



TIDEWATER

Renewables Ltd.

Management's Discussion and Analysis

For the year ended December 31, 2025

March 25, 2026

MANAGEMENT’S DISCUSSION AND ANALYSIS

The following Management’s Discussion and Analysis (the “MD&A”) of the audited annual consolidated financial and operating results of Tidewater Renewables Ltd. (“Tidewater Renewables” or the “Corporation”) is dated March 25, 2026, and should be read in conjunction with Tidewater Renewables’ audited annual consolidated financial statements as at and for the years ended December 31, 2025, and 2024 (the “Financial Statements”). The Financial Statements have been prepared in accordance with IFRS® Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), which represent generally accepted accounting principles (“GAAP”). This MD&A contains non-GAAP measures which are used to measure and analyze financial performance, financial position and cash flow and therefore may not be comparable to similar measures presented by other entities. This MD&A also contains forward-looking statements. Readers are cautioned that the MD&A should be read in conjunction with Tidewater Renewables’ disclosure under “Non-GAAP and Other Financial Measures” and “Forward-Looking Information” included at the end of this MD&A. Unless otherwise indicated, references herein to “\$” or “dollars” are to Canadian dollars.

Management is responsible for preparing the MD&A. The MD&A has been reviewed and recommended by the Audit Committee of Tidewater Renewables’ board of directors (the “Board”) and approved by the Board.

BUSINESS OVERVIEW

Tidewater Renewables is an energy transition company. The Corporation is focused on the production of low carbon fuels, primarily renewable diesel. 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 canola oil, tallow, used cooking oil, distillers corn oil, soybean oil, and other biomasses) into low carbon fuels. Tidewater Renewables’ objective is to become a leading Canadian renewable fuel producer. The Corporation is pursuing this objective through the ownership, development, and operation of clean fuels projects and related infrastructure, that utilize existing proven technologies.

Tidewater Renewables’ assets are located in British Columbia and Alberta (collectively the “Renewable Assets”). The Corporation’s flagship asset, the renewable diesel & renewable hydrogen complex (“HDRD Complex”) is located adjacent to the Prince George Refinery (the “PGR”), owned by the Corporation’s controlling shareholder, Tidewater Midstream and Infrastructure Ltd. (“Tidewater Midstream”). Tidewater Renewables’ other asset, the Corporation’s joint venture investment in Rimrock Cattle Company Ltd. (the “Equity Investment”), is located in southern Alberta.

Tidewater Renewables’ common shares are publicly traded on the Toronto Stock Exchange under the symbol “LCFS”.

Additional information relating to Tidewater Renewables is available on SEDAR+ at www.sedarplus.ca and at www.tidewater-renewables.com.

HIGHLIGHTS

Q4 2025 Results

- During the fourth quarter of 2025, the Corporation reported a net loss of \$13.8 million, compared to a net loss of \$3.4 million in the fourth quarter of 2024. The increase in the net loss in the fourth quarter of 2025 was primarily due to lower throughput resulting in lower sales volume and lower contributions from the Equity Investment, partially offset by favourable movements in derivative contracts and lower financing costs.
- Adjusted EBITDA⁽¹⁾ was negative \$3.8 million during the fourth quarter of 2025, a 163% decrease over the fourth quarter of 2024. The decrease was attributable to lower sales volume and lower contributions from the Equity Investment.
- During the fourth quarter of 2025, the Corporation successfully completed its scheduled turnaround at the HDRD Complex, including the identification and repair of an equipment failure. Following these repairs, the facility has demonstrated improved operational reliability, with utilization averaging near nameplate capacity to date in 2026.

Year End 2025 Results

- During the year ended December 31, 2025, the Corporation reported net income of \$3.5 million, compared to a net loss of \$357.9 million for the year ended December 31, 2024. The increase over the prior year was primarily driven by the absence of the loss recognized on the sale of assets in the Tidewater Midstream Transaction, lower financing costs, and favourable derivative contract performance. Partially offsetting these factors were lower throughput resulting in lower sales volumes from renewable diesel and emissions credits, the absence of deferred tax recoveries recognized in 2024 as part of the Tidewater Midstream Transaction, and the loss of earnings from income generating assets divested in the Tidewater Midstream Transaction.
- In 2025, Tidewater Renewables generated Adjusted EBITDA⁽¹⁾ of \$25.8 million, a decrease of 65% from 2024 Adjusted EBITDA⁽¹⁾ of \$74.5 million. The decrease was due to lower throughput resulting in lower sales volumes from renewable diesel and environmental attributes, the sale of co-processing assets and the termination of take-or-pay contracts in connection with the Tidewater Midstream Transaction, and lower contributions from the Equity Investment, partially offset by lower realized losses on derivative contracts.
- The 2025 year benefited from improved regulatory clarity following the Government of British Columbia's February 27, 2025 announcement regarding amendments to the Low Carbon Fuels Act. These updates, which increased renewable fuel requirements for diesel from 4% to 8% and requires such renewable fuel content to be produced in Canada, represents, in management's view, a significant step toward a fairer and more competitive trade environment for the Canadian renewable fuel industry.
- The Corporation strengthened its financial position through the March 26, 2025 amendment of its senior and second lien credit facilities. This transaction provided more than \$15.0 million in additional capacity and extended the maturity of the second lien tranche B and C facilities from February 28, 2026, to October 24, 2027. Furthermore, the amendments enhanced financial flexibility by extending the waiver of quarterly financial covenants under the senior and second lien credit facilities until

(1) Non-GAAP financial measure. See the "Non-GAAP and Other Financial Measures" section of this MD&A.

March 31, 2026, at which point the Corporation will transition to maintaining specific financial covenants on an annualized basis.

- Execution of the 6,500 bbl/d sustainable aviation fuel (“SAF”) project reached significant milestones during the year, highlighted by the completion of front-end engineering design (“FEED”) work in the second quarter of 2025 and the execution of an amended initiative agreement with the Government of British Columbia in September 2025 (the “Amended Initiative Agreement”). The Amended Initiative Agreement provides additional BC LCFS Credits to support optimization efforts ahead of a targeted 2026 final investment decision.

2026 guidance

- Tidewater Renewables is pleased to release its 2026 guidance, which is characterized by improved financial performance and an accelerated deleveraging strategy. The Corporation expects to deliver annual Adjusted EBITDA⁽¹⁾ of between \$80.0 million to \$90.0 million, driven by optimized operational utilization at the HDRD Complex. This robust cash flow generation is expected to be used for debt reduction, reflecting management’s commitment to strengthening the balance sheet and enhancing long-term shareholder value.

Subsequent events

- In January 2026, Tidewater Renewables formally submitted its application for the BioFuels Production Incentive (the “BPI”), a new \$370 million program announced by the Government of Canada in 2025 aimed at strengthening domestic production of biodiesel and renewable diesel. With expected renewable diesel production of between 150 million to 170 million litres per year, the Corporation anticipates that 100% of its production will qualify for the incentive. Management believes the Corporation is well-positioned to benefit from the BPI, supporting improved cash flow and returns over the eligible period. Under the terms of the program, the Corporation expects to receive an incentive of \$0.16 per litre. This is projected to generate between \$24.0 million to \$27.2 million in annual cash proceeds in each of 2026 and 2027.
- Subsequent to year-end, the Corporation entered into derivative contracts to hedge approximately 50% of April through December 2026 renewable diesel (and attached emission credit) sales and associated feedstock purchases. This hedging strategy is intended to lock in a strong gross margin and significantly reduce exposure to commodity pricing volatility, providing greater certainty for 2026 cash flows.

(1) Non-GAAP financial measure. See the “Non-GAAP and Other Financial Measures” section of this MD&A.

FINANCIAL HIGHLIGHTS

<i>(in millions of Canadian dollars except per share information)</i>	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Revenue	\$ 54.7	\$ 76.4	\$ 248.0	\$ 426.5
Net (loss) income	\$ (13.8)	\$ (3.4)	\$ 3.5	\$ (357.9)
Net (loss) income per share - basic	\$ (0.38)	\$ (0.09)	\$ 0.10	\$ (10.15)
Net (loss) income per share - diluted	\$ (0.38)	\$ (0.09)	\$ 0.09	\$ (10.15)
Adjusted EBITDA ⁽¹⁾	\$ (3.8)	\$ 6.1	\$ 25.8	\$ 74.5
Net cash (used in) provided by				
operating activities	\$ (0.4)	\$ (21.5)	\$ 33.7	\$ 54.6
Distributable cash flow ⁽¹⁾	\$ (10.7)	\$ (7.7)	\$ (16.5)	\$ 29.8
Distributable cash flow per share - basic ⁽¹⁾	\$ (0.29)	\$ (0.22)	\$ (0.45)	\$ 0.84
Distributable cash flow per share - diluted ⁽¹⁾	\$ (0.29)	\$ (0.22)	\$ (0.45)	\$ 0.82
Total common shares outstanding (millions)	36.4	36.4	36.4	36.4
Total assets	\$ 397.6	\$ 406.4	\$ 397.6	\$ 406.4
Net debt ⁽²⁾	\$ 206.2	\$ 195.9	\$ 206.2	\$ 195.9

(1) Non-GAAP financial measures. Refer to the "Non-GAAP and Other Financial Measures" section of this MD&A.

(2) Capital management measure. Refer to the "Non-GAAP and Other Financial Measures" section of this MD&A.

OUTLOOK AND CORPORATE UPDATE

Regulatory developments

Following the Government of Canada's September 5, 2025, announcement of the BPI, Tidewater Renewables formally submitted its program application in January 2026. This time-limited program is, in management's view, a pivotal development for the Canadian renewable fuels sector, specifically designed to strengthen domestic production and competitiveness.

The BPI framework provides substantial, non-repayable financial support from January 2026 through December 2027, at the following incentive rates:

- \$0.16 per litre for the first 170 million litres produced annually; and
- \$0.10 per litre for the next 130 million litres produced annually.

With the HDRD Complex anticipated to produce between 150 million and 170 million litres annually, the Corporation is ideally positioned to receive between \$24.0 million and \$27.2 million in both 2026 and 2027. These payments are expected to be received quarterly in arrears, providing a consistent and meaningful boost to the HDRD Complex's economics, liquidity, and overall profitability throughout the incentive window.

In addition to the BPI, on September 5, 2025, the Government of Canada announced its intent to make targeted amendments to the Clean Fuel Regulations (the "CFR") to strengthen the resiliency and support the development of Canada's low-carbon fuel sector. While the BPI offers immediate short-term financial support, the proposed amendments seek to establish a structural, long-term market mechanism to ensure the sustained viability of domestic production. The Government of Canada is currently evaluating two primary regulatory pathways:

- Minimum Domestic Content Approach - This mechanism would require a defined share of the renewable content blended into gasoline and diesel to originate from Canadian production. This approach aligns with the policy announced by the Government of British Columbia on February

27, 2025, which increased renewable fuel requirements for diesel from 4% to 8% and requires such renewable fuel content to be produced in Canada; and

- Credit Multiplier Approach - Under this mechanism, domestic low-carbon fuels would receive a higher ratio of CFR Emission Credits per litre than imported fuels. The Government of Canada estimates that a multiplier of approximately 1.4 for biomass-based diesel would be required to achieve parity with the production tax incentive currently received by U.S. producers.

Management supports both proposed pathways and believes Tidewater Renewables is well-positioned to benefit from either, or a combination of both, if implemented. These developments represent a critical step in leveling the competitive landscape against, what management believes to be, unfair international trade practices. By aligning federal support with the efforts of Canadian producers and agricultural partners, including canola growers, Tidewater Renewables remains at the forefront of delivering long-term value in Canada’s low-carbon economy.

2026 guidance

Tidewater Renewables is pleased to release its 2026 guidance, highlighted by accelerated debt reduction and a projected \$54.2 million to \$64.2 million increase in Adjusted EBITDA compared to 2025. This significant year over year growth is expected to be driven by increased production volumes and market assumptions that anticipates a more favourable pricing environment compared to 2025. The Corporation’s 2026 strategy prioritizes maximizing throughput at the HDRD Complex and capturing stable cash flows to aggressively strengthen the balance sheet. The resulting expansion in cash flow is expected to be primarily directed toward debt reduction.

To further protect the Corporation’s financial position, management has implemented a proactive hedging program for 2026. As of the date of this MD&A, the Corporation has hedged approximately 50% of 2026 renewable diesel (and attached emission credit) sales and associated feedstock purchases. By utilizing these derivative instruments, the Corporation has locked in a strong gross margin on a significant portion of its 2026 production, effectively reducing exposure to commodity pricing volatility and ensuring more predictable cash flows.

While the Corporation remains focused on deleveraging, it will continue to advance its assets through a disciplined capital program. Growth expenditures will remain focused on the optimization of the SAF project. Expenditures on SAF optimization are expected to be largely funded through the monetization of capital emission credits issued under the Amended Initiative Agreement, preserving operating cash flow for debt repayment. Maintenance capital expenditures are directed strictly toward sustaining asset integrity, operational reliability, and process safety across the HDRD Complex to support the Corporation’s long-term production targets.

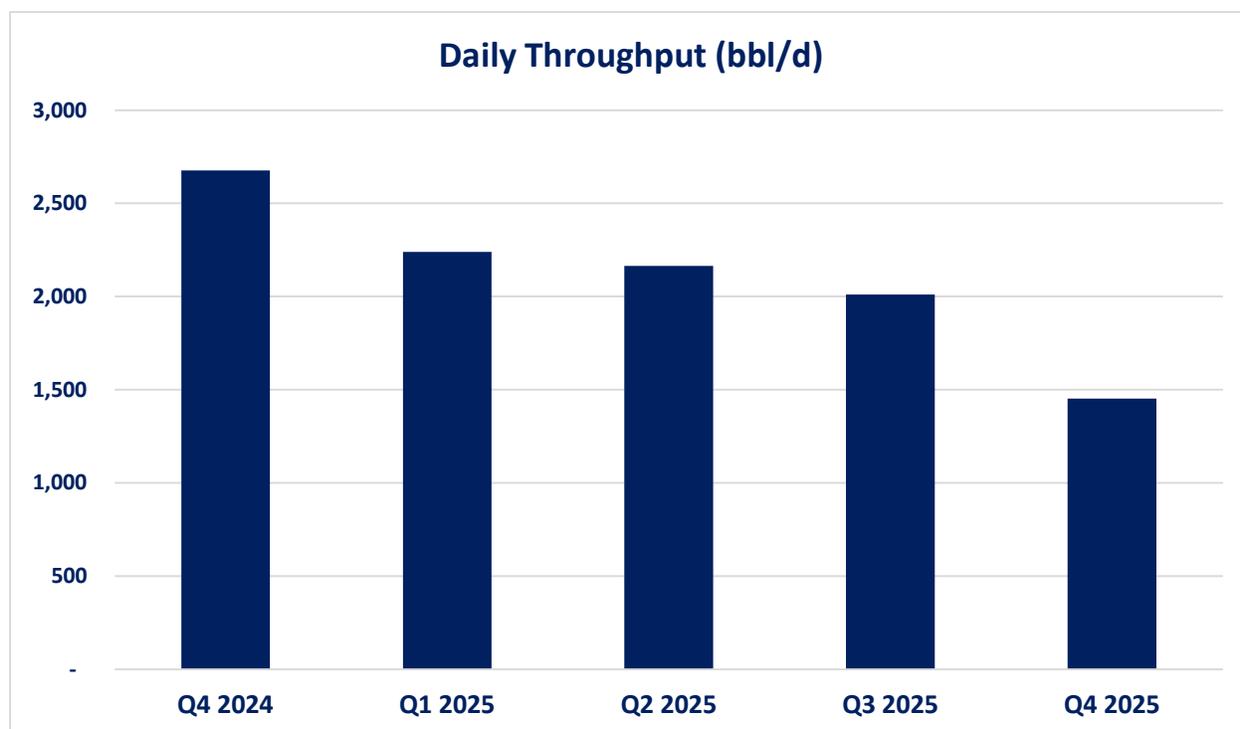
<i>(in millions of Canadian dollars, unless otherwise stated)</i>	2026 Guidance
Adjusted EBITDA ⁽¹⁾	80 - 90
Sales volume (MM litres)	150 - 170
Capital expenditures ⁽²⁾	2.0 – 3.0

(1) Non-GAAP financial measure. Refer to the “Non-GAAP and Other Financial Measures” section of this MD&A.

(2) Capital expenditures are inclusive of growth capital expenditures and maintenance capital expenditures and are presented net of capital emission credits.

HDRD Complex

The HDRD Complex is Canada's first standalone renewable diesel facility and is located adjacent to Tidewater Midstream's PGR. The HDRD Complex is designed to process 3,000 bbl/d of renewable feedstock and utilizes renewable hydrogen to reduce the CI of the renewable fuel it produces.



During the fourth quarter of 2025, the HDRD Complex achieved an average utilization rate of 1,453 bbl/d, or 48% of design capacity. This compares to 2,677 bbl/d, or 89% of design capacity, during the same period in the prior year. During the year ended December 31, 2025, the HDRD Complex achieved an average utilization rate of 1,967 bbl/d, or 66% of design capacity, in line with previously announced 2025 guidance of between 1,900 to 2,000 bbl/d, compared to 2,643 bbl/d, or 88% of design capacity, during the same period in 2024.

The decrease in utilization during the three months and year ended December 31, 2025, was primarily due to planned turnaround activities carried out in September 2025 through October 2025. The turnaround was originally expected to last approximately three weeks but was extended by an additional two weeks due to greater than anticipated fouling in the hydrodeoxygenation reactor beds. Despite the delay, the turnaround was completed safely, with operations resuming on October 14, 2025.

Shortly after operations resumed, an equipment anomaly was identified which required the HDRD Complex to take an unplanned outage. The issue was temporarily repaired, resulting in a delay of approximately two weeks, and operations resumed on October 29, 2025. Following the restart, the facility underwent a controlled ramp-up period, during which utilization improved steadily. The temporary repair was subsequently removed, and the rebuilt component was safely installed during a planned seven-day outage that was completed on December 12, 2025. A disciplined ramp-up process followed, supported by strong operational oversight and throughput exited the year at full capacity of 3,000 bbl/d.

In addition, utilization during the year ended December 31, 2025 was impacted by the previously disclosed minor fire incident that occurred on April 1, 2025, at the main renewable diesel process unit within the HDRD Complex. The incident was promptly contained, with the affected area safely isolated and stabilized.

Operations resumed on April 14, 2025, and utilization improved in the weeks that followed as part of a safe and controlled restart.

Across North America, fuel suppliers are subject to numerous mandates to decrease the CI of their fuels. These mandates include federal programs such as the CFR and the U.S. Renewable Fuel Standard Program, as well as provincial and state-level low carbon fuel standard programs, including those in British Columbia, California, Oregon, and Washington. To comply with these mandates, fuel suppliers must either lower the CI of their fuel, undertake approved capital projects to reduce emissions, or acquire emissions credits from other fuel suppliers. The Corporation's renewable fuel has a CI low enough to generate environmental credits in these various jurisdictions which are referred to as "*operating emissions credits*". These operating emissions credits may be sold "attached" to the fuel or separated and sold independently. Operating emissions credits are, in many but not all cases, fungible with "*capital emissions credits*", which the Corporation receives under agreements for achieving engineering or construction milestones on certain capital projects.

Looking forward, the British Columbia Low Carbon Fuel Standard program mandates that marketers of fossil-derived fuels and their alternatives adhere to increasingly stringent CI reduction targets. Specifically, the diesel CI reduction target was set at 18.3% in 2025, with an increase to 20.6% in 2026, ultimately aiming for a 30% reduction by 2030 relative to the 2010 CI levels. The tightening CI reductions targets will require obligated parties to blend more renewable fuel into their existing fuel stream, or acquire additional BC LCFS Credits, both of which are expected to increase the market and demand for Tidewater Renewables' products. This evolving regulatory framework is expected to enhance market conditions and drive a higher demand for emissions credits. Notably, British Columbia remains the only province in Canada with an established low carbon fuel standard program, positioning it as a leader in clean fuel policy.

The CFR, a federally mandated program, requires liquid fuel suppliers in Canada to reduce the CI of gasoline and diesel, with annual emission reduction targets increasing through 2030. The CFR is aligned with similar programs in jurisdictions such as British Columbia, California, and Oregon. The regulations aim to drive investment in clean fuels by establishing a credit market, where each CFR Emission Credit represents a one-tonne CO_{2e} lifecycle emission reduction. The Corporation's renewable diesel qualifies as a low-CI fuel that can generate CFR Emission Credits, which the Corporation may monetize either through embedded pricing in fuel sales or via the open market. As federal emission reduction requirements rise and the obligated fuel pool expands, management expects growing demand for CFR Emission Credits through 2030, a trend that would be further supported by the implementation of either of the two targeted amendments currently being evaluated by the federal government.

Capital Program

The main expenditure under Tidewater Renewables' 2025 growth capital program was the FEED work being conducted on its proposed 6,500 bbl/d SAF project in British Columbia. The SAF project is being developed under a joint development agreement with Tidewater Midstream, whereby both parties have the right to participate in up to 50% of the project upon a final investment decision, which is targeted for 2026.

The SAF FEED work is complete and was funded through the sale of capital emissions credits issued under an executed initiative agreement with the Government of British Columbia. The Corporation is now advancing optimization work on the project, which is partially funded through the Amended Initiative Agreement. Tidewater Renewables is actively pursuing long-term offtake agreements for the SAF product expected to be produced. Tidewater Renewables continues to see significant interest in supporting future SAF developments, as well as other renewable fuel and renewable gas initiatives, from various provincial and federal governments.

Tidewater Renewables schedules regular turnaround activities at the HDRD Complex to ensure operational efficiency, safety, and regulatory compliance. These turnarounds are planned on a recurring minor and major cycle. The minor turnarounds primarily involve hydrodeoxygenation catalyst replacement of two reactors, along with routine maintenance. Leveraging operational insights gained during the first two years of operations, including the insights gained from the most recent turnaround, Tidewater Renewables has plans to extend the turnaround schedule for the hydrodeoxygenation catalyst to approximately two and half years, to align with the first major turnaround planned for spring of 2028. The major turnaround includes activities performed during a minor turnaround, in addition to a dewax catalyst replacement, internal vessel inspections, general cleaning and preventative maintenance, and targeted equipment upgrades focused on enhancing both safety and performance. Although these activities may temporarily reduce production capacity, they are strategically timed, often during periods of lower demand to minimize revenue impact.

RESULTS OF OPERATIONS

Financial Overview

<i>(in millions of Canadian dollars except per share information)</i>	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Revenue	\$ 54.7	\$ 76.4	\$ 248.0	\$ 426.5
Operating expenses	\$ 53.7	\$ 62.0	\$ 212.3	\$ 308.4
General and administrative	\$ 1.1	\$ 2.1	\$ 5.0	\$ 9.1
Share-based compensation	\$ -	\$ (0.5)	\$ 0.7	\$ (0.2)
Depreciation	\$ 4.0	\$ 7.0	\$ 17.5	\$ 31.5
Finance costs and other	\$ 5.8	\$ 9.3	\$ 22.0	\$ 42.4
Realized loss on derivative contracts	\$ 3.3	\$ 9.1	\$ 16.6	\$ 41.0
Unrealized gain on derivative contracts	\$ (3.5)	\$ (3.1)	\$ (29.1)	\$ (16.7)
(Gain) loss on warrant liability revaluation	\$ (1.3)	\$ (0.3)	\$ 4.9	\$ (3.0)
Loss (income) from equity investments	\$ 7.4	\$ (3.7)	\$ (3.6)	\$ (4.5)
Loss (gain) on sale of assets	\$ 1.0	\$ (2.0)	\$ 1.0	\$ 489.0
Impairment expense	\$ -	\$ -	\$ -	\$ 0.8
Transaction costs	\$ -	\$ 0.6	\$ 0.2	\$ 2.2
Deferred income tax recovery	\$ (3.0)	\$ (0.7)	\$ (3.0)	\$ (115.6)
Net (loss) income	\$ (13.8)	\$ (3.4)	\$ 3.5	\$ (357.9)
Net (loss) income per share – basic	\$ (0.38)	\$ (0.09)	\$ 0.10	\$ (10.15)
Net (loss) income per share –diluted	\$ (0.38)	\$ (0.09)	\$ 0.09	\$ (10.15)

Revenue

Revenue decreased to \$54.7 million in the fourth quarter of 2025, compared to \$76.4 million in the fourth quarter of 2024. Revenue for the year ended December 31, 2025 was \$248.0 million, compared to \$426.5 million for the same period in 2024. The decline in the current quarter was primarily driven by lower throughput resulting in lower sales volume for renewable diesel and the associated environmental attributes, partially offset by higher sales of conventional blending fuels. For the full year, the decline was similarly impacted by lower throughput and reduced sales volume for renewable diesel and environmental attributes. However, the decline in revenue was compounded by the sale of emission credits during the first three quarters of 2024 under forward contracts that were priced during the first half of 2024, when emission credit prices were significantly higher. Emission credit prices declined sharply during the third quarter of 2024 and remained at depressed levels through to the first quarter of 2025. Revenue was also impacted by the divestiture of certain revenue-generating co-processing and natural gas storage assets completed under the Tidewater Midstream Transaction, as well as lower third-party sales of conventional blending fuels.

Operating Expenses

Operating expenses for the three months and year ended December 31, 2025 were \$53.7 million and \$212.3 million, respectively, compared to \$62.0 million and \$308.4 million, respectively, in the corresponding periods in 2024. The decrease in operating expenses for the three months ended December 31, 2025 was primarily driven by lower feedstock purchases resulting from turnaround activity and repairs related to an equipment anomaly during the fourth quarter of 2025, which led to reduced production during the quarter. These reductions were partially offset by higher blending fuel costs in the fourth quarter of 2025, associated with contracted offtakes.

For the full year, operating expenses declined due in part to the same factors impacting the fourth quarter. In addition, the year over year decrease reflected the elimination of operating expenses associated with assets divested as part of the Tidewater Midstream Transaction, elevated operating expenses incurred in the first quarter of 2024 related to the initial full quarter of HDRD production, including startup challenges and higher feedstock prices, and lower blending fuel costs in 2025.

General and Administrative

General and administrative (“G&A”) expenses for the fourth quarter of 2025 were \$1.1 million, compared to \$2.1 million in the fourth quarter of 2024. G&A expenses for the year ended December 31, 2025 were \$5.0 million, compared to \$9.1 million for the year ended December 31, 2024. The decrease in both periods was primarily driven by lower employee costs resulting from workforce reductions, as well as the absence of one-time employee severance expenses incurred in the second quarter of 2024.

Share-Based Compensation

For the three months and year ended December 31, 2025, the Corporation’s share-based compensation expense was \$NIL and \$0.7 million, respectively, compared to share-based compensation recoveries of \$0.5 million and \$0.2 million, respectively, for the same periods in 2024. The increase in share-based compensation expense for both periods was primarily attributable to the absence of share award forfeitures and cancellations arising from workforce reductions, as well as performance factor adjustments for certain restricted share units, which had resulted in recoveries in the comparable periods of 2024.

Depreciation

Depreciation expense for the three months and year ended December 31, 2025 was \$4.0 million and \$17.5 million, respectively, compared to \$7.0 million and \$31.5 million for the same periods in 2024. The decrease in both periods was primarily due to a lower depreciable asset base following the Tidewater Midstream Transaction and other asset disposals completed during 2024.

Finance Costs and Other

Finance costs and other expenses for the fourth quarter of 2025 were \$5.8 million, compared to \$9.3 million for the same period in 2024. Finance costs and other for the year ended December 31, 2025 were \$22.0 million, compared to \$42.4 million for the same period of 2024. The decrease for both periods is primarily due to the reduced average net debt outstanding and lower interest rates.

Finance costs and other includes interest on the Corporation's credit facilities as well as other non-cash interest expenses. Non-cash interest expenses include unrealized foreign exchange losses, unrealized gains or losses on equity investments, and accretion expenses on the Corporation's decommissioning obligations, lease liabilities and long-term debt.

Realized Gains or Losses on Derivative Contracts

During the fourth quarter of 2025, the Corporation recognized a realized loss of \$3.3 million on derivative contracts, compared to a realized loss of \$9.1 million for the same period in 2024. Realized losses on derivative contracts for the year ended December 31, 2025 were \$16.6 million, compared to realized losses of \$41.0 million for the same period in 2024. The realized losses on derivative contracts relate to lower average commodity prices for soybean oils in 2025, when compared to the fixed derivative price. Generally, realized gains and losses on derivative contracts resulting from fluctuations in feedstock and energy prices are partially offset by an inverse gain or loss on physical product purchases and sales.

Unrealized Gains or Losses on Derivative Contracts

The Corporation recorded a non-cash unrealized gain of \$3.5 million for the three months ended December 31, 2025, compared to an unrealized gain of \$3.1 million for the same period in 2024. Unrealized gains on derivative contracts for the year ended December 31, 2025 were \$29.1 million, compared to an unrealized gain of \$16.7 million for the same period in 2024. The changes in unrealized gains and losses are primarily due to pricing changes in the Chicago Board of Trade soybean oil futures market.

Warrant Liability Revaluation

For the three months and year ended December 31, 2025, the Corporation recognized a non-cash revaluation gain of \$1.3 million and a loss of \$4.9 million, respectively, from remeasuring the Corporation's outstanding warrants to their fair value. Changes in the fair value are influenced by movements in the Corporation's share price, volatility assumptions, and other market-based inputs.

Income from Equity Investment

For the three months and year ended December 31, 2025, the Equity Investment generated a loss of \$7.4 million and income of \$3.6 million, respectively, compared to income of \$3.7 million and \$4.5 million, respectively, for the same periods in 2024. The decrease in the current quarter was primarily driven by lower cattle sales and non-cash unrealized losses resulting from a mark-to-market downward revaluation

of the cattle inventory. For the full year, the decrease was due to unrealized mark-to-market adjustments on cattle inventory to reflect lower period-end market prices, partially offset by higher volumes of cattle sold at higher average selling prices, as well as realized and unrealized gains on cattle-related derivative contracts.

Loss on sale of assets

In 2025, Tidewater Renewables recognized a loss of \$1.0 million on the sale of the Rimrock Renewables Limited Partnership ("RNG LP"). In 2024, Tidewater Renewables recognized a loss of \$489.0 million on sale of assets which was primarily attributable to the Tidewater Midstream Transaction, partially offset by a gain on the sale of assets from the Corporation's non-core used cooking oil feedstock business.

Impairment

In 2024, the Corporation initiated the process to divest its interest in RNG LP, classifying it as held for sale at September 30, 2024. Consequently, an impairment charge was recognized on the Corporation's investment in RNG LP.

Transaction costs

For the three months ended December 31, 2025, the Corporation incurred no significant transaction costs. For the year ended December 31, 2025, however, transaction costs of \$0.2 million were incurred to complete the sale of the Corporation's interest in RNG LP. In comparison, transaction costs for the three months and year ended December 31, 2024, were \$0.6 million and \$2.2 million, respectively. For both periods, these costs relate to external legal counsel and financial advisors engaged for the Tidewater Midstream Transaction, the sale of assets from the Corporation's used cooking oil feedstock business and the divestiture of the Corporation's interest in RNG LP.

Deferred Tax

For the three months and year ended December 31, 2025, the Corporation recognized \$3.0 million of deferred tax recovery, compared to a deferred tax recovery of \$0.7 million and \$115.6 million, respectively, for the same periods in 2024. The deferred tax recovery in 2025 primarily relates to the recognition of non-capital loss pools, as compared to the prior year's recovery which was largely driven by asset dispositions associated with the Tidewater Midstream Transaction. The Corporation recognizes deferred tax assets only when it is probable that future taxable profits will be available to utilize underlying deductible temporary differences.

Net Income (Loss)

During the three months and year ended December 31, 2025, the Corporation reported a net loss of \$13.8 million and a net income of \$3.5 million, respectively, compared to net losses of \$3.4 million and \$357.9 million, respectively, for the same periods of 2024. The increase in the current quarter's net loss was primarily due to lower throughput which resulted in lower sales volume and lower contributions from the Equity Investment, partially offset by favourable movements in derivative contracts and lower financing costs. The significant improvement to net income for the full year, as compared to the prior year, was primarily driven by the absence of the loss recognized on the sale of assets in the Tidewater Midstream Transaction, lower financing costs, and favourable movements in derivative contracts. These favourable factors were partially offset by lower income from emission credit sales, the absence of deferred tax recoveries recognized in 2024 as part of the Tidewater Midstream Transaction, and the loss of earnings from income generating assets divested in the Tidewater Midstream Transaction.

Capital Expenditures

The following table summarizes growth and maintenance capital expenditures for the three months and years ended December 31, 2025, and 2024:

<i>(in millions of Canadian dollars)</i>	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Growth capital ⁽¹⁾	\$ 1.3	\$ 7.1	\$ 3.9	\$ 20.6
Maintenance capital ⁽¹⁾	1.7	1.2	9.2	3.4
Expenditures on property, plant and equipment as per statement of cash flows	\$ 3.0	\$ 8.3	\$ 13.1	\$ 24.0
Capital emissions credits awarded ⁽²⁾	\$ -	\$ (3.6)	\$ (2.6)	\$ (46.5)

(1) Supplementary financial measures. See the "Non-GAAP and Other Financial Measures" section of this MD&A.

(2) During the three months and year ended December 31, 2025, the Corporation monetized \$NIL and \$1.3 million, respectively, of capital emissions credits (2024 - \$9.5 million and \$45.4 million, respectively).

Growth Capital

Growth capital expenditures for the fourth quarter of 2025 totaled \$1.3 million, compared to \$7.1 million in the fourth quarter of 2024. For the year ended December 31, 2025, growth capital expenditures were \$3.9 million, compared to \$20.6 million for the same period in 2024.

During the fourth quarter of 2025, Tidewater Renewables' growth capital spending primarily related to optimization work on the SAF project, which is expected to be partially funded through the sale of capital emission credits issued under the Amended Initiative Agreement. Growth capital expenditures for the year ended December 31, 2025 were focused on completing FEED work for the SAF project, which was finalized during the second quarter of 2025.

Maintenance Capital

Maintenance capital expenditures for the three months and year ended December 31, 2025 were \$1.7 million and \$9.2 million, respectively, compared to \$1.2 million and \$3.4 million, respectively, in the same periods of 2024. The increase primarily reflects the timing of planned maintenance activities, which were scheduled for completion in the third quarter but extended to October 29, 2025 due to higher than anticipated fouling in the hydrodeoxygenation reactor bed, as well as an equipment anomaly that was identified and repaired during the fourth quarter. Despite these expanded maintenance requirements, total annual maintenance capital fell within the Corporation's previously announced 2025 guidance range of \$8.0 million to \$10.0 million.

SELECTED ANNUAL INFORMATION

The following table presents selected annual financial information for Tidewater Renewables:

<i>(in millions of Canadian dollars, except per share information)</i>	Year ended December 31,		
	2025	2024	2023
Revenue	\$ 248.0	\$ 426.5	\$ 97.7
Net (loss) income attributable to shareholders	3.5	(357.9)	(41.0)
Net (loss) income per share attributable to shareholders - basic	0.10	(10.15)	(1.18)
Net (loss) income per share attributable to shareholders - diluted	0.09	(10.15)	(1.18)
Weighted average common shares outstanding - basic	36.4	35.3	34.7
Weighted average common shares outstanding - diluted	37.1	35.3	34.7
Total assets	397.6	406.4	1,086.7
Total non-current liabilities	196.0	187.4	279.7

SUMMARY OF QUARTERLY RESULTS

The following table presents a summary of Tidewater Renewables' quarterly results of the last eight quarters:

<i>(in millions of Canadian dollars, except per share information)</i>	Q4 2025	Q3 2025	Q2 2025	Q1 2025
Revenue	\$ 54.7	\$ 62.0	\$ 73.6	\$ 57.7
Net income (loss)	\$ (13.8)	\$ (1.0)	\$ 13.0	\$ 5.3
Net income (loss) per share - basic	\$ (0.38)	\$ (0.03)	\$ 0.36	\$ 0.14
Net income (loss) per share - diluted	\$ (0.38)	\$ (0.03)	\$ 0.35	\$ 0.14
Adjusted EBITDA ⁽¹⁾	\$ (3.8)	\$ 16.5	\$ 10.7	\$ 2.4

(1) Non-GAAP financial measure. Refer to the "Non-GAAP and Other Financial Measures" section of this MD&A.

<i>(in millions of Canadian dollars, except per share information)</i>	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Revenue	\$ 76.4	\$ 91.6	\$ 147.2	\$ 111.3
Net income (loss)	\$ (3.4)	\$ (367.1)	\$ 4.9	\$ 7.7
Net income (loss) per share - basic	\$ (0.09)	\$ (10.46)	\$ 0.14	\$ 0.22
Net income (loss) per share - diluted	\$ (0.09)	\$ (10.46)	\$ 0.14	\$ 0.21
Adjusted EBITDA ⁽¹⁾	\$ 6.1	\$ 13.6	\$ 29.6	\$ 25.2

(1) Non-GAAP financial measure. Refer to the "Non-GAAP and Other Financial Measures" section of this MD&A.

During 2025, Tidewater Renewables' results were impacted by the following factors and trends:

- strong commercial momentum, reflected in increased contracted offtakes and growing demand for Canadian-produced renewable diesel, which is expected to contribute to long-term market stability for the Corporation's renewable diesel production and associated emission credits;
- lower throughput at the HDRD Complex resulting in lower sales volumes;
- the absence of income contributions and related costs associated with the assets sold in the Tidewater Midstream Transaction;
- lower losses on derivative contracts as a result of price movements in soybean oil futures; and
- lower finance costs resulting from reduced debt balances and more favourable interest rates.

During 2024, Tidewater Renewables' results were impacted by the following factors and trends:

- full year of commercial operations at the HDRD Complex;
- losses recognized on the sale of assets, leading to a deferred tax recovery;
- volatility in unrealized gains and losses on derivative contracts as a result of price movement in the commodities hedged by the Corporation;
- imports of subsidized U.S. renewable diesel into the British Columbia market that reduced demand for emission credits, resulting in a significant decrease in the price for such emission credits; and
- higher finance costs due to lower capitalized interest.

LIQUIDITY AND CAPITAL RESOURCES

The Corporation's primary liquidity and capital resource needs include funding the HDRD Complex's operations, future interest payments, working capital requirements and funding growth opportunities, including the SAF project. 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.

Further to the Corporation's deleveraging strategy, on January 10, 2025, Tidewater Renewables completed the sale of its interest in RNG LP for a total purchase price of \$7.8 million in cash, of which \$4.7

million was received on close and a further \$2.1 million was received in February 2026 in satisfaction of the total purchase price. The proceeds of this transaction were used to reduce outstanding debt.

Strong commercial and marketing initiatives have enabled Tidewater Renewables to successfully secure contracted offtake agreements, the majority of which are indexed to U.S. import parity benchmarks. This structure aligns contract pricing with prevailing U.S. market values, enhancing revenue stability and supporting consistent cash flow generation. These agreements are expected to support the liquidity and financial sustainability of Tidewater Renewables.

The Corporation does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Corporation's financial performance. Credit facilities held by the Corporation's equity investees are non-recourse to the Corporation.

Debt Borrowings

The following table summarizes the Corporation's credit facilities outstanding as at December 31, 2025:

<i>(in millions of Canadian dollars)</i>	Maturity Date	Rate	Facility Amount	Amount Drawn
Senior Credit Facility	February 28, 2027	variable	\$ 40.0	\$ 22.3
Second Lien Credit Facility	October 24, 2027	variable	183.9	183.9
Total			\$ 223.9	\$ 206.2

Senior credit facility

On March 26, 2025, the senior credit facility was amended to increase the total aggregate availability from \$30.0 million to \$40.0 million. The amended facility consists of a \$5.0 million syndicated facility and a \$35.0 million revolving operating facility. As a result of the amendment, compliance by Tidewater Renewables with its quarterly financial covenants has been waived for an additional two quarters, until March 31, 2026.

On May 7, 2025, the maturity date of the senior credit facility was extended from February 28, 2026 to February 28, 2027.

The senior credit facility can be drawn in Canadian funds and bears interest at the agent bank's prime lending rate or adjusted Canadian Overnight Repo Rate Average ("CORRA") or Secured Overnight Financing Rate ("SOFR") lending rates, plus applicable margins and stamping fees.

Second lien credit facility

Tidewater Renewables' second lien credit facility consists of a tranche A facility in the aggregate principal amount of \$155.1 million, a tranche B facility in the aggregate principal amount of \$28.8 million and a tranche C facility which may only be drawn in certain circumstances to refinance the senior credit facility. On March 26, 2025, the second lien credit facility was amended. Total aggregate availability under the tranche C facility increased from \$33.0 million to \$43.0 million. The maturity date for both the tranche B and tranche C facilities was extended to October 24, 2027 (with the tranche A facility maturity date remaining unchanged at October 24, 2027). Additionally, the Corporation was provided the option, which it exercised, to elect that the April 24, 2025 interest payment of \$5.1 million on the tranche A facility, be paid in kind, with the balance added to the aggregate principal amount of the tranche A facility. An amendment fee of \$3.8 million was added to the principal amount of the tranche B facility.

The \$155.1 million tranche A facility bears minimum interest at 6.5% for periods up to and including October 24, 2025, minimum interest of 6.875% for periods between October 25, 2025 and October 24, 2026, and minimum interest of 7.25% from October 25, 2026 up to but excluding the maturity date of October 24, 2027. The rates are subject to an annual Canadian Consumer Price Index adjustment factor with a maximum cumulative increase of 4.0% per annum. The tranche B facility under the second lien credit facility continues to bear interest at 9.5%, paid quarterly.

The \$28.8 million tranche B facility is subject to variable quarterly repayments based on a portion of Tidewater Renewables' adjusted cash flows. The calculation of these adjusted cash flows is based on specific definitions in the agreements governing the second lien credit facility, are not in accordance with GAAP, and cannot be directly calculated by referring to Tidewater Renewables' consolidated financial statements.

As at December 31, 2025, no portion of the second lien credit facility was classified as current on the consolidated financial statements, as Tidewater Renewables was not required to make minimum repayments based on the adjusted cash flow calculation. The tranche B facility can be repaid at Tidewater Renewables' option without penalty.

The tranche C facility, if drawn, bears interest at the adjusted CORRA rate plus 8.0% payable quarterly in arrears.

The second lien credit facility is subordinate to the senior credit facility and is subject to a number of customary covenants and restrictions, however, compliance with the quarterly financial covenants has been waived until March 31, 2026, having been previously waived until September 30, 2025, at which time the Corporation will be required to maintain certain financial covenants on an annualized basis.

Cash Flow Summary

The following table summarizes the Corporation's sources and uses of funds from continuing operations for the three months and years ended December 31, 2025, and 2024:

Cash flows provided by (used in) <i>(in millions of Canadian dollars)</i>	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Operating activities	\$ (0.4)	\$ (21.5)	\$ 33.7	\$ 54.6
Financing activities	\$ 4.0	\$ 3.0	\$ (20.7)	\$ (183.8)
Investing activities	\$ (5.6)	\$ 18.5	\$ (13.0)	\$ 129.1

Net Cash (Used in) Provided by Operating Activities

Net cash used in operating activities was \$0.4 million for the three months ended December 31, 2025, compared to net cash used in operating activities of \$21.5 million for the three months ended December 31, 2024. For the year ended December 31, 2025, net cash provided by operating activities was \$33.7 million, compared to net cash provided by operating activities of \$54.6 million in the prior year period.

The decrease in net cash used in operating activities in the current quarter of 2025 was primarily driven by favourable non-cash working capital changes, largely due to an increase in deferred revenue, which reflects the timing of cash receipts, as well as lower realized losses on derivative contracts compared to the same period in the prior year. These favourable impacts were partially offset by reduced throughput resulting from the extended turnaround and unplanned outage and the absence of income-generating assets sold pursuant to the Tidewater Midstream Transaction.

For the year ended December 31, 2025, net cash provided by operating activities decreased compared to the prior year, primarily due to lower gross margins resulting from reduced throughput and sales volume, as well as the sale of income-generating assets under the Tidewater Midstream Transaction. These impacts were partially offset by favourable non-cash working capital changes, primarily from higher deferred revenue due to the timing of cash receipts.

Net cash provided by operating activities will fluctuate quarter over quarter due to inventory at the HDRD Complex, the commodity prices at which inventory is bought and sold, and seasonal demand. Commodity prices and the HDRD Complex's inventory is expected to fluctuate period over period, and accordingly, working capital requirements also fluctuate with changes in commodity prices and demand.

Net Cash Provided by (Used in) Financing Activities

Net cash provided by financing activities for the three months and net cash used in financing activities for year ended December 31, 2025 was \$4.0 million and \$20.7 million, respectively, compared to net cash provided by financing activities of \$3.0 million and cash used in financing activities of \$183.8 million, respectively, for the same periods in 2024. For both periods, financing activities reflects lower interest and financing charges paid in 2025, as well as significant debt repayments made during the comparative periods of 2024.

Net Cash (Used in) Provided by Investing Activities

Net cash used in investing activities for the three months and year ended December 31, 2025 was \$5.6 million and \$13.0 million, respectively, compared to net cash provided by investing activities of \$18.5 million and \$129.1 million, respectively, for the same periods in 2024. The decrease in both periods primarily reflects proceeds from capital emission credit sales. In addition, the full year of 2024 benefited from proceeds received from the Tidewater Midstream Transaction.

CONTRACTUAL LIABILITIES AND COMMITMENTS

The Corporation had the following contractual obligations and commitments as at December 31, 2025:

<i>(in millions of Canadian dollars)</i>		Within one year	One to five years	Thereafter	Total
Accounts payables, accrued liabilities and provisions	\$	25.2	\$ -	\$ -	\$ 25.2
Lease liabilities ⁽¹⁾		5.0	1.0	-	6.0
Senior credit facility ⁽²⁾		-	22.3	-	22.3
Second lien credit facility ^{(2) (3)}		-	183.9	-	183.9
Total	\$	30.2	\$ 207.2	\$ -	\$ 237.4

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

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

(3) The second lien tranche A and tranche B facilities are due on October 24, 2027.

OUTSTANDING EQUITY

As at March 23, 2026, Tidewater Renewables had the following number of outstanding common shares, restricted share units (“RSUs”), deferred share units (“DSUs”), stock options (“Options”) and warrants:

<i>(in thousands)</i>	
Common shares	36,435
RSUs	514
DSUs	128
Options	399
Warrants	4,375

TRANSACTIONS WITH RELATED PARTY

The Corporation has entered into certain agreements and transactions with its controlling shareholder, Tidewater Midstream. Related party transactions included in the consolidated statements of net income (loss) and comprehensive income (loss) for the three months and years ended December 31, 2025 and 2024, are summarized in the following table:

<i>(in millions of Canadian dollars)</i>	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Revenue from take-or-pay agreements	\$ -	\$ -	\$ -	\$ 27.4
Revenue from the sale of renewable fuels	5.8	30.8	49.5	149.7
Purchases of blending fuels	13.3	2.1	36.3	54.6
Purchase of emission credits	-	5.6	-	11.6
Sales of emission credits	-	23.2	28.3	36.6
Other operating expenses	5.9	6.5	23.0	30.7
G&A expenses under the shared services agreement	0.7	0.2	2.8	2.3
Realized loss on derivative contracts	0.7	1.2	3.1	4.3
Unrealized gain on derivative contracts	(0.7)	(0.3)	(4.8)	(1.2)

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

	December 31, 2025	December 31, 2024
Accounts receivable	\$ 1.9	\$ 10.5
Accounts payable, accrued liabilities and provisions	(10.2)	(7.1)
Derivative contracts	-	(4.8)

For the three months and year ended December 31, 2025, Tidewater Renewables had no other transactions with related parties, except the remuneration of key management personnel in the ordinary course of their employment.

FINANCIAL INSTRUMENTS

Tidewater Renewables’ financial instruments consist of cash and cash equivalents, accounts receivable, derivative contracts, accounts payable, accrued liabilities and provisions, the senior credit facility and the second lien credit facility. Tidewater Renewables employs risk management strategies and policies to ensure that any exposures to market risks are in compliance with the Corporation’s business objectives and risk tolerance levels.

The majority of the Corporation's accounts receivable are due from investment-grade corporations subject to normal industry credit risks. This represents a continued improvement in the Corporation's credit profile compared to the prior year. Tidewater Renewables evaluates and monitors the financial strength of its customers in accordance with its credit policy. Financial assurances received to mitigate and reduce risk may include letters of credit and prepayments.

The Corporation enters into certain financial derivative contracts to manage commodity price risk and these instruments are not used for speculative purposes. The Corporation has not designated its financial derivative contracts as effective accounting hedges. Such financial derivative contracts are recorded on the statement of financial position at fair value, with changes in the fair value being recognized as an unrealized loss (gain) on the consolidated statement of net income (loss) and comprehensive income (loss). As at December 31, 2025, Tidewater Renewables had no financial derivative contracts outstanding.

RISK FACTORS

The Corporation continually works to mitigate the impact of risks to its business by identifying all significant risks so that they can be appropriately managed. The risks that may affect the business and operations of Tidewater Renewables are described herein and within the Corporation's Annual Information Form, a copy of which is available on Tidewater Renewables' SEDAR+ profile at www.sedarplus.ca. The Corporation's financial risks are discussed in note 22 of the Financial Statements.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management reviews its estimates on a regular basis. The emergence of new information and changed circumstances may result in actual results or changes to estimates that differ materially from current estimates. The Corporation's use of estimates and judgments in preparing the Financial Statements is discussed in note 2 of the Financial Statements for the year ended December 31, 2025, a copy of which is available on Tidewater Renewables' SEDAR+ profile at www.sedarplus.ca.

FUTURE ACCOUNTING PRONOUNCEMENTS

In May 2024, the IASB issued amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures relating to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets. The amendments became effective on January 1, 2026, but are not expected to have a material impact on Tidewater Renewables' financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18") was issued by the IASB on April 9, 2024. IFRS 18 replaces IAS Standards 1 Presentation of Financial Statements and will be applied to annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. IFRS 18 establishes a revised structure for the consolidated statements of net earnings, required disclosures for certain management-defined performance measures, and enhanced requirements for grouping of information in the financial statements. Tidewater Renewables is currently assessing the impact of adopting IFRS 18 on the consolidated financial statements.

CONTROL ENVIRONMENT

Disclosure controls and procedures

The Corporation's Chief Executive Officer and Chief Financial Officer have designed, or caused to be designed under their supervision, disclosure controls and procedures ("DC&P"), as defined by National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), to provide reasonable assurance that material information relating to the Corporation is made known to them by others, particularly during the period in which the annual filings are being prepared, and information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. The Corporation's management, including the Chief Executive Officer and Chief Financial Officer, evaluate the effectiveness of the Corporation's DC&P annually.

Management of the Corporation, including the Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the DC&P as at December 31, 2025. Based on that evaluation, the Chief Executive Officer has concluded that the Corporation's DC&P are effective as of the end of the year, in all material respects.

Internal controls over financial reporting

Tidewater Renewables' Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining internal control over financial reporting ("ICFR"), as defined by NI 52-109. They have, as at the year ended December 31, 2025, designed ICFR, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The control framework used by the officers to design the Corporation's ICFR is the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations.

Management of the Corporation, including the Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the ICFR as at December 31, 2025. Based on that evaluation, the Chief Executive Officer has concluded that the Corporation's ICFR are effective as of the end of the year, in all material respects.

The Corporation's Chief Executive Officer and Chief Financial Officer are required to disclose any change in the ICFR that occurred during the most recent period that has materially affected, or is reasonably likely to materially affect, the Corporation's ICFR. No material changes in the ICFR were identified during the period ended December 31, 2025, that have materially affected, or are reasonably likely to materially affect, the Corporation's ICFR. It should be noted that a control system, including the Corporation's DC&P and ICFR, no matter how well conceived, can provide only reasonable and not absolute assurance that the objectives of the control system will be met. As a result of inherent limitation in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Corporation have been prevented or detected. Additionally, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with the Corporation's policies and procedures.

NON-GAAP AND OTHER FINANCIAL MEASURES

Throughout this MD&A and in other materials disclosed by the Corporation, Tidewater Renewables uses a number of non-GAAP financial measures, non-GAAP ratios, capital management measures and

supplementary 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. These non-GAAP financial measures and ratios do not have standardized meanings 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. Except as otherwise indicated, these non-GAAP financial measures and ratios 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 non-GAAP financial measures, non-GAAP financial ratios, capital management measures and supplementary financial measures used herein.

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 calculated as income (or loss) before finance costs, taxes, depreciation, share-based compensation, unrealized gains and losses on derivative contracts, transaction costs, and other items considered non-recurring in nature, plus the Corporation's proportionate share of Adjusted EBITDA in its equity investments.

Adjusted EBITDA is used by management to set objectives, make operating and capital investment decisions, monitor debt covenants and assess performance. Tidewater Renewables also believes Adjusted EBITDA is a measure widely used by securities analysts, investors, lending institutions and others to evaluate the financial performance of the Corporation. From time to time, the Corporation issues guidance on this key measure. As a result, Adjusted EBITDA is presented as a relevant measure in this MD&A to assist analysts and readers in assessing the performance of the Corporation as seen from management's perspective. Investors should be cautioned that Adjusted EBITDA should not be construed as an alternative to net 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 income, the nearest GAAP measure, to Adjusted EBITDA:

<i>(in millions of Canadian dollars)</i>	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Net (loss) income	\$ (13.8)	\$ (3.4)	\$ 3.5	\$ (357.9)
Deferred income tax recovery	(3.0)	(0.7)	(3.0)	(115.6)
Depreciation	4.0	7.0	17.5	31.5
Finance costs and other	5.8	9.3	22.0	42.4
Share-based compensation	-	(0.5)	0.7	(0.2)
Unrealized gain on derivative contracts	(3.5)	(3.1)	(29.1)	(16.7)
(Gain) loss on warrant liability revaluation	(1.3)	(0.3)	4.9	(3.0)
Transaction costs	-	0.6	0.2	2.2
Non-recurring expenses	0.1	-	0.7	3.0
Loss on sale of assets	1.0	(2.0)	1.0	489.0
Impairment expense	-	-	-	0.8
Adjustment to share of profit from equity accounted investments	6.9	(0.8)	7.4	(1.0)
Adjusted EBITDA	\$ (3.8)	\$ 6.1	\$ 25.8	\$ 74.5

Distributable Cash Flow

Distributable cash flow is calculated as net cash provided by (used in) operating activities before changes in non-cash working capital plus 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. Maintenance capital expenditures, including turnarounds, are deducted from distributable cash flow 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. Distributable cash flow also excludes non-recurring transactions that do not reflect Tidewater Renewables' ongoing operations.

Management believes distributable cash flow is a useful metric for investors when assessing the amount of cash flow generated from the Corporation's 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.

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

<i>(in millions of Canadian dollars)</i>	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Net cash (used in) provided by operating activities	\$ (0.4)	\$ (21.5)	\$ 33.7	\$ 54.6
Add (deduct):				
Changes in non-cash working capital	(3.0)	21.4	(19.9)	8.2
Transaction costs	-	0.6	0.2	2.2
Non-recurring expenses	0.1	-	0.7	3.0
Interest and financing charges	(3.9)	(5.3)	(15.0)	(27.8)
Payment of lease liabilities	(1.8)	(1.7)	(7.0)	(7.0)
Maintenance capital	(1.7)	(1.2)	(9.2)	(3.4)
Distributable cash flow	\$ (10.7)	\$ (7.7)	\$ (16.5)	\$ 29.8

Growth capital expenditures will generally be funded from net cash provided by operating activities, sales of capital emission credits and proceeds from additional debt or equity, as required.

Non-GAAP Financial Ratios

The Corporation uses the following non-GAAP financial ratios to present aspects of its financial performance or financial position.

Distributable cash flow per common share (basic and diluted)

Distributable cash flow per common share is calculated as distributable cash flow, a non-GAAP financial measure, over the weighted average number of common shares outstanding for the period.

Management believes that distributable cash flow per common share provides 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 per share information)</i>	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Distributable cash flow	\$ (10.7)	\$ (7.7)	\$ (16.5)	\$ 29.8
Weighted average shares outstanding - basic	36.4	36.4	36.4	35.3
Weighted average shares outstanding - diluted	36.4	36.4	36.4	36.3
Distributable cash flow per share - basic	\$ (0.29)	\$ (0.22)	\$ (0.45)	\$ 0.84
Distributable cash flow per share - diluted	\$ (0.29)	\$ (0.22)	\$ (0.45)	\$ 0.82

Capital Management Measures

The Corporation has its own methods for managing capital and liquidity as further described in “**Liquidity and Capital Resources**” section of this MD&A and within note 22 of the Financial Statements, a copy of which is available on Tidewater Renewables' SEDAR+ profile at www.sedarplus.ca.

Net Debt

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. Net debt is defined as amounts owing under the senior credit facility and second lien credit facility, less cash.

Net debt excludes working capital, lease liabilities and derivative contracts as the Corporation monitors its capital structure based on net debt to Adjusted EBITDA.

The following table reconciles net debt:

<i>(in millions of Canadian dollars)</i>	December 31, 2025		December 31, 2024	
Senior Credit Facility	\$	22.3	\$	20.9
Senior Lien Credit Facility		183.9		175.0
Cash		-		-
Net debt	\$	206.2	\$	195.9

Supplementary Financial Measures

Growth Capital

Growth capital expenditures are defined as expenditures which are recoverable, incrementally increase cash flow or the earning potential of assets, expand the capacity of current operations, or significantly extend the life of existing assets. This measure can be used by investors to assess the Corporation's discretionary capital spending.

Maintenance Capital

Maintenance capital expenditures are generally defined as expenditures that support and/or maintain the current capacity, cash flow or earning potential of existing assets without the characteristic benefits associated with growth capital expenditures. These expenditures include major inspections and overhaul costs that are required on a periodic basis. This measure can be used by investors to assess the Corporation's non-discretionary capital spending.

ABBREVIATIONS AND DEFINITIONS

“bbl/d” means barrels per day.

“BC LCFS Credits” are tradable certificates awarded to fuel producers, importers, or users who produce or use fuels with a CI lower than the required standard set by the British Columbia government. These credits are earned when the carbon emissions of fuel are below the established threshold, and they can be bought and sold in a market to help companies meet their regulatory obligations. The purpose of these credits is to incentivize the use of cleaner, low-carbon fuels and to help reduce the overall greenhouse gas emissions in the transportation sector.

“capital emissions credits” refers to environmental credits granted or generated for the achievement of engineering or construction milestones on the expansion of the Corporation’s capital assets.

“CFR Emission Credits” means credits generated under the Canadian Clean Fuel Regulations.

“CI” means carbon intensity as specified and calculated under each specific government methodology, where certain calculation differences may exist from one jurisdiction to another.

“environmental attributes” means, collectively, BC LCFS Credits, CFR Emission Credits, carbon credits, rebates, tax credits, grants and other incentives specific to the jurisdiction the renewable product is sold and environmental attributes available;

“operating emissions credits” refers to environmental credits granted or generated through the production or blending of renewable fuels.

“throughput” means with respect to refinery units of the HDRD Complex, inlet volumes processed (including any off-load or reprocessed volumes).

“Tidewater Midstream Transaction” refers to an Assets Sales Agreement that the Corporation and Tidewater Midstream entered into on September 12, 2024, pursuant to which the Corporation sold its canola co-processing infrastructure, the fluid catalytic cracking co-processing infrastructure, working interests in various other PGR units, and a natural gas storage facility co-located at Tidewater Midstream’s Brazeau River Complex (collectively the “Divested Assets”) to Tidewater Midstream for cash proceeds of \$122.0 million, plus the assumption by Tidewater Midstream of certain of our liabilities relating to the Divested Assets. In addition, as part of the consideration, Tidewater Midstream assigned the right to receive certain BC LCFS Credits to the Corporation with a minimum value of \$7.7 million.

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

“utilization” or “utilization rate” means the throughput of a facility or unit divided by its design capacity.

FORWARD-LOOKING INFORMATION

Certain statements contained in this MD&A constitute forward-looking statements and forward-looking information (collectively, “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”, “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 MD&A should not be unduly relied upon.

In particular, this MD&A contains forward-looking statements pertaining to, but not limited to, the following:

- the Corporation’s ability to become a leading renewable fuel producer;
- the effect of the Government of British Columbia’s amendments to the Low Carbon Fuels Act on the Corporation and the Canadian renewable fuel industry;
- the requirement for the Corporation to maintain specific financial covenants on an annualized basis under its senior credit facility and second lien credit facility following the expiry of the waiver of such covenants;
- the receipt of additional BC LCFS Credits from the Government of British Columbia as a result of the Amended Initiative Agreement, including the anticipated use thereof;
- the development of the proposed SAF project, including the funding of optimization work, the expected timing of a final investment decision and the pursuit of long-term offtake agreements in relation thereto;
- the amount of annual Adjusted EBITDA expected to be generated by the Corporation in 2026, and the expected drivers of increases thereto;
- the use of cash flow for debt reduction;
- the Corporation’s qualification for the BPI, the associated incentive expected to be received by the Corporation under the BPI and the expected effect of the BPI on the Corporation and the Canadian renewable fuels sector;
- the percentage of forecasted production subject to offtake agreements;
- the percentage of forecasted production expected to be sold inclusive of associated emission credits;
- the expected sale of volumes not sold under offtake agreements on the spot market;
- the amount of renewable diesel revenue and associated feedstock purchases hedged under derivative contracts and the expected effect of such hedging strategy;
- the Government of Canada’s intention to make targeted amendments to the CFR and the expected effect on the Corporation and the Canadian renewable fuels sector;
- expected production volumes and management’s view of the renewable diesel pricing environment;
- requirements to adhere to increasingly stringent CI reduction targets pursuant to regulations put in place by various levels of government in Canada and the U.S. and the effect on obligated parties’ operations and the market conditions for renewable diesel and emissions credits;
- the Corporation’s view of the renewable diesel and emissions credit markets;

- the Corporation's view of regulatory developments in the low-carbon fuels sector;
- the timing of turnaround activities at the HDRD Complex and the effect of turnaround activities on production capacity;
- expectations for the Corporation's capital program for 2026;
- the effect of fluctuations in feedstock and energy prices on the Corporation's derivative contracts;
- the Corporation's primary liquidity and capital resource needs and the Corporation's expectations regarding its ability to satisfy such needs;
- the fluctuation of net cash (used in) provided by operating activities quarter to quarter;
- the fluctuation of working capital requirements;
- the Corporation's use of risk management strategies and policies;
- the use of financial assurances such as letters of credit and prepayments to mitigate and reduce credit risk;
- the Corporation's use of financial derivative contracts to manage commodity price risk;
- the effect of the amendments to IFRS 9 and IFRS 7 on the Corporation's financial statements; and
- the Corporation's business plans and strategies.

Although the forward-looking statements contained in this MD&A 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 MD&A, the Corporation has made assumptions regarding, but not limited to:

- Tidewater Renewables' ability to execute on its business plan;
- general economic and industry trends;
- operating assumptions relating to the Corporation's projects;
- the ownership and operation of Tidewater Renewables' business;
- regulatory risks;
- future commodity and renewable energy prices;
- sustained or growing demand for renewable fuels;
- the ability for the Corporation to successfully turn a wide variety of renewable feedstocks into low carbon fuels;
- the ability of the Corporation to successfully execute offtake agreements with respect to expected production;
- the effect of increasingly stringent CI reduction targets on obligated parties' operations and the emission credit market;
- the credit-worthiness of counterparties;
- the Corporation's future debt levels, financial stability, future debt reduction initiatives, and its ability to repay its debt when due;
- the Corporation's ability to continue to satisfy the terms and conditions of its credit facilities;
- the continued availability of the Corporation's credit facilities;
- the Corporation's ability to obtain additional debt and/or equity financing on satisfactory terms;
- the Corporation's ability to manage liquidity by working with its current capital providers and other sources and through the sale of emissions credits and renewable diesel;
- the market, demand and pricing for emissions credits;
- foreign currency, exchange, inflation and interest rate risks;
- the continued support of governments of various levels for current policy initiatives; 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.sedarplus.ca.

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, and the pricing of, low carbon products and emissions credits;
- general economic, political, market and business conditions, including fluctuations in interest rates, foreign exchange rates, supply chain pressures, inflation, stock market volatility and supply/demand trends;
- risks and liabilities inherent in the operations related to renewable energy production, including the lack of operating history and risks associated with forecasting future performance;
- competition for, among other things, third-party capital, acquisition opportunities, requests for proposals, materials, equipment, labour, and skilled personnel;
- risks related to the environment and changing environmental laws and regulations in relation to the operations conducted with the Renewable Assets and the Corporation's other future capital projects;
- 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;
- effects of weather conditions (such severe weather or catastrophic events including, but not limited to, fires, floods, lightning, earthquakes, extreme cold weather, storms or explosions);
- reputational risks;
- the Corporation's reliance on key personnel;
- technology and security risks, including cybersecurity;
- potential losses stemming 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;
- failure to realize the anticipated benefits of dispositions and capital projects; and
- the other risks set forth in the Corporation's most recent annual information form available under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

The foregoing lists are not exhaustive. Additional information on these and other factors which could affect the Corporation's operations or financial results are set forth in the Corporation's most recent annual information form and in other documents on file with the Canadian regulatory authorities available under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

Management of the Corporation has included the above summary of assumptions and risks related to forward-looking statements provided in this MD&A 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 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 occur, 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 MD&A. Tidewater Renewables 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 MD&A 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 the Corporation's most recent annual information form and other filings made by the Corporation with Canadian provincial securities commissions available under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

The financial outlook information contained in this MD&A 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 MD&A 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 MD&A. Accordingly, readers are cautioned that the financial outlook information contained in this MD&A should not be used for purposes other than for which it is disclosed herein. The financial outlook information contained in this MD&A was approved by management as of the date such financial outlook information was announced and was provided for the purpose of providing further information about Tidewater Renewables' current expectations and plans for the future.