



Condensed Interim Consolidated Financial Statements

For the three and six month periods ended June 30, 2025

Tidewater Renewables Ltd.
Condensed Interim Consolidated Statements of Financial Position

(Unaudited, thousands of Canadian dollars)

As at	Notes	June 30, 2025	December 31, 2024
Assets			
Current			
Cash and cash equivalents		\$ 202	\$ 44
Accounts receivable		14,121	13,916
Inventory and emission credits	3	35,784	42,225
Prepaid expenses and other		12,239	3,366
Assets held for sale	4(b)	-	14,346
Total current assets		62,346	73,897
Investments		43,542	35,430
Right-of-use assets		7,989	10,832
Property, plant and equipment	4(a)	283,341	286,367
Total assets		\$ 397,218	\$ 406,526
Liabilities			
Current			
Accounts payable, accrued liabilities and provisions		\$ 16,517	\$ 25,041
Deferred revenues	3	8,982	-
Derivative contracts		5,982	29,142
Lease liabilities		6,619	6,984
Warrant liability		2,989	233
Total current liabilities		41,089	61,400
Senior credit facility	5	14,567	20,273
Second lien credit facility	6	167,831	160,033
Lease liabilities		2,334	5,692
Provisions		1,412	1,357
Total liabilities		227,233	248,755
Equity			
Attributable to shareholders		169,985	151,271
Attributable to non-controlling interest		-	6,500
Total equity		169,985	157,771
Total liabilities and equity		\$ 397,218	\$ 406,526

See the accompanying notes to the condensed interim consolidated financial statements

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

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

			Three months ended		Six months ended	
	Notes		2025	June 30, 2024	2025	June 30, 2024
Revenue	8	\$	73,606	\$ 147,238	\$ 131,280	\$ 258,477
Operating expenses			59,347	103,471	109,174	183,164
Gross margin			14,259	43,767	22,106	75,313
General and administrative			1,380	4,585	2,621	5,072
Share-based compensation			466	(1,241)	555	(113)
Depreciation			3,877	9,334	7,817	18,898
Operating income			8,536	31,089	11,113	51,456
Finance costs and other	9		5,504	10,304	10,630	19,655
Realized loss on derivative contracts			4,327	9,883	10,523	18,023
Unrealized (gain) loss on derivative contracts			(11,074)	5,234	(23,159)	(317)
(Gain) loss on warrant liability revaluation			(1,787)	(460)	2,756	(945)
Income from equity investments			(1,468)	(364)	(8,112)	(1,461)
Transaction costs			-	-	194	5
Income before income tax			13,034	6,492	18,281	16,496
Deferred income tax expense			-	1,557	-	3,841
Net income and comprehensive income		\$	13,034	\$ 4,935	\$ 18,281	\$ 12,655
Net income per share:						
Basic	7(b)	\$	0.36	\$ 0.14	\$ 0.50	\$ 0.36
Diluted	7(b)	\$	0.35	\$ 0.14	\$ 0.49	\$ 0.35

See the accompanying notes to the condensed interim consolidated financial statements

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

(Unaudited, thousands of Canadian dollars)

	Notes	Attributable to Shareholders of the Corporation			Non-controlling interest	Total equity
		Share capital	Equity reserves	Retained earnings (deficit)		
Balance, January 1, 2025		\$ 517,527	\$ 3,904	\$ (370,160)	\$ 6,500	\$ 157,771
Net income and comprehensive income		-	-	18,281	-	18,281
Issuance of common shares	7(a)	96	(96)	-	-	-
Share-based compensation		-	433	-	-	433
Disposal of interest in RNG Partnership	4(b)	-	-	-	(6,500)	(6,500)
Balance, June 30, 2025		\$ 517,623	\$ 4,241	\$ (351,879)	\$ -	\$ 169,985
Balance, January 1, 2024		\$ 513,043	\$ 5,898	\$ (12,314)	\$ 6,500	\$ 513,127
Net income and comprehensive income		-	-	12,655	-	12,655
Issuance of common shares		765	(765)	-	-	-
Share-based compensation		-	224	-	-	224
Balance, June 30, 2024		\$ 513,808	\$ 5,357	\$ 341	\$ 6,500	\$ 526,006

See the accompanying notes to the condensed interim consolidated financial statements

Tidewater Renewables Ltd.
Condensed Interim Consolidated Statements of Cash Flows

(Unaudited, thousands of Canadian dollars)

		Three months ended June 30,		Six months ended June 30,	
	Notes	2025	2024	2025	2024
Cash provided by (used in):					
Operating activities					
Net income		\$ 13,034	\$ 4,935	\$ 18,281	\$ 12,655
Adjustments:					
Non-cash share-based compensation		431	(597)	433	224
Depreciation		3,877	9,334	7,817	18,898
Interest and finance charges	9	3,668	7,842	7,534	16,645
Accretion and other	9	2,016	1,921	3,559	3,935
Unrealized gain on investments		-	-	-	(2,348)
Unrealized (gain) loss on foreign exchange	9	(528)	162	(542)	572
Unrealized (gain) loss on derivative contracts		(11,074)	5,234	(23,159)	(317)
(Gain) loss on warrant liability revaluation		(1,787)	(460)	2,756	(945)
Income from equity investment		(1,468)	(364)	(8,112)	(1,461)
Deferred income tax expense		-	1,557	-	3,841
Changes in non-cash operating working capital		10,117	2,930	11,962	21,253
Net cash provided by operating activities		18,286	32,494	20,529	72,952
Financing activities					
Repayment of senior credit facility		(7,001)	(643)	(5,865)	(28,392)
Payment of lease liabilities		(1,729)	(1,763)	(3,523)	(3,502)
Interest and financing charges paid		(3,668)	(7,835)	(7,534)	(16,645)
Changes in non-cash financing working capital		(2,599)	3,298	(358)	3,298
Net cash used in financing activities		(14,997)	(6,943)	(17,280)	(45,241)
Investing activities					
Expenditures on property, plant and equipment	4(a)	(2,442)	(8,556)	(4,495)	(14,328)
Proceeds from capital emission credit sales		-	18,963	1,300	33,563
Receipt of government grant		-	1,758	-	1,758
Proceeds from sale of assets	4(b)	-	-	7,846	-
Contributions to investments		-	-	-	(2,094)
Changes in non-cash investing working capital		(768)	(47,871)	(7,742)	(44,744)
Net cash used in investing activities		(3,210)	(35,706)	(3,091)	(25,845)
Increase (decrease) in cash and cash equivalents		79	(10,155)	158	1,866
Cash and cash equivalents, beginning of period		123	12,126	44	105
Cash and cash equivalents, end of period		\$ 202	\$ 1,971	\$ 202	\$ 1,971

See the accompanying notes to the condensed interim consolidated financial statements

Tidewater Renewables Ltd.

Notes to the Interim Financial Statements

For the three and six month periods ended June 30, 2025 and 2024

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

1. REPORTING ENTITY

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

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

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

These condensed interim consolidated financial statements are in compliance with IAS® Standards 34 “Interim Financial Reporting”, as issued by the International Accounting Standards Board (“IASB”). The accounting policies applied are in accordance with IFRS® Accounting Standards as issued by the IASB, are consistent with the Corporation’s consolidated financial statements as at and for the year ended December 31, 2024 and should be read in conjunction with those consolidated financial statements. The condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors on August 13, 2025.

3. INVENTORY AND EMISSION CREDITS

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

	June 30, 2025	December 31, 2024
Renewable feedstocks	\$ 5,390	\$ 12,294
Renewable refined products	4,695	7,322
Operating emission credits	23,249	21,309
Capital emission credits	2,450	1,300
Total inventory and emission credits	\$ 35,784	\$ 42,225

As at June 30, 2025, the Corporation had commitments to transfer control of operating emission credits to customers. The Corporation received payment and recognized deferred revenues of \$9.0 million for these commitments. Revenue will be recognized when the credits are transferred in the third quarter of 2025.

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

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

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

	Plant and infrastructure	Assets under construction	Total
Cost			
Balance, January 1, 2025	\$ 298,822	\$ 628	\$ 299,450
Additions	-	4,495	4,495
Capital emission credits awarded	-	(2,450)	(2,450)
Disposals	(97)	-	(97)
Balance, June 30, 2025	\$ 298,725	\$ 2,673	\$ 301,398
Accumulated Depreciation			
Balance, January 1, 2025	\$ 13,083	\$ -	\$ 13,083
Depreciation	4,974	-	4,974
Balance, June 30, 2025	\$ 18,057	\$ -	\$ 18,057
Net book value			
December 31, 2024	\$ 285,739	\$ 628	\$ 286,367
June 30, 2025	\$ 280,668	\$ 2,673	\$ 283,341

b) Sale of Rimrock Renewables Limited Partnership

During 2024, the Corporation classified its interest in the Rimrock Renewables Limited Partnership ("RNG Partnership") as held for sale.

On January 10, 2025, Tidewater completed the sale of its interest in the RNG Partnership for total proceeds of \$7.8 million, of which \$4.7 million was received on close and a further \$3.1 million is expected to be received upon the satisfaction of certain post-closing conditions on or before December 30, 2025.

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

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

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

5. SENIOR CREDIT FACILITY

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

	June 30, 2025	December 31, 2024
Senior Credit Facility	\$ 15,031	\$ 20,896
Financing costs	(464)	(623)
Total Senior Credit Facility	\$ 14,567	\$ 20,273
Current portion, net of financing costs	-	-
Long-term portion, net of financing costs	\$ 14,567	\$ 20,273

On March 26, 2025, the Corporation amended its Senior Credit Facility to increase the total aggregate availability by \$10.0 million to \$40.0 million. In addition, the requirement to comply with the quarterly financial covenants has been waived until March 31, 2026 (previously waived until September 30, 2025) at which time the Corporation will be required to maintain certain financial covenants on an annualized basis.

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

6. SECOND LIEN CREDIT FACILITY

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

	June 30, 2025	December 31, 2024
Second Lien Credit Facility	\$ 183,930	\$ 175,000
Discount ⁽¹⁾	(16,099)	(14,967)
Total Second Lien Credit Facility	\$ 167,831	\$ 160,033
Current portion, net of discount	-	-
Long-term portion, net of discount	\$ 167,831	\$ 160,033

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

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

- increased the tranche C second lien credit facility (the "Tranche C Facility") by \$10.0 million to \$43.0 million for the purpose of refinancing the Senior Credit Facility in certain circumstances;
- the Corporation was provided the option to elect that the April 24, 2025 interest payment on the \$150.0 million Tranche A Facility be paid in kind. Tidewater Renewables exercised this option and \$5.1 million was added to the aggregate principal amount of the Tranche A Facility on April 24, 2025.
- the maturity date of the Second Lien Tranche B and Tranche C Facilities was extended from February 28, 2026, to October 24, 2027;
- the requirement to comply with the quarterly financial covenants was waived until March 31, 2026 (previously waived until September 30, 2025) at which time the Corporation will be required to maintain certain financial covenants on an annualized basis; and
- the amendment fee of \$3.8 million was added to the principal amount of the Tranche B Facility.

Tidewater Renewables Ltd.

Notes to the Interim Financial Statements

For the three and six month periods ended June 30, 2025 and 2024

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

7. EQUITY ATTRIBUTABLE TO SHAREHOLDERS

a) Issued and outstanding common shares

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

b) Net income per share

	Three months ended June 30, 2025			Three months ended June 30, 2024		
	Net income	Common shares (000s)	Net income per share	Net income	Common shares (000s)	Net income per share
Net income - basic	\$ 13,034	36,410	\$ 0.36	\$ 4,935	34,847	\$ 0.14
Dilutive effect of share awards	-	744	(0.01)	-	1,181	-
Net income - diluted	\$ 13,034	37,154	\$ 0.35	\$ 4,935	36,028	\$ 0.14

For the three months ended June 30, 2025, 0.2 million share awards (June 30, 2024 - 0.5 million) and 4.4 million warrants (June 30, 2024 - 3.4 million) were excluded from the weighted-average share calculations as they were anti-dilutive.

	Six months ended June 30, 2025			Six months ended June 30, 2024		
	Net income	Common shares (000s)	Net income per share	Net income	Common shares (000s)	Net income per share
Net income - basic	\$ 18,281	36,400	\$ 0.50	\$ 12,655	34,812	\$ 0.36
Dilutive effect of share awards	-	610	(0.01)	-	1,382	(0.01)
Net income - diluted	\$ 18,281	37,010	\$ 0.49	\$ 12,655	36,194	\$ 0.35

For the six months ended June 30, 2025, 0.2 million share awards (June 30, 2024 - 0.5 million) and 4.4 million warrants (June 30, 2024 - 3.4 million) were excluded from the weighted-average share calculations as they were anti-dilutive.

8. REVENUE

The Corporation disaggregated revenue into categories to reflect how the nature and cash flows are affected by economic factors as follows:

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Renewable diesel ⁽¹⁾	\$ 45,220	\$ 57,889	\$ 76,258	\$ 99,472
Emission credits	16,240	55,735	40,745	85,964
Blending fuels ⁽²⁾	12,146	22,318	14,277	49,788
Take-or-pay agreements	-	11,296	-	23,253
Total revenue	\$ 73,606	\$ 147,238	\$ 131,280	\$ 258,477

(1) For the three and six months ended June 30, 2024, the Corporation recognized \$12.6 million and \$21.8 million in revenue related to the assets divested to Tidewater Midstream, respectively.

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

Tidewater Renewables Ltd.**Notes to the Interim Financial Statements****For the three and six month periods ended June 30, 2025 and 2024****(Tabular amounts stated in thousands of Canadian dollars, except as noted)****9. FINANCE COSTS AND OTHER**

Finance costs and other are comprised of the following:

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Interest on senior credit facility and second lien credit facility	\$ 3,668	\$ 7,842	\$ 7,534	\$ 16,645
Total interest expense	3,668	7,842	7,534	16,645
Realized foreign exchange loss	348	379	79	851
Unrealized foreign exchange (gain) loss	(528)	162	(542)	572
Total finance costs and other before accretion	\$ 3,488	\$ 8,383	\$ 7,071	\$ 18,068
Unwinding of discount on decommissioning obligations	27	28	55	55
Unwinding of discount on long-term debt	1,834	1,631	3,162	3,336
Unwinding of discount on lease liabilities	155	262	342	544
Total accretion	2,016	1,921	3,559	3,935
Unrealized gain on investments	-	-	-	(2,348)
Total finance costs and other	\$ 5,504	\$ 10,304	\$ 10,630	\$ 19,655

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

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

b) Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Corporation's accounts receivable, and from financial counterparties holding cash, cash equivalents and derivative contracts. Cash consists of amounts on deposit with Canadian chartered banks. The Corporation manages credit exposure of cash and cash equivalents by selecting financial institutions with high credit ratings.

The Corporation assesses lifetime expected credit losses for accounts receivable using historical default rates, aged accounts receivable analysis and forward-looking information to determine the appropriate expected credit losses. At June 30, 2025, lifetime expected credit losses for accounts receivable outstanding were \$0.2 million (December 31, 2024 - \$0.2 million).

c) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet financial obligations at the point at which they are due. The Corporation manages its liquidity risk through ongoing capital management. Management's assessment of its liquidity reflects estimates, assumptions and judgements relating to current market conditions. The Corporation anticipates that its net cash from operating activities, funds from its Senior Credit Facility and second lien credit facility, proceeds from the sale of emissions credits, and other financing sources will be sufficient to fulfill its financial commitments, obligations, and anticipated capital expenditures as they become due.

Tidewater Renewables Ltd.

Notes to the Interim Financial Statements

For the three and six month periods ended June 30, 2025 and 2024

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

Contractual maturities

The following table details the contractual maturities of the Corporation's financial liabilities as at June 30, 2025 and December 31, 2024:

	June 30, 2025		December 31, 2024	
	Less than one year	Greater than one year	Less than one year	Greater than one year
Accounts payable, accrued liabilities and provisions	\$ 16,517	\$ -	\$ 25,041	\$ -
Derivative contracts	5,982	-	29,142	-
Warrant liabilities	2,989	-	233	-
Lease liabilities ⁽¹⁾	6,817	2,598	7,193	6,315
Senior credit facility ⁽²⁾	-	15,031	-	20,896
Second lien credit facility ⁽²⁾	-	183,930	-	175,000
Total financial liabilities	\$ 32,305	\$ 201,559	\$ 61,609	\$ 202,211

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

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

d) Market risk

Market risk is the risk that changes in market conditions, such as commodity prices, foreign exchange rates and interest rates, will affect the Corporation's cash flow, income, or the value of its financial instruments. The objective of the Corporation's market risk management program is to manage and control market risk exposures within acceptable parameters, while maximizing the Corporation's return.

Interest rate risk

Interest rate risk refers to the risk that the value of the financial instrument or cash flows associated with the financial instrument will fluctuate due to changes in market interest rates. The Corporation may use forward interest rate swaps to hedge the interest rate associated with interest payments occurring as a result of its Senior Credit Facility.

At June 30, 2025, the Corporation had a variable rate Senior Credit Facility (note 5) totalling \$15.0 million. A 1% change in the interest rates on the Senior Credit Facility would have an after-tax impact on net income of approximately \$0.1 million for the six months ended June 30, 2025.

Foreign currency exchange rate risk

Foreign currency risk is the risk that the value of future cash flows will fluctuate as a result of changes in foreign currency exchange rates. The Corporation's foreign currency risk arises from certain working capital balances denominated in United States Dollars (USD). As at June 30, 2025, net working capital liabilities and derivative contract balances denominated in USD were \$2.8 million. A 5% change in foreign exchange rates between the USD and the Canadian Dollar would have an after-tax impact on net income of \$0.1 million for the six months ended June 30, 2025.

Commodity price risk

Commodity price risk is the risk that the fair value of a commodity derivative will fluctuate because of changes in market prices. In the normal course of operations, the Corporation purchases and sells various commodities and may use derivatives to protect a portion of its revenue and operating costs from price fluctuations. The Corporation is subject to price risk through these derivative contract assets and liabilities. A 10% change in prices for the underlying commodities, related to the Corporation's derivative contracts, would have an after-tax impact on net income of \$2.9 million for the six months ended June 30, 2025.

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

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

Warrant liability risk

The Corporation's warrants are classified as a financial liability due to the cashless exercise feature. They are measured at their fair value upon issuance and at each subsequent reporting period. A 10% change in the Corporation's share price would have an after-tax impact on net income of \$0.4 million for the six months ended June 30, 2025.

11. RELATED PARTY TRANSACTIONS

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

a) Related party transactions

Related party transactions included in the consolidated statements of net income and comprehensive income for the three and six months ended June 30, 2025 and 2024, are summarized in the following table:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2025	2024	2025	2024
Revenue from take-or-pay agreements	\$ -	\$ 11,296	\$ -	\$ 23,253
Revenue from the sale of renewable fuels	5,744	47,623	34,651	77,322
Purchases of blending fuels ⁽¹⁾	12,146	22,348	14,181	50,104
Purchase of emission credits	-	6,023	-	6,023
Sale of emission credits	7,860	-	28,280	-
Other operating expenses	7,279	9,978	12,544	18,131
G&A expenses under the shared services agreement	680	786	1,299	1,286
Realized loss on derivative contracts	778	1,030	1,829	1,841
Unrealized (gain) loss on derivative contracts	(1,758)	1,309	(3,649)	743

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

b) Related party balances

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

	June 30, 2025	December 31, 2024
Accounts receivable	\$ 4,402	\$ 10,516
Accounts payable, accrued liabilities and provisions	(2,396)	(7,138)
Derivative contracts	(1,167)	(4,812)