

TIDEWATER RENEWABLES LTD. PROVIDES SECOND QUARTER 2022 UPDATE



TIDEWATER
Renewables Ltd.

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CALGARY, AB, July 27, 2022 /CNW/ - Tidewater Renewables Ltd. ("Tidewater Renewables" or the "Corporation") (TSX: LCFS) is pleased to provide a second quarter 2022 update.

The Corporation's base business continues to outperform. Tidewater Renewables expects to generate 2022 and 2023 run rate EBITDA at the high end of the previously disclosed ranges of \$50-55 million and \$140-150 million, respectively. The Corporation remains optimistic about further outperformance in 2023, anchored by strong refined product fundamentals and regulatory tailwinds, following recent clarifications around the federal government's Clean Fuel Regulation.

During the second quarter, the Corporation reached important milestones on its 3,000 bbl/d Renewable Diesel & Renewable Hydrogen Complex (the "**HDRD Complex**") including the commencement and completion of various construction activities and continues to produce and sell renewable diesel and gasoline from its Canola Co-Processing Project located at the

HDRD Complex. Additionally, and as previously disclosed, Tidewater Renewables entered into its inaugural multi-year sale agreement for its clean fuel regulation credits with an investment grade counterparty.

The Corporation has exceeded initial forecasts due to increased renewable diesel prices and carbon credit values. Strong business performance has driven initial second quarter 2022 net income estimates of \$4-\$5 million and Adjusted EBITDA estimates of \$15-16 million. Full second quarter 2022 financial results are expected to be released on August 11, 2022.

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, sustainable aviation fuel, 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 and Infrastructure Ltd., 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 and at www.tidewater-renewables.com.

Forward-Looking Information

This news release contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") that relate to the Corporation's current expectations and views of future events. These forward-looking statements relate to future events or the Corporation's future performance. Any statements that express, or involve discussions as to, 

expectations, beliefs, plans, objectives, assumption or future events or performance (often, but not always, through the use of words or phrases such as "will likely result", "are expected to", "expects", "will continue", "is anticipated", "anticipates", "believes", "estimated", "intends", "plans", "forecast", "projection", "strategy", "objective" and "outlook") are not historical facts and may be forward-looking statements and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in such forward-looking statements. No assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this new release should not be unduly relied upon. These statements speak only as of the date of this new release. In particular and without limitation, this news release contains forward-looking statements pertaining to Tidewater Renewables' business as described under the heading "About Tidewater Renewables" above; 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 net income and Adjusted EBITDA and expected growth related thereto; and the expected Adjusted EBITDA to the Corporation from the HDRD Complex.

Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the Corporation's control, which could cause actual results and events to differ materially from those that are disclosed in or implied by such forward-looking information. Such risks and uncertainties include, but are not limited to, the factors discussed under "Risk Factors" in the Corporation's supplemented PREP prospectus dated August 12, 2021, filed on SEDAR. Tidewater Renewables does not undertake any obligation to update such forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable laws.

Non-GAAP 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 Measures" section of Tidewater Renewables' most recent MD&A which is available on SEDAR.

Adjusted EBITDA

"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 plus the Corporation's proportionate share of EBITDA in their equity investments. 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 Renewables 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. The Corporation issues guidance on this key measure. As a result, Adjusted EBITDA is presented as a relevant measure in the MD&A to assist analysts and readers in assessing the performance of the Corporation as seen from management's perspective.

Run Rate EBITDA

"Run rate EBITDA" is defined as the expected EBITDA to be generated by a specific asset or specific growth project corresponding to a full year of operations at full capacity. Run rate EBITDA excludes non-cash items including stock-based compensation. The calculation of run rate EBITDA is based in certain estimates and assumptions and should not be regarded as a representation by the Corporation or any other person that the Corporation will achieve such operating results. Prospective investors should not place undue reliance on the Corporation's run rate EBITDA and should make their own independent assessment of the Corporation's future results or operations, cash flows and financial condition.

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