



TIDEWATER

Renewables Ltd.

Condensed Interim Consolidated Financial Statements

For the three month period ended March 31, 2026

Tidewater Renewables Ltd.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited, millions of Canadian dollars)

As at	Notes	March 31, 2026	December 31, 2025
Assets			
Current			
Accounts receivable		\$ 31.8	\$ 12.3
Derivative contracts		0.4	-
Inventory and emission credits	4	57.1	51.3
Prepaid expenses and other		1.0	0.4
Total current assets		90.3	64.0
Investments		43.6	39.0
Right-of-use assets		4.0	5.3
Property, plant and equipment	5	281.8	286.3
Deferred tax asset		-	3.0
Total assets		\$ 419.7	\$ 397.6
Liabilities			
Current			
Accounts payable, accrued liabilities and provisions		\$ 29.7	\$ 25.2
Deferred revenues	4	13.6	11.2
Senior credit facility	6	22.8	-
Lease liabilities		3.5	4.9
Warrant liability		10.4	5.1
Total current liabilities		80.0	46.4
Senior credit facility	6	-	22.2
Second lien credit facility	7	172.9	171.2
Lease liabilities		0.8	0.9
Decommissioning obligations		0.1	1.7
Total liabilities		253.8	242.4
Equity			
Attributable to shareholders		165.9	155.2
Total equity		165.9	155.2
Total liabilities and equity		\$ 419.7	\$ 397.6

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, millions of Canadian dollars, except per share information)**

	Notes	Three months ended March 31, 2026		Three months ended March 31, 2025	
Revenue	9	\$	93.6	\$	57.7
Operating expenses	10		66.9		49.9
Gross margin			26.7		7.8
General and administrative			2.0		1.2
Share-based compensation			0.4		0.1
Depreciation			4.0		3.9
Operating income			20.3		2.6
Finance costs and other	11		5.5		5.1
Realized loss on derivative contracts			1.1		6.2
Unrealized gain on derivative contracts			(0.4)		(12.1)
Loss on warrant liability revaluation			5.3		4.5
Income from equity investments			(4.6)		(6.6)
Transaction costs			-		0.2
Income before income tax			13.4		5.3
Deferred income tax expense			3.4		-
Net income and comprehensive income		\$	10.0	\$	5.3
Net income per share:					
Basic and diluted	8(b)	\$	0.27	\$	0.14

See the accompanying notes to the condensed interim consolidated financial statements

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

(Unaudited, millions of Canadian dollars)

	Attributable to Shareholders of the Corporation				Non-controlling interest	Total equity
	Notes	Share capital	Equity reserves	Deficit		
Balance, January 1, 2026	\$	517.6 \$	4.3 \$	(366.7) \$	- \$	155.2
Net income and comprehensive income		-	-	10.0	-	10.0
Issuance of common shares	8(a)	0.1	(0.1)	-	-	-
Share-based compensation, adjusted for deferred tax on share-based awards		-	0.7	-	-	0.7
Balance, March 31, 2026	\$	517.7 \$	4.9 \$	(356.7) \$	- \$	165.9
Balance, January 1, 2025	\$	517.5 \$	3.9 \$	(370.2) \$	6.5 \$	157.7
Net income and comprehensive income		-	-	5.3	-	5.3
Issuance of common shares		0.1	(0.1)	-	-	-
Disposal of interest in RNG Partnership		-	-	-	(6.5)	(6.5)
Balance, March 31, 2025	\$	517.6 \$	3.8 \$	(364.9) \$	- \$	156.5

See the accompanying notes to the condensed interim consolidated financial statements

Tidewater Renewables Ltd.
Condensed Interim Consolidated Statements of Cash Flows

(Unaudited, millions of Canadian dollars)

Notes	Three months ended March 31, 2026	Three months ended March 31, 2025
Cash provided by (used in):		
Operating activities		
Net income	\$ 10.0	\$ 5.3
Adjustments:		
Non-cash share-based compensation	0.4	-
Depreciation	4.0	3.9
Interest and finance charges	4.0	3.9
Accretion and other	1.8	1.5
Unrealized loss on foreign exchange	0.1	-
Unrealized gain on derivative contracts	(0.4)	(12.1)
Loss on warrant liability revaluation	5.3	4.5
Income from equity investment	(4.6)	(6.6)
Deferred income tax expense	3.4	-
Changes in non-cash operating working capital	(22.7)	2.1
Net cash provided by operating activities	1.3	2.5
Financing activities		
Advances of senior credit facility	0.6	1.1
Payment of lease liabilities	(1.7)	(1.8)
Interest and financing charges paid	(4.0)	(3.9)
Changes in non-cash financing working capital	2.7	2.2
Net cash used in financing activities	(2.4)	(2.4)
Investing activities		
Expenditures on property, plant and equipment	(0.8)	(2.1)
Proceeds from capital emission credit sales	-	1.3
Proceeds from sale of assets	-	7.8
Changes in non-cash investing working capital	1.9	(7.0)
Net cash provided by investing activities	1.1	-
Increase in cash and cash equivalents	-	0.1
Cash and cash equivalents, beginning of period	-	-
Cash and cash equivalents, end of period	\$ -	\$ 0.1

See the accompanying notes to the condensed interim consolidated financial statements

Tidewater Renewables Ltd.

Notes to the Interim Financial Statements

For the three month period ended March 31, 2026 and 2025

(Tabular amounts stated in millions 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 through its hydrogen-derived renewable diesel (“HDRD”) Complex, with a design capacity of 3,000 barrels per day.

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, 2025 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 May 6, 2026.

3. NEW ACCOUNTING POLICIES

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

On January 1, 2026, Tidewater Renewables adopted the amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* as issued by the IASB relating to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets. There was not a material impact to Tidewater Renewable’s financial statements.

4. INVENTORY AND EMISSION CREDITS

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

	March 31, 2026	December 31, 2025
Renewable feedstocks	\$ 11.8	\$ 14.3
Renewable refined products	4.4	7.6
Operating emission credits	37.9	26.8
Capital emission credits	3.0	2.6
Total inventory and emission credits	\$ 57.1	\$ 51.3

As at March 31, 2026, the Corporation had commitments to transfer control of operating emission credits to customers. The Corporation received payment and recognized deferred revenues of \$13.6 million for these commitments. Revenue will be recognized when the credits are transferred in the second quarter of 2026.

Tidewater Renewables Ltd.

Notes to the Interim Financial Statements

For the three month period ended March 31, 2026 and 2025

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

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is comprised of the following:

	Plant and infrastructure		Assets under construction		Total
Cost					
Balance, January 1, 2026	\$	303.8	\$	3.2	\$ 307.0
Additions		-		0.8	0.8
Capital emission credits awarded		-		(1.0)	(1.0)
Decommissioning asset		(1.6)		-	(1.6)
Balance, March 31, 2026	\$	302.2	\$	3.0	\$ 305.2
Accumulated Depreciation					
Balance, January 1, 2026	\$	20.7	\$	-	\$ 20.7
Depreciation		2.7		-	2.7
Balance, March 31, 2026	\$	23.4	\$	-	\$ 23.4
Net book value					
December 31, 2025	\$	283.1	\$	3.2	\$ 286.3
March 31, 2026	\$	278.8	\$	3.0	\$ 281.8

6. SENIOR CREDIT FACILITY

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

	March 31, 2026		December 31, 2025	
Senior Credit Facility	\$	22.9	\$	22.3
Financing costs		(0.1)		(0.1)
Total Senior Credit Facility	\$	22.8	\$	22.2
Current portion, net of financing costs		22.8		-
Long-term portion, net of financing costs	\$	-	\$	22.2

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

Tidewater Renewables is required to maintain certain financial covenants. The calculations for each of these ratios are based on specific definitions in the agreements governing the Tidewater Renewables' Senior Credit Facility and the Second Lien Credit Facility, are not in accordance with GAAP, and cannot be directly calculated by referring to Tidewater Renewables' financial statements. At March 31, 2026, Tidewater Renewables was in compliance with its financial covenants.

The following table summarizes Tidewater Renewables' Senior Credit Facility and the Second Lien Credit Facility (note 7) financial covenants as at March 31, 2026:

	Ratio	March 31, 2026
Tidewater Renewables debt to adjusted EBITDA ⁽¹⁾⁽²⁾	Maximum 4.50:1	2.19
Adjusted EBITDA to interest coverage ⁽²⁾	Minimum 2.50:1	6.46

(1) Debt to adjusted EBITDA ratio for the fiscal quarter ending June 30, 2026, not greater than 4:00:1, fiscal quarter ending September 30, 2026, not greater than 3.50:1, for fiscal quarter ending December 31, 2026 and beyond, not greater than 3.00:1.

(2) Adjusted EBITDA for covenant reporting at March 31, 2026, to be calculated based on three months annualized, at June 30, 2026, on six months annualized, at September 30, 2026, on nine months annualized, and December 31, 2026, and beyond, on the trailing-twelve months. Interest is to be calculated on a trailing twelve-month basis.

Tidewater Renewables Ltd.

Notes to the Interim Financial Statements

For the three month period ended March 31, 2026 and 2025

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

7. SECOND LIEN CREDIT FACILITY

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

	March 31, 2026	December 31, 2025
Second Lien Credit Facility	\$ 183.9	\$ 183.9
Discount ⁽¹⁾	(11.0)	(12.7)
Total Second Lien Credit Facility	\$ 172.9	\$ 171.2
Current portion, net of discount	-	-
Long-term portion, net of discount	\$ 172.9	\$ 171.2

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

At March 31, 2026, Tidewater Renewables was in compliance with its financial covenants (note 6).

8. EQUITY ATTRIBUTABLE TO SHAREHOLDERS

a) Issued and outstanding common shares

As at March 31, 2026, the Corporation had 36.5 million common shares outstanding with a carrying value of \$517.7 million (December 31, 2025 - 36.4 million outstanding common shares with a carrying value of \$517.6 million).

b) Net income per share

	Three months ended March 31, 2026			Three months ended March 31, 2025		
	Net income	Common shares (millions)	Net income per share	Net income	Common shares (millions)	Net income per share
Net income - basic	\$ 10.0	36.4	\$ 0.27	\$ 5.3	36.4	\$ 0.14
Dilutive effect of share awards	-	1.0	-	-	0.4	-
Net income - diluted	10.0	37.4	0.27	5.3	36.8	0.14

For the three months ended March 31, 2026, 0.2 million share awards (March 31, 2025 - 0.2 million) and 3.4 million warrants (March 31, 2025 - 4.4 million) were excluded from the weighted-average share calculations as they were anti-dilutive.

9. 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 March 31, 2026	Three months ended March 31, 2025
Renewable diesel ⁽¹⁾	\$ 75.9	\$ 31.1
Emission credits	0.5	24.5
Blending fuels ⁽²⁾	17.2	2.1
Total revenue	\$ 93.6	\$ 57.7

(1) Beginning in the second quarter of 2025, a significant portion of renewable diesel was sold with the emissions credits attached, with pricing indexed to U.S. import parity benchmarks.

(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 month period ended March 31, 2026 and 2025

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

10. GOVERNMENT GRANT

For the three months ended March 31, 2026, the Corporation recognized \$6.1 million of expected proceeds to be received from the Government of Canada's biofuels production incentive as a recovery of operating expenses.

11. FINANCE COSTS AND OTHER

Finance costs and other are comprised of the following:

	Three months ended March 31, 2026	Three months ended March 31, 2025
Interest on senior credit facility and second lien credit facility	\$ 4.0	\$ 3.9
Realized foreign exchange gain	(0.4)	(0.3)
Unrealized foreign exchange loss	0.1	-
Total finance costs and other before accretion	\$ 3.7	\$ 3.6
Unwinding of discount on long-term debt	1.7	1.3
Unwinding of discount on lease liabilities	0.1	0.2
Total accretion	1.8	1.5
Total finance costs and other	\$ 5.5	\$ 5.1

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Fair value of financial instruments

At March 31, 2026, 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 March 31, 2026, lifetime expected credit losses for accounts receivable outstanding were \$0.7 million (December 31, 2025 - \$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 month period ended March 31, 2026 and 2025

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

Contractual maturities

The following table details the contractual maturities of the Corporation's financial liabilities as at March 31, 2026 and December 31, 2025:

	March 31, 2026		December 31, 2025	
	Less than one year	Greater than one year	Less than one year	Greater than one year
Accounts payable, accrued liabilities and provisions	\$ 29.7	\$ -	\$ 25.2	\$ -
Lease liabilities ⁽¹⁾	3.5	0.9	5.0	1.0
Senior credit facility ⁽²⁾	22.9	-	-	22.3
Second lien credit facility ⁽²⁾	-	183.9	-	183.9
Total financial liabilities	\$ 56.1	\$ 184.8	\$ 30.2	\$ 207.2

(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 March 31, 2026, the Corporation had a variable rate Senior Credit Facility (note 6) totalling \$22.9 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 three months ended March 31, 2026.

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 March 31, 2026, net working capital assets and derivative contract balances denominated in USD were \$12.3 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 \$0.6 million for the three months ended March 31, 2026.

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 \$2.2 million for the three months ended March 31, 2026.

Tidewater Renewables Ltd.

Notes to the Interim Financial Statements

For the three month period ended March 31, 2026 and 2025

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

13. RELATED PARTY TRANSACTIONS

The Corporation has entered into certain agreements and transactions with Tidewater Midstream, which are discussed in note 23 of the Corporation's consolidated financial statements as at and for the year ended December 31, 2025.

a) Related party transactions

Related party transactions included in the consolidated statements of net income and comprehensive income for the three months ended March 31, 2026 and 2025, are summarized in the following table:

	Three months ended March 31, 2026	Three months ended March 31, 2025
Revenue from the sale of renewable fuels	\$ 16.3	\$ 28.9
Purchases of blending fuels ⁽¹⁾	17.2	2.0
Sale of emission credits	-	20.4
Other operating expenses	6.0	5.3
G&A expenses under the shared services agreement	0.8	0.6
Realized loss on derivative contracts	-	1.1
Unrealized gain on derivative contracts	-	(1.9)

(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 March 31, 2026 and December 31, 2025, are summarized in the following table:

	March 31, 2026	December 31, 2025
Accounts receivable	\$ 4.7	\$ 1.9
Accounts payable, accrued liabilities and provisions	(9.4)	(10.2)