

# TIDEWATER RENEWABLES LTD. ANNOUNCES FOURTH QUARTER 2021 RESULTS AND OPERATIONAL UPDATE

CALGARY, AB, March 10, 2022 /CNW/ - Tidewater Renewables Ltd. ("**Tidewater Renewables**" or the "**Corporation**") (TSX: LCFS) is pleased to announce that it has filed its annual consolidated financial statements and Management's Discussion and Analysis ("**MD&A**") for the year ended December 31, 2021.

## FOURTH-QUARTER 2021 HIGHLIGHTS

- During its first full quarter of operations, Tidewater Renewables generated strong Adjusted EBITDA<sup>(1)</sup> of \$10.6 million and net income of \$0.1 million which was ahead of previous guidance. Net cash provided by operating activities totaled \$10.0 million for the fourth quarter of 2021, with distributable cash flow<sup>(1)</sup> of \$7.9 million.
- On August 18, 2021, Tidewater Renewables completed its initial public offering (the "Offering") of approximately 10.7 million common shares, including the over-allotment exercise, at a price of \$15.00 per Common Share, for total gross proceeds of approximately \$161 million. Common Shares of Tidewater Renewables, held by Tidewater Midstream and Infrastructure Ltd. ("Tidewater Midstream"), represents approximately 69% of the outstanding common shares. Tidewater Renewables received approximately \$150 million in cash consideration net of underwriter commissions and legal expenses.
- Construction of Tidewater Renewables' 3,000 bbl/d Renewable Diesel & Renewable Hydrogen Complex ("HDRD") Complex continues to progress. The Corporation has reached several important milestones and construction of the facility is well underway. Tidewater Renewables expects production of Renewable Diesel in the first quarter of 2023.
- On November 15, 2021, Tidewater Renewables announced a multi-year agreement with an investment-grade company to sell 125,000 British Columbia Low Carbon Fuel Standard ("BC LCFS") credits at \$425 per credit. Subsequent to December 31, 2021, the Corporation announced two additional BC LCFS credit sales with two different investment-grade companies for 25,000 BC LCFS credits at an average price of \$478 per credit and 10,000 BC LCFS credits at \$490 per credit, respectively. These agreements extend to January 2024, and significantly reduce the price exposure on BC LCFS credits that Tidewater Renewables is expected to receive. Gross proceeds over the term of these agreements are approximately \$70 million. The Corporation has now sold over 58% of the volume of its BC LCFS credits granted under the Part 3 Agreement with the BC Government on a forward basis at prices higher than the originally budgeted of \$375 per credit.
- During the year, Tidewater Renewables successfully commissioned its Canola Co-Processing Project at the Prince George Refinery ("PGR") ahead of schedule and is currently producing and selling renewable diesel and gasoline.
- On December 10, 2021, Tidewater Renewables closed an acquisition of a used cooking oil supplier for total consideration of \$3.3 million, consisting of cash and common shares of Tidewater Renewables. Used cooking oil is a low carbon intensity renewable fuel feedstock that the HDRD Complex will be capable of processing.
- Tidewater Renewables continues to progress its feedstock business strategy and is in discussions with multiple counterparties on potential partnerships and long-term arrangements on discounted feedstock supply. The Corporation also continues to make significant headway on

its Renewable Natural Gas ("RNG") business unit with various partnership discussions aimed at both securing long term feedstock supply and investment grade offtake agreements. Tidewater Renewables continues to see material government support on various future renewable fuel initiatives.

- Tidewater Renewables is expecting material growth as it develops markets for feedstocks and clean fuels and anticipates Adjusted EBITDA growth of over 20% into the end of 2022 as compared to the fourth quarter of 2021. Tidewater Renewables remains confident in its ability to deliver over 300% Adjusted EBITDA growth over the next 14-18 months with the commissioning of the HDRD Complex in the first quarter of 2023.
- Tidewater Renewables is pleased to announce a multi-year partnership with the University of Saskatchewan, which will focus on a variety of renewable feedstocks, catalyst synthesis and conversion technologies to produce clean fuels such as RNG, renewable diesel, and sustainable aviation fuel.
- Joining the management team is Dr. Venu Babu Borugadda, Manager Research and Development, who will oversee the development of next generation feedstocks, catalysts, and conversion technologies for clean fuels within Tidewater Renewables. Prior to joining Tidewater Renewables, Dr. Borugadda was a MITACS Postdoctoral Fellow in the Department of Chemical and Biological Engineering at the University of Saskatchewan, Saskatoon, Canada. He received his Ph.D. in Chemical Engineering from the Indian Institute of Technology Guwahati, India in 2016 and Master of Technology degree with Petroleum Refinery Engineering specialization from the same University in 2011. Dr. Borugadda has over ten years of research and development experience in biomaterials processing, bio-lubricants and the production of biofuels and biochemicals. Dr. Borugadda is currently advancing several patents on catalysts relating to the production of renewable fuels. Tidewater Renewables is in the process of developing multiple patents related to feedstocks and catalysts in the advancement of renewable fuels.

<sup>1</sup> Adjusted EBITDA, distributable cash flow, 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 Corporation's MD&A for information on each non-GAAP financial measure or ratio.

Selected financial and operating information is outlined below and should be read with the Corporation's consolidated financial statements and related MD&A as at and for the period from date of incorporation, May 11, 2021 to December 31, 2021 which are available under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on our website at [www.tidewater-renewables.com](http://www.tidewater-renewables.com).

## Financial Highlights

	Three months ended December 31,		For the period from date of incorporation, May 11, 2021, to December 31,	
<i>(in thousands of Canadian dollars except per share information)</i>	2021		2021	
Revenue	\$	16,925	\$	23,055
Net income	\$	80	\$	2,763
Net income per share – basic and diluted	\$	0.00	\$	0.14
Adjusted EBITDA <sup>(1)</sup>	\$	10,635	\$	15,965
Net cash provided by operating activities	\$	9,963	\$	8,187
Distributable cash flow <sup>(1)</sup>	\$	7,880	\$	11,820
Distributable cash flow per common share – basic and diluted <sup>(1)</sup>	\$	0.23	\$	0.59
Total common shares outstanding (000s)		34,712		34,712
Total assets	\$	730,992	\$	730,992
Net debt <sup>(1)</sup>	\$	58,978	\$	58,978

Notes:

<sup>1</sup> See "Non-GAAP and Other Financial Measures" in the Corporation's press release and MD&A.

## OUTLOOK AND CAPITAL PROGRAM

Tidewater Renewables is pleased to deliver its first full quarter of operations, generating Adjusted

EBITDA of \$10.6 million and distributable cash flow of \$7.9 million. The Corporation is expecting material growth as it develops markets for feedstocks and clean fuels and anticipates Adjusted EBITDA growth of over 20% into the end of 2022 as compared to the fourth quarter of 2021. Tidewater Renewables remains confident in its ability to deliver over 300% Adjusted EBITDA growth over the next 14-18 months with the commissioning of the HDRD Complex in the first quarter of 2023.

During the fourth quarter of 2021, Tidewater Renewables achieved several milestones on the 3,000 bbl/d HDRD Complex and continues to produce renewable diesel through its Canola Co-Processing Project. The HDRD Complex is Tidewater Renewables' flagship project and is expected to generate \$90 - 100 million of annual Run Rate EBITDA once operational in the first quarter of 2023.

Tidewater Renewables continues to progress its feedstock business strategy and is in discussions with multiple counterparties on potential partnerships and long-term arrangements on discounted feedstock supply. The Corporation also continues to make significant headway on its Renewable Natural Gas ("RNG") business unit with various partnership discussions aimed at both securing long term feedstock supply and investment grade offtake agreements. Tidewater Renewables continues to see material government support for various future renewable fuel initiatives.

### ***Canola Co-processing and FCC Co-Processing Project***

During the fourth quarter of 2021, the Canola Co-Processing Project successfully processed canola oil into renewable diesel and renewable gasoline. The Corporation has entered into vegetable oil based financial forward contracts to decrease commodity price exposure and protect the project's cash flows. Tidewater Renewables has also begun testing alternative low-cost feedstocks through its FCC Co-Processing Project with initial encouraging results.

### ***Renewable Diesel & Renewable Hydrogen Complex ("HDRD Complex")***

During the fourth quarter the following significant project milestones were achieved:

- achieved the second milestone under the executed Renewable Diesel Project Part 3 Agreement with the Government of British Columbia, resulting in the receipt of 31,418 BC LCFS Credits subsequent to December 31, 2021;
- received rezoning covenant sign off by the City of Prince George and submitted it to land titles;
- ordered medium lead items including compressors, pumps, heat exchangers and flare system;
- completed rough grade, access road and approximately 70% of site gravelling;
- finished three tank concrete foundations;
- commenced receiving materials for fabrication; and
- started on mechanical, process, and instrumentation documents.

Management expects to achieve the following construction project milestones within the next three to six months:

- start brownfield pipe rack construction to connect existing refinery utilities, tanks and loading infrastructure to HDRD Complex;
- commence brownfield piling and start on rail loading rack fabrication;
- complete remaining concrete foundations in the tank farm and begin erecting storage tanks;
- award short lead items including instrumentation, structural steel, pipe, valves, and fittings;
- finish piping & instrumentation design and related construction packages; and
- complete consultations with First Nations and Indigenous organizations.

Tidewater Renewables expects gross capital costs to trend at the higher-end of its previously disclosed \$215 - 235 million due to ongoing global supply chain and inflation factors, which the Corporation continues to manage through procurement of medium and long-lead equipment. As the global economic recovery continues, management is actively monitoring and managing supply-chain

disruptions as well as general commodity related inflationary pressures. Proactive steps were taken by management in third and fourth quarter of 2021 to order long and medium-lead equipment as well as to lock-in material costs where possible to help mitigate any potential supply-chain disruptions.

### ***Feedstock Strategy and Supply***

Tidewater Renewables continues to progress its feedstock strategy for both its HDRD Complex and its future RNG initiatives. In the fourth quarter, the Corporation acquired, and plans to aggressively grow, a local used cooking oil supplier to further integrate its value chain and supply volumes to the HDRD Complex. Tidewater Renewables is also in discussions with multiple feedstock suppliers on potential partnerships and synergies related to long-term feedstock supply for both renewable diesel production and RNG production. The Corporation continues to assess various alternative low-cost feedstock options and plans to run tests throughout 2022 which will be targeted at its co-processing operations.

### **FOURTH QUARTER 2021 EARNINGS CALL**

In conjunction with the earnings release, investors will have the opportunity to listen to Tidewater Renewables' senior management review its fourth quarter 2021 results via conference call on Thursday, March 10, 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=1527016&tp\\_key=5cba86b737](https://produceredition.webcasts.com/starthere.jsp?ei=1527016&tp_key=5cba86b737) 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 December 31, 2021	For the period from date of incorporation, May 11, 2021, to December 31, 2021
Net income	\$ 80	\$ 2,763
Deferred income tax expense	175	1,234
Depreciation	4,592	6,707
Finance costs	759	1,476
Share-based compensation	425	680
Unrealized loss on derivative contracts	4,322	1,552
Transaction costs	282	1,553
<b>Adjusted EBITDA</b>	<b>\$ 10,635</b>	<b>\$ 15,965</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>	Three months ended December 31, 2021	For the period from date of incorporation, May 11, 2021, to December 31, 2021
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Net cash provided by operating activities	\$	9,963	\$	8,187
Add (deduct):				
Changes in non-cash working capital		60		5,895
Transaction costs		282		1,553
Interest and financing charges		(569)		(790)
Payment of lease liabilities		(1,435)		(2,147)
Maintenance capital		(421)		(878)
<b>Distributable cash flow</b>	<b>\$</b>	<b>7,880</b>	<b>\$</b>	<b>11,820</b>

## Non-GAAP Financial Ratios

### *Distributable Cash Flow Per Common Share*

<i>(in thousands of Canadian dollars except per share information)</i>	Three months ended December 31,		For the period from date of incorporation, May 11, 2021, to December 31,	
	2021		2021	
Distributable cash flow	\$	7,880	\$	11,820
<b>Distributable cash flow per common share – basic and diluted</b>	<b>\$</b>	<b>0.23</b>	<b>\$</b>	<b>0.59</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>	December 31, 2021	
Senior credit facility	\$	60,000
Cash		(1,022)
<b>Net debt</b>	<b>\$</b>	<b>58,978</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 Acquired 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"); 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; 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, 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 Acquired 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 Acquired 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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