

# TIDEWATER RENEWABLES LTD. ANNOUNCES FIRST QUARTER 2022 RESULTS

CALGARY, AB, May 12, 2022 /CNW/ - Tidewater Renewables Ltd. ("**Tidewater Renewables**" or the "**Corporation**") (TSX: LCFS) is pleased to announce that it has filed its condensed interim consolidated financial statements and Management's Discussion and Analysis ("**MD&A**") for the three months ended March 31, 2022.

## FIRST-QUARTER 2022 HIGHLIGHTS

- Tidewater Renewables generated strong Adjusted EBITDA<sup>(1)</sup> of \$12.7 million and net income of \$17.5 million during the first quarter of 2022. Net cash provided by operating activities totaled \$19.3 million for the first quarter of 2022, with distributable cash flow<sup>(1)</sup> of \$7.9 million.
- The Corporation has reached several important milestones on its 3,000 bbl/d Renewable Diesel & Renewable Hydrogen Complex ("HDRD Complex") with significant construction set to take place during the summer months of 2022. Tidewater Renewables expects production of Renewable Diesel in the first quarter of 2023.
- During the three months ended March 31, 2022, the Corporation was awarded \$5.4 million of British Columbia Low Carbon Fuel Standard ("BC LCFS") credits for achieving construction milestones on its HDRD Complex. As at March 31, 2022, the Corporation has forward agreements, with investment-grade counterparties, to sell 150,000 BC LCFS credits at an average price of \$434 per credit. The forward agreement proceeds of \$65.1 million significantly reduces the Corporation's credit price exposure under the executed Part 3 Agreement with the Government of British Columbia. The Corporation continues to realize higher credit prices than the originally budgeted \$375 per credit.
- Subsequent to March 31, 2022, the Corporation announced its investment in two strategic partnerships with Rimrock RNG Inc. and the Rimrock Cattle Company Ltd. aimed to advance the Corporation's Renewable Natural Gas ("RNG") business and secure long-term feedstock supply for both its RNG and renewable fuels businesses. The investment includes the planned construction of the Corporation's first RNG facility which is expected to be backstopped by 10 to 20 year offtake agreements with an investment grade counterparty and opportunity for additional RNG facilities in the future. The partnerships also provide a long-term feedstock supply for the RNG projects as well as access to significant volumes of beef tallow that would meet approximately half the feedstock requirements of the HDRD Complex. Tidewater Renewables continues to see material government support for various future renewable fuel initiatives.
- The Corporation is pleased with the outperformance in its base business and expects continued Adjusted EBITDA<sup>(1)</sup> growth with 2022 Adjusted EBITDA expected to be in the range of \$50 - \$55 million. Tidewater Renewables remains confident in its ability to deliver annualized Adjusted EBITDA<sup>(1)</sup> of \$140 – \$150 million upon the commissioning of the HDRD Complex in 2023.

<sup>(1)</sup> Adjusted EBITDA, distributable cash flow, net debt and run rate EBITDA used throughout this press release are non-GAAP financial measures or ratios. See the "Non-GAAP and Other Financial Measures" in this press release and the Corporations MD&A for information on each non-GAAP financial measure or ratio.

Selected financial and operating information are outlined below and should be read with the Corporation's condensed interim consolidated financial statements and related MD&A for the three

months ended March 31, 2022 which are available under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on its website at [www.tidewater-renewables.com](http://www.tidewater-renewables.com).

## Financial Highlights

| <i>(in thousands of Canadian dollars except per share information)</i>      |    | Three months ended<br>March 31, 2022 |
|-----------------------------------------------------------------------------|----|--------------------------------------|
| Revenue                                                                     | \$ | 17,250                               |
| Net income                                                                  | \$ | 17,514                               |
| Net income per share – basic and diluted                                    | \$ | 0.50                                 |
| Adjusted EBITDA <sup>(1)</sup>                                              | \$ | 12,737                               |
| Net cash provided by operating activities                                   | \$ | 19,285                               |
| Distributable cash flow <sup>(1)</sup>                                      | \$ | 7,916                                |
| Distributable cash flow per common share – basic and diluted <sup>(1)</sup> | \$ | 0.23                                 |
| Total common shares outstanding (000s)                                      |    | 34,712                               |
| Total assets                                                                | \$ | 788,795                              |
| Net debt <sup>(1)</sup>                                                     | \$ | 66,415                               |

Notes:

(1) See "Non-GAAP and Other Financial Measures" in the Corporation's press release and MD&A.

## OUTLOOK AND CORPORATE UPDATE

Tidewater Renewables is pleased to deliver its second full quarter of operations, generating record Adjusted EBITDA of \$12.7 million and distributable cash flow of \$7.9 million. The Corporation is pleased with the outperformance in its base business and expects continued Adjusted EBITDA growth with 2022 Adjusted EBITDA expected to be \$50 - \$55 million. Tidewater Renewables remains committed to delivering annualized Adjusted EBITDA of \$140 – \$150 million upon the commissioning of the HDRD Complex in the first quarter of 2023.

Tidewater Renewables expects the HDRD Complex to deliver \$90 - \$100 million of annual Run Rate EBITDA once it is commissioned in the first quarter of 2023. The Corporation's gross capital cost expectations remain unchanged from previous guidance, at approximately \$235 million. The Corporation continues to monitor macro-economic conditions, including those that affect the global supply chain, and has proactively accelerated the ordering of certain long and medium-lead equipment to lock-in material costs and help mitigate any potential supply-chain disruptions.

The Corporation remains hedged on approximately 50% and 30% of the HDRD Complex's feedstock requirements through 2023 and 2024 respectively, as well as the majority of its Canola Co-Processing feedstock.

## FIRST QUARTER 2022 EARNINGS CALL

In conjunction with the earnings release, investors will have the opportunity to listen to Tidewater Renewables' senior management review its first quarter 2022 results via conference call on Thursday, May 12, 2022 at 10:00 am MDT (12:00 pm EDT).

To access the conference call by telephone, dial 416-764-8659 (local / international participant dial in) or 1-888-664-6392 (North American toll free participant dial in). A question and answer session for analysts will follow management's presentation.

A live audio webcast of the conference call will be available by following this link:

[https://produceredition.webcasts.com/starthere.jsp?ei=1538826&tp\\_key=9e9600923d](https://produceredition.webcasts.com/starthere.jsp?ei=1538826&tp_key=9e9600923d) 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 be joined into the Tidewater Renewables Ltd. earnings call.

## ABOUT TIDEWATER RENEWABLES

Tidewater Renewables is traded on the TSX under the symbol "LCFS". Tidewater Renewables is a

multi-faceted, energy transition company. The Corporation is focused on the production of low carbon fuels, including renewable diesel, renewable hydrogen and renewable natural gas, as well as carbon capture through future initiatives. The Corporation was created in response to the growing demand for renewable fuels in North America and to capitalize on its potential to efficiently turn a wide variety of renewable feedstocks (such as tallow, used cooking oil, distillers corn oil, soybean oil, canola oil and other biomasses) into low carbon fuels. Tidewater Renewables' objective is to become one of the leading Canadian renewable fuel producers. The Corporation is pursuing this objective through the ownership, development, and operation of clean fuels projects and related infrastructure, utilizing existing proven technologies. Organically, Tidewater Renewables will seek to leverage the existing infrastructure and engineering expertise of Tidewater Midstream, its majority shareholder, regarding the development of the Corporation's portfolio of greenfield and brownfield capital projects as well as the expansion of the Corporation's product offerings. Additional information relating to Tidewater Renewables is available on SEDAR at [www.sedar.com](http://www.sedar.com) and at [www.tidewater-renewables.com](http://www.tidewater-renewables.com).

## NON-GAAP AND OTHER FINANCIAL MEASURES

Throughout this press release and in other materials disclosed by the Corporation, Tidewater Renewables uses a number of financial measures when assessing its results and measuring overall performance. The intent of non-GAAP measures and ratios is to provide additional useful information to investors and analysts. Certain of these financial measures do not have a standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other entities. As such, these measures should not be considered in isolation or used as a substitute for measures of performance prepared in accordance with GAAP. For more information with respect to financial measures which have not been defined by GAAP, including reconciliations to the closest comparable GAAP measure, see the "Non-GAAP and Other Financial Measures" section of Tidewater Renewables' most recent MD&A which is available on SEDAR.

### Non-GAAP Financial Measures

The non-GAAP financial measures used by the Corporation are Adjusted EBITDA and distributable cash flow.

#### *Adjusted EBITDA*

Adjusted EBITDA is a non-GAAP measure. Adjusted EBITDA is calculated as income (or loss) before finance costs, taxes, depreciation, share-based compensation, unrealized gains/losses on derivative contracts, non-cash items, transaction costs, lease payments under IFRS 16 *Leases* and other items considered non-recurring in nature.

The following table reconciles net income, the nearest GAAP measure, to Adjusted EBITDA:

| <i>(in thousands of Canadian dollars)</i> | Three months ended |               |
|-------------------------------------------|--------------------|---------------|
|                                           | March 31, 2022     |               |
| Net income                                | \$                 | 17,514        |
| Deferred income tax expense               |                    | 6,443         |
| Depreciation                              |                    | 4,688         |
| Finance costs                             |                    | 774           |
| Share-based compensation                  |                    | 450           |
| Unrealized gain on derivative contracts   |                    | (17,185)      |
| Transaction costs                         |                    | 53            |
| <b>Adjusted EBITDA</b>                    | <b>\$</b>          | <b>12,737</b> |

#### *Distributable Cash Flow*

Distributable cash flow is a non-GAAP measure. Management believes distributable cash flow is a useful metric for investors when assessing the amount of cash flow generated from normal operations. These cash flows are relevant to the Corporation's ability to internally fund growth

projects, alter its capital structure, or distribute returns to shareholders. Distributable cash flow is calculated as net cash provided by operating activities before changes in non-cash working capital plus cash distributions from investments, transaction costs, non-recurring expenses, and after any expenditures that use cash from 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. Deducted from distributable cash flow are maintenance capital expenditures, including turnarounds, as they are ongoing recurring expenditures which are funded from operating cash flows. Transaction costs are added back as they vary significantly quarter to quarter based on the Corporation's acquisition and disposition activity. It also excludes non-recurring transactions that do not reflect Tidewater Renewables' ongoing operations.

The following table reconciles net cash provided by operating activities, the nearest GAAP measure, to distributable cash flow:

| <i>(in thousands of Canadian dollars)</i> | <b>Three months ended</b> |              |
|-------------------------------------------|---------------------------|--------------|
|                                           | <b>March 31, 2022</b>     |              |
| Net cash provided by operating activities | \$                        | 19,285       |
| Add (deduct):                             |                           |              |
| Changes in non-cash working capital       |                           | (6,660)      |
| Transaction costs                         |                           | 53           |
| Interest and financing charges            |                           | (556)        |
| Payment of lease liabilities              |                           | (1,471)      |
| Maintenance capital                       |                           | (2,735)      |
| <b>Distributable cash flow</b>            | <b>\$</b>                 | <b>7,916</b> |

## Non-GAAP Financial Ratios

### *Distributable Cash Flow Per Common Share*

| <i>(in thousands of Canadian dollars except per share information)</i> | <b>Three months ended</b> |             |
|------------------------------------------------------------------------|---------------------------|-------------|
|                                                                        | <b>March 31, 2022</b>     |             |
| Distributable cash flow                                                | \$                        | 7,916       |
| <b>Distributable cash flow per common share – basic and diluted</b>    | <b>\$</b>                 | <b>0.23</b> |

## Capital Management Measures

### *Net Debt*

Net debt is defined as bank debt, less cash. 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.

The following table reconciles net debt:

| <i>(in thousands of Canadian dollars)</i> | <b>March 31, 2022</b> |               |
|-------------------------------------------|-----------------------|---------------|
| Senior credit facility                    | \$                    | 70,000        |
| Cash                                      |                       | (3,585)       |
| <b>Net debt</b>                           | <b>\$</b>             | <b>66,415</b> |

## Supplementary Financial Measures

*"Run Rate EBITDA" is a non-GAAP financial measure and is defined as the expected EBITDA to be generated by Tidewater Renewables' specific Renewable Assets, or specific growth project, that corresponds to a full year of operations at full capacity. Run Rate EBITDA excludes non-cash items including depreciation and share-based compensation. The calculation of Run Rate EBITDA is based on certain estimates and assumptions. It should not be regarded as a representation, by the Corporation or any other person, that Tidewater Renewables will achieve such operating results. Investors should not place undue reliance on the Run Rate EBITDA and should make their own independent assessment of the Corporation's future results or operations, cash flows and financial condition.*

## ADVISORY REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this press 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 Renewables 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", 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 press release should not be unduly relied upon.

In particular, this press release contains forward-looking statements pertaining to, but not limited to, the following: the expected financial performance of the Corporation's proposed capital projects and assets following the commencement of operations, including underlying assumptions; estimates of EBITDA and Run Rate EBITDA; guidance with respect to forecasted consolidated Adjusted EBITDA and expected growth related thereto; the Corporation's business plans and strategies, including the underlying existing assets and capital projects, and the success and timing of the projects and related milestones and capital costs; the Corporation's operational and financial performance, including expectations regarding generating revenue, revenues and operating expenses; the ability to leverage existing infrastructure and engineering expertise of Tidewater Midstream regarding development of the Corporation's projects and product offerings; anticipated revenue from future sales of BC LCFS Credits; the ability of the Corporation to progress its feedstock strategy; the future price and volatility of commodities; the future pricing of BC LCFS Credits and credits issued pursuant to the CFS ("CFS Credits"); the expected Adjusted EBITDA to the Corporation from the RNG Partnership; expectations around the Corporation's receipt of BC LCFS Credits and CFS Credits; and the availability, future price and volatility of feedstocks and other inputs.

Although the forward-looking statements contained in this press 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 press release, the Corporation has made assumptions regarding, but not limited to: Tidewater Renewables' ability to execute on its business plan; the timely receipt of all third party, governmental and regulatory approvals and consents sought by the Corporation including with respect to the Corporation's projects and applications; general economic and industry trends, including the duration and effect of the COVID-19 pandemic; operating assumptions relating to the Corporation's projects; the Corporation's projects may not generate expected levels of output, including those resulting from a reduced feedstock supply; expectations that the HDRD Complex will be in service in the first quarter of 2023; the ownership and operation of Tidewater Renewables' business; the Corporation's plans to evaluate additional RNG projects; the expectation that the Feedlot Partnership will control a volume of beef tallow that would meet half of the feedstock required of the HDRD Complex; regulatory risks, including changes or delay to the BC LCFS Credits or CFS Credits; the expansion of production of renewable fuels by competitors; the future pricing of BC LCFS Credits and CFS Credits; future commodity prices; sustained or growing demand for renewable fuels; ability for the Corporation to successfully turn a wide variety of renewable feedstocks into low carbon fuels; that the HDRD Complex will remain on budget and on schedule; and the other assumptions set forth in the Corporation's most recent annual information form available under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

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 supply and demand for low carbon products; general

economic, political, market and business conditions, including fluctuations in interest rates, foreign exchange rates, inflation, stock market volatility and supply/demand trends; risks of health epidemics, pandemics 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; risks and liabilities inherent in the operations related to renewable energy production and storage infrastructure assets, including the lack of operating history and risks associated with forecasting future performance; competition for, among other things, third-party capital and acquisitions of additional assets; risks related to the environment and changing environmental laws in relation to the operations conducted with the Renewable Assets; the other risks set forth in the Corporation's most recent annual information form available under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

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.

To the extent any forward-looking statement in this press release constitutes "future-oriented financial information" or "financial outlooks" within the meaning of applicable Canadian securities laws, such information is being provided to demonstrate the anticipated Run Rate EBITDA of certain of the Required Assets and the reader is cautioned that this information may not be appropriate for any other purpose and the reader should not place undue reliance on such future-oriented financial information and financial outlooks. Future-oriented financial information and financial outlooks, as with forward-looking statements generally, are, without limitation, based on the assumptions and subject to the risks set out above. The Corporation's actual financial position and results of operations may differ materially from management's current expectations and, as a result, the Corporation's revenue and expenses may differ materially from the revenue and expenses profiles provided in this press release. Such information is presented for illustrative purposes only and may not be an indication of the Corporation's actual financial position or results of operations.

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 press release. Tidewater Renewables' 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 press 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 under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

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CNW 07:00e 12-MAY-22