relied upon.

In particular, this news release contains forward-looking statements pertaining to but not limited to the following:

- the purchase of BC LCFS emission credits by Tidewater Midstream from Tidewater Renewables pursuant to the Transaction;
- operations and performance at the HDRD complex
- expectations regarding refining margins;
- discussions with the Government of British Columbia and Federal Government regarding the BC LCFS emission credit market;

- the pursuit of anti-dumping complaint with the Canadian International Trade Tribunal regarding renewable diesel imports;
- expectations regarding the focus of Tidewater Renewables continued business;
- expectations regarding future opportunities for natural gas processing;
- the challenges faced by the Corporation due to short term AECO natural gas pricing pressure, and producers shutting in production;
- Tidewater's consolidated adjusted EBITDA guidance for 2024;
- the PGR turnaround cycle and the next scheduled outage;
- marketing efforts regarding the Corporation's products;
- expected throughput and utilization, including causes of variances thereof;
- natural gas pricing expectations;
- expectations regarding producer activity;
- the resumption of operations at the Ram River Gas Plant;
- Tidewater's consolidated maintenance capital guidance for 2024;
- Tidewater's view of the BC LCFS emission credit market; and
- Tidewater's business strategy

Although the forward-looking statements contained in this news release are based upon assumptions which management of the Corporation believes to be reasonable, the Corporation cannot assure investors that actual results will be consistent with these forward-looking statements. With respect to forward-looking statements contained in this news release, the Corporation has assumptions regarding, but not limited to:

- Tidewater's ability to execute on its business plan;
- the timely receipt of all governmental and regulatory approvals sought by the Corporation;
- future commodity prices, including natural gas, crude oil, NGL and renewable energy prices;
- the market for BC LCFS emission credits, including that such market will improve and the timing thereof;
- impacts of commodity prices and demand on the Corporation's working capital requirements;
- continuing government support for existing policy initiatives;
- processing and marketing margins;
- impacts of seasonality and climate disruptions;
- future capital expenditures to be made by the Corporation;
- foreign currency, exchange and interest rates, and expectations relating to inflation;
- that there are no unforeseen events preventing the performance of contracts;
- the availability of equipment and personnel required for Tidewater to execute its business plan;
- the amount of future liabilities relating to lawsuits and environmental incidents and the availability of coverage under the Corporation's insurance policies;
- volume demands from the PGR are consistent with forecasts;
- successful negotiation and execution of agreements with counterparties;
- oil and gas industry exploration and development activity and the geographic region of such activity;
- the Corporation's ability to obtain and retain qualified staff and equipment in a timely and cost-effective manner;
- the amount of operating costs to be incurred;
- that there are no unforeseen costs relating to the facilities, not recoverable from customers;
- distributable cash flow and net cash provided by operating activities are consistent with expectations;
- the ability to obtain additional financing on satisfactory terms;
- the availability of capital to fund future capital requirements relating to existing assets and projects;
- the ability of Tidewater to successfully market its products;
- the successful integration of acquisitions and projects into the Corporation's existing business; and
- the Corporation's future debt levels and the ability of the Corporation to repay its debt when due.

The Corporation's actual results could differ materially from those anticipated in the forward-looking statements, as a result of numerous known and unknown risks and uncertainties and other factors including but not limited to:

- changes in demand for refined and renewable products;
- general economic, political, market and business conditions, including fluctuations in interest rates, foreign exchange rates, stock market volatility, supply/demand trends, armed hostilities, acts of war, terrorism, cyberattacks, diplomatic developments and inflationary pressures;
- activities of producers and customers and overall industry activity levels;
- failure to negotiate and conclude any required commercial agreements;
- non-performance of agreements in accordance with their terms;
- failure to execute formal agreements with counterparties in circumstances where letters of intent or similar agreements have been executed and announced by Tidewater;
- failure to close transactions as contemplated and in accordance with negotiated terms;
- the conflict in Ukraine and the Middle East and the corresponding impact on supply chains and the global economy;
- risks of health epidemics, pandemics, public health emergencies, quarantines, and similar outbreaks, including COVID-19, which may have sustained material adverse effects on the Corporation's business financial position results of operations and/or cash flows;
- changes in environmental and other laws and regulations or the interpretations of such laws or regulations;
- cost of compliance with applicable regulatory regimes, including, but not limited to, environmental laws and regulations, including greenhouse gas emissions;
- Indigenous and landowner consultation requirements;
- climate change initiatives or policies or increased environmental regulation;
- that receipt of third party, regulatory, environmental and governmental approvals and consents relating to Tidewater's capital projects can be obtained on the necessary terms and in a timely manner;
- that the resolution of any particular legal proceedings could have an adverse effect on the Corporation's operating results or financial performance;
- competition for, among other things, business capital, acquisition opportunities, requests for proposals, materials, equipment, labour and skilled personnel;
- the ability to secure land and water, including obtaining and maintaining land access rights;
- operational matters, including potential hazards inherent in the Corporation's operations and the effectiveness of health, safety, environmental and integrity programs;
- actions by governmental authorities, including changes in regulation, tariffs and taxation;
- changes in operating and capital costs, including fluctuations in input costs;
- legal risks and environmental risks and hazards, including risks inherent in the transportation of NGLs and refining of light crude oils which may create liabilities to the Corporation in excess of the Corporation's insurance coverage, if any;
- actions by joint venture partners or other partners which hold interests in certain of the Corporation's assets;
- reliance on key relationships and agreements;
- losses of key customers;
- construction and engineering variables associated with capital projects, including the availability of contractors, engineering and construction services, accuracy of estimates and schedules, and the performance of contractors;
- the availability of capital on acceptable terms;
- changes in the credit-worthiness of counterparties;
- changes in the credit rating of the Corporation, and the impacts of this on the Corporation's access to private and public credit markets in the future and increase the costs of borrowing;
- adverse claims made in respect of the Corporation's properties or assets;

- risks and liabilities associated with the transportation of dangerous goods and derailments;
- effects of weather conditions (such as severe weather or catastrophic events including, but not limited to, fires, floods, lightning, earthquakes, extreme cold weather, storms or explosions);
- reputational risks;
- reliance on key personnel;
- technology and security risks, including cybersecurity;
- potential losses which would stem from any disruptions in production, including work stoppages or other labour difficulties, or disruptions in the transportation network on which the Corporation is reliant;
- technical and processing problems, including the availability of equipment and access to properties;
- changes in gas composition; and
- failure to realize the anticipated benefits of acquisitions.

The foregoing lists are not exhaustive. Additional information on these and other factors which could affect the Corporation's operations or financial results are included in the Corporation's most recent AIF and in other documents on file with the Canadian securities regulatory authorities.

Management of the Corporation has included the above summary of assumptions and risks related to forward-looking statements provided in this news release in order to provide holders of common shares in the capital of the Corporation with a more complete perspective on the Corporation's current and future operations and such information may not be appropriate for other purposes.

The financial outlook information contained in this news release about consolidated adjusted EBITDA and maintenance capital activities is based on assumptions about future events, including economic conditions and proposed courses of action, based on management's assessment of the relevant information currently available. Additionally, the financial outlook information contained in this news release is subject to the risk factors described above in respect of forward-looking information generally as well as any other specific assumptions and risk factors in relation to such financial outlook noted in this news release. Accordingly, readers are cautioned that the financial outlook information contained in this news release should not be used for purposes other than for which it is disclosed herein. The financial outlook information contained in this news release was approved by management as of the date such outlook financial outlook information was announced and was provided for the purpose of providing further information about Tidewater's current expectations and plans for the future.

The Corporation's actual results' performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits the Corporation will derive therefrom. Readers are therefore cautioned that the foregoing list of important factors is not exhaustive, and they should not unduly rely on the forward-looking statements included in this news release. Tidewater does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by applicable securities law. All forward-looking statements contained in this news release are expressly qualified by this cautionary statement.

Further information about factors affecting forward-looking statements and management's assumptions and analysis thereof is available in filings made by the Corporation with Canadian provincial securities commissions available on the System for Electronic Document Analysis and Retrieval ("SEDAR+") at www.sedarplus.ca.