CHEMTRADE LOGISTICS INCOME FUND

Management's Discussion and Analysis

For the Three Months Ended March 31, 2024

May 15, 2024

2024

CHEMTRADE

MANAGEMENT'S DISCUSSION AND ANALYSIS

This MD&A is intended to assist you to understand and assess the trends and significant changes in the results of operations and financial condition of Chemtrade Logistics Income Fund.

This MD&A should be read in conjunction with the unaudited Condensed Consolidated Interim Financial Statements of Chemtrade for the three months ended March 31, 2024, the audited consolidated financial statements of Chemtrade for the year ended December 31, 2023 and the annual MD&A for the year ended December 31, 2023.

Chemtrade's financial statements are prepared in accordance with IFRS. Chemtrade's reporting currency is the CAD. In this MD&A, amounts are presented in thousands of CAD unless otherwise indicated. This MD&A is current as at May 15, 2024 and was approved by the Board on that date.

This MD&A contains certain non-IFRS financial measures and ratios which do not have standard meanings under IFRS. Therefore they may not be comparable to similar measures presented by other issuers. Further information and reconciliations of these measures to the most directly comparable measures under IFRS may be found at **Non-IFRS and Other Financial Measures** on page 36.

This MD&A also contains statements and information about our expectations about the future. Please refer to the cautionary statement in **Caution Regarding Forward - Looking Statements** on page 34.

Definitions

MD&A means Management's Discussion & Analysis

Fund means Chemtrade Logistics Income Fund

Chemtrade, we, us and *our* mean the Fund and its consolidated subsidiaries

IFRS means IFRS Accounting Standards as issued by the IASB

SWC means our Sulphur and Water Chemicals reportable segment

EC means our Electrochemicals reportable segment

More terms and definitions are explained on page 43.

Where to find it

About Chemtrade

We provide industrial chemicals and services to customers in North America and around the world. We report our results in two reportable segments:

Sulphur and Water Chemicals (SWC) and **Electrochemicals (EC).**

SWC markets, removes and/or produces merchant, Regen and ultra pure sulphuric acid, sodium hydrosulphite, elemental sulphur, hydrogen sulphide, sodium bisulphite, and sulphides, and provides other processing services. SWC also manufactures and markets a variety of inorganic coagulants used in water treatment, including aluminum sulphate, aluminum chlorohydrate, polyaluminum chloride, and ferric sulphate, and sodium nitrite. SWC products are marketed primarily to North American customers.

EC manufactures and markets sodium chlorate and chlor-alkali products including caustic soda, chlorine and HCl, largely for the pulp and paper, oil and gas and water treatment industries. These products are marketed primarily to North American and South American customers.

RECENT DEVELOPMENTS

Classification of the Debentures

Effective January 1, 2024, we have presented the Debentures as current liabilities in the Condensed Consolidated Interim Statements of Financial Position in accordance with amendments to IAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current.* Since the amendments are applicable retrospectively, we have restated the December 31, 2023 Condensed Consolidated Interim Statements of Financial Position by re-classifying the Debentures from non-current to current liabilities. While these are presented as current liabilities, Debenture holders do not have the right to demand their repayment prior to their maturity date, which for all the outstanding series of Debentures is more than one year in the future. However, the Debenture holders have the right to convert Debentures into units at predetermined prices, thus, the Debentures are classified as current liabilities.

Interest rate swaps

During the first quarter of 2024, we amended the terms of our existing US$175.0 million and US$150.0 million interest rate swaps on our outstanding long-term debt. Effective January 24, 2024, the terms of this swap were extended until December 2026 to align with the maturity date of the long-term debt and the aggregate amount of the swap was reduced to US$175.0 million.

FINANCIAL HIGHLIGHTS

These financial highlights have been presented in accordance with IFRS, except where noted.

($'000 except per unit amounts)	Three months ended **March 31, 2024**	March 31, 2023
Revenue	$ 418,234	$ 471,245
Net earnings	$ 41,955	$ 79,533
Net earnings per unit [(1)]	$ 0.36	$ 0.69
Diluted net earnings per unit [(1)]	$ 0.25	$ 0.32
Total assets	$ 2,169,280	$ 2,225,905
Long-term debt	$ 322,468	$ 327,784
Convertible unsecured subordinated debentures	$ 435,035	$ 622,926
Adjusted EBITDA [(2)]	$ 109,934	$ 131,669
Cash flows from operating activities	$ 2,412	$ 54,372
Distributable cash after maintenance capital expenditures [(2)]	$ 59,894	$ 87,575
Distributable cash after maintenance capital expenditures per unit [(1)] [(2)]	$ 0.51	$ 0.76
Distributions declared	$ 19,333	$ 17,440
Distributions declared per unit [(3)]	$ 0.165	$ 0.15
Distributions paid, net of distributions reinvested	$ 17,703	$ 14,708

[(1)] Based on weighted average number of units outstanding for the period.

[(2)] See **Non-IFRS and Other Financial Measures** on page 36.

[(3)] Based on actual number of units outstanding on record date.

FIRST QUARTER 2024 HIGHLIGHTS

- Revenue of $418.2 million, a decrease of $53.0 million or 11.2% year-over-year driven by lower selling prices for caustic soda, merchant acid and Regen acid, and lower selling prices and volumes for sodium nitrite, partially offset by higher selling prices and volumes for water products and higher selling prices for sodium chlorate, HCl and chlorine.
- Adjusted EBITDA of $109.9 million, a decrease of $21.7 million or 16.5% year-over-year reflecting reduced revenues, which more than offset improved margins for several products.
- Net earnings of $42.0 million, a decrease of $37.6 million, mainly due to lower Adjusted EBITDA and higher net finance costs, partially offset by lower income taxes.
- Cash flows from operating activities of $2.4 million, a decrease of $52.0 million or 95.6% year-over-year mainly due to changes in working capital and lower Adjusted EBITDA, partially offset by lower income taxes and lower interest paid.
- Distributable cash after maintenance capital expenditures of $59.9 million, a decrease of $27.7 million or 31.6% year-over-year, reflecting lower cash flows from operating activities.
- We now expect our 2024 Adjusted EBITDA to be at the higher end of the previously announced guidance range of $395.0 - $435.0 million, see **Financial Outlook** on page 27.
- In January 2024, the monthly distribution rate was increased by 10% to $0.055 per unit or $0.66 per unit per year.
- We intend to implement an NCIB to buy back a portion of our units.

CONSOLIDATED OPERATING RESULTS

	Q1 2024 vs Q1 2023
Revenue	Consolidated revenue for 2024 was $418.2 million, which was $53.0 million lower than revenue for 2023 primarily due to: • significantly lower selling prices for caustic soda and lower sales volumes of sodium chlorate in the EC segment, and • lower volumes of merchant acid mainly due to reduced by-product supply and lower selling prices for merchant acid and lower volumes and selling prices of sodium nitrite in the SWC segment, partially offset by: • higher selling prices for water solutions products in the SWC segment, and • higher selling prices for sodium chlorate, HCl and chlorine in the EC segment.
Adjusted EBITDA	Adjusted EBITDA for 2024 was $109.9 million, which was $21.7 million lower than the Adjusted EBITDA for 2023 primarily due to: • significantly lower selling prices for caustic soda in the EC segment, and • lower gross profit for sodium nitrite and lower volumes for merchant acid in the SWC segment, partially offset by: • an improvement in margins for water solutions products and improved margins for Regen acid in the SWC segment, and • higher selling prices for sodium chlorate and higher selling prices for HCl and chlorine in the EC segment.
Net Earnings (loss)	Net earnings for 2024 were $37.6 million lower than 2023 primarily due to: • lower Adjusted EBITDA, and • higher net finance costs during 2024 (see **Net Finance Costs** on page 13), partially offset by: • lower depreciation and amortization expense, and • lower income tax expenses recorded during 2024 (see **Income Taxes** on page 13).

RESULTS OF OPERATIONS BY REPORTABLE SEGMENT

SULPHUR AND WATER CHEMICALS (SWC)

(\$'000)	**March 31, 2024**	**March 31, 2023**
Revenue	$ 230,625	$ 262,536
Gross profit	34,421	30,694
Adjusted EBITDA	51,381	55,438

<table>
<tr><th></th><th>SWC OPERATING RESULTS</th></tr>
<tr><th></th><th>Q1 2024 vs Q1 2023</th></tr>
<tr><td>Revenue</td><td>Revenue for 2024 was $31.9 million lower than revenue for 2023 primarily due to:
• lower volumes of merchant acid mainly due to reduced by-product supply,
• lower selling prices of merchant acid, and
• lower volumes and selling prices of sodium nitrite,
partially offset by:
• higher selling prices for water solutions products, and
• higher volumes of Regen acid.</td></tr>
<tr><td>Adjusted EBITDA</td><td>Adjusted EBITDA for 2024 was $51.4 million, which was $4.1 million lower than Adjusted EBITDA for 2023 primarily due to:
• lower volumes and selling prices of sodium nitrite, and
• lower volumes of merchant acid mainly due to reduced by-product supply,
partially offset by:
• an improvement in margins for water solutions products, and
• higher volumes of Regen acid.
Lower selling prices for merchant acid were offset by reduced costs mainly due to risk shared supply contracts, where selling price changes are shared with suppliers.</td></tr>
<tr><td>Gross Profit</td><td>Gross profit for 2024 was $34.4 million, which was $3.7 million higher than gross profit for 2023 primarily due to:
• lower depreciation and amortization expenses during 2024, and
• lower loss on disposal and write-down of PPE,
partially offset by the factors that affected Adjusted EBITDA.</td></tr>
</table>

ELECTROCHEMICALS (EC)

($'000)	March 31, 2024	March 31, 2023
North American sales volumes:		
Sodium chlorate sales volumes (000's MT)	70	82
Chlor-alkali sales volumes (000's MECU)	43	43
Revenue	$ 187,609	$ 208,709
Gross profit	63,621	79,161
Adjusted EBITDA	82,495	99,894

	EC OPERATING RESULTS Q1 2024 vs Q1 2023
Revenue	Revenue for 2024 was $187.6 million, which was $21.1 million lower than revenue for 2023 primarily due to: • significantly lower selling prices for caustic soda, and • lower sales volumes of sodium chlorate, partially offset by: • higher selling prices for sodium chlorate, and • higher selling prices for HCl and chlorine. MECU netbacks declined by approximately $260. Higher netbacks for HCl and chlorine offset approximately 25% of the decline in caustic soda.
Adjusted EBITDA	Adjusted EBITDA for 2024 was $82.5 million, which was $17.4 million lower than Adjusted EBITDA for 2023. The decrease in Adjusted EBITDA was primarily due to: • significantly lower caustic soda prices, and • lower sales volumes of sodium chlorate, partially offset by: • higher selling prices for sodium chlorate, and • higher selling prices for HCl and chlorine. Realized MECU netbacks declined by approximately $260. Higher netbacks for HCl and chlorine offset approximately 25% of the decline in caustic soda.

	EC OPERATING RESULTS
	Q1 2024 vs Q1 2023
Gross Profit	Gross profit for 2024 was $63.6 million, which was $15.5 million lower than gross profit for 2023. In addition to the factors that affected Adjusted EBITDA, gross profit was also affected by: • a change in environmental and decommissioning liability, and • lower depreciation and amortization.

Corporate Costs

Corporate costs include the administrative costs of corporate activities such as treasury, finance, information technology, human resources, legal and risk management, and environmental, health and safety support, which are not directly allocable to a reportable segment.

	Three months ended	
($'000)	**March 31, 2024**	**March 31, 2023**
Cost of services (Adjusted EBITDA)	(23,942)	(23,663)

	CORPORATE COSTS
	Q1 2024 vs Q1 2023
Cost of Services	Corporate costs in Q1 2024 were similar to Q1 2023.

Foreign Exchange

We have certain operating subsidiaries that use the USD as their functional currency. As we report in CAD, our reported net earnings are exposed to fluctuations in the CAD/USD exchange rate. If the CAD weakened by one-cent (for example, from $1.35 to $1.36 for US$1.00), on an unhedged basis, this would have the impact as below:

Measure	Impact
Annual net earnings	+ $2.8 million
Adjusted EBITDA	+ $3.8 million
Annual distributable cash after maintenance capital expenditures	+ $2.8 million

If the CAD strengthened by one-cent, on an unhedged basis, this would have the opposite impact.

We manage our financial exposure to fluctuations in the value of the USD relative to the CAD as follows:

a) We maintain USD denominated Credit Facilities, under which most of the borrowings are denominated in USD; and

b) We enter into foreign exchange contracts to hedge a portion of our USD net cash flows for up to eighteen months in the future.

All foreign exchange contracts are under ISDA agreements. Contracts in place at March 31, 2024 include future contracts to sell the following amounts for periods through to June 2025:

Amount ($'000)	Maturity	Exchange rate
US$28,147	Q2 2024	$1.35
US$27,247	Q3 2024	$1.34
US$26,247	Q4 2024	$1.34
US$16,000	Q1 2025	$1.35
US$8,000	Q2 2025	$1.36

The purpose of these contracts is to manage foreign exchange risk on specific transactions in a foreign currency. The amount of the related derivative is recorded at fair value at the period end and is included with prepaid expenses and other assets or trade and other payables on the Condensed Consolidated Interim Statements of Financial Position. The resultant non-cash charge or gain is included in selling and administrative expenses. The impact of this non-cash charge or gain is excluded from Adjusted EBITDA and Distributable cash after maintenance capital expenditures. See Non-IFRS and Other Financial Measures on page 36.

We have hedged our investments in foreign operations that use the USD as their functional currency with our USD-denominated bank debt. As a result, any gains and losses arising from the USD-denominated debt will be offset by the foreign currency gain or loss arising from the investment in the foreign operations. The gains and losses on the translation of the designated amount of USD-denominated debt and investment in foreign operations are recognized on a net basis in other comprehensive income. The changes recorded in the accumulated other comprehensive income account since December 31, 2023 were a result of changes in the CAD/USD exchange rate between

December 31, 2023 and March 31, 2024. For the three months ended March 31, 2024, foreign exchange loss of $5.5 million, on the revaluation of the USD-denominated debt and investment in foreign operations was recognized in other comprehensive income, compared with $0.4 million during the three months ended March 31, 2023.

The rate of exchange used to translate USD-denominated balances has increased from a rate of US$1.00 = $1.32 at December 31, 2023 to US$1.00 = 1.35 at March 31, 2024. The quarterly average rate of exchange during the first quarter of 2024 has remained unchanged from the same period of 2023 at US$1.00 = $1.35. See **Risks and Uncertainties** on MD&A on page 29 for additional comments on foreign exchange.

NET FINANCE COSTS AND INCOME TAXES

Net Finance Costs

During the three months ended March 31, 2024, net finance costs were $5.6 million compared with net finance income of $12.7 million during the same period of 2023.

Q1 2024 vs Q1 2023
Net finance costs were $18.4 million higher during the first quarter of 2024 relative to 2023. The increase was primarily due to: • $26.6 million lower gains related to the change in fair value of Debentures during the first quarter of 2024 compared with the same period of 2023 (additional details are shown below), and • lower interest income, partially offset by: • $5.0 million of transaction costs on the issuance of Debentures during the first quarter of 2023, • $3.2 million lower losses related to the change in the fair value of interest rate swaps during the first quarter of 2024 compared with the same period of 2023, and • lower interest on long-term debt and Debentures due to lower borrowings.

The Debentures are recognized at fair value with changes in fair value due to changes in the risk free interest rate presented in net finance costs and changes in our own credit risk presented in other comprehensive income rather than net earnings. During the three months ended March 31, 2024, the fair value of the Fund's Debentures decreased by $2.5 million and $20.2 million during the same period of 2023.

Below is an explanation of the change in the fair value of Debentures:

($ million)	**Recorded in**	**Q1 2024**	**Q1 2023**	**Variance**
Decrease due to a change in risk free rate and a change in the conversion option fair value	Net finance costs	$ (6.6)	$ (33.2)	$ 26.6
Increase due to a change in our credit risk, net of taxes	Other comprehensive income	4.2	14.6	(10.4)
Tax recovery (expense) due to credit risk	Other comprehensive income	(0.1)	(1.6)	1.5
Decrease in fair value of Debentures		$ (2.5)	$ (20.2)	$ 17.7

Since changes in fair value due to credit risk changes are presented in other comprehensive income, they are shown net of related taxes.

The weighted average effective annual interest rate of the Credit Facilities at March 31, 2024 was 4.6% (December 31, 2023 - 3.5%). See **Liquidity and Capital Resources - Financial Instruments** for information concerning swap arrangements on page 17.

Income Taxes

The Fund is a mutual fund trust and a SIFT for income tax purposes. The Fund is subject to current income taxes at the top marginal tax rate applicable to individuals of approximately 53.5% on all taxable income not distributed to Unitholders. The Fund is also subject to current income taxes on all taxable income, other than dividends, earned from Canadian corporate and flow-through subsidiaries (other than Canadian subsidiaries that earn certain investment income) at a tax rate similar to the corporate tax rate. The Fund is not subject to tax on income received from non-Canadian subsidiaries, provided that the income is distributed to Unitholders during the year. Based on the current organization of the Fund and its subsidiaries, we expect that our income distributed to Unitholders will not be subject to SIFT tax.

Taxable income distributed by the Fund to its Unitholders is considered taxable income of those Unitholders.

	Q1 2024 vs Q1 2023
Income taxes	Income tax expense for the first quarter of 2024 was $1.6 million lower than the same period of 2023. The change was primarily due to: • lower operating income in 2024 relative to the same period of 2023, partially offset by: • lower proportion of operating income offset by available tax losses in 2024 relative to the same period of 2023, • lower amounts of deferred tax recovery associated with the change in fair value of the Debentures in 2024 relative to 2023, and • unfavourable taxable foreign exchange impacts in Brazil.

	As at March 31, 2024 vs December 31, 2023
Deferred tax assets and liabilities	Net deferred tax assets decreased by $3.8 million which was primarily due to: • utilization of loss carryforwards previously recognized as deferred tax assets to offset operating income earned in 2024, and • release of previously recognized deferred tax assets related to reversals of certain reserves for legal proceedings, partially offset by: • a decrease in deferred tax liabilities related to depreciation of non-deductible intangible and fixed assets.
Income taxes receivable	We made income tax payments of $14.3 million in 2024 to the CRA. As we are disputing the deductibility of certain Canadian tax losses with the CRA which would offset the taxes owed for 2021 to 2024, we have recorded these payments as non-current income taxes receivable in the Condensed Consolidated Interim Statements of Financial Position. We have appealed this assessment by the CRA and the resolution of this matter in our favour would result in significant taxes paid on our account to be refunded. We believe that our asserted position is appropriate and would be sustained upon full examination by tax authorities and, if necessary, upon consideration by judicial process. The cumulative amount of taxes paid to CRA related to this matter is $62.7 million.

Our income tax expense for the three months ended March 31, 2024 was $12.2 million. As compared to the statutory tax rate of 25.1%, the tax expense was favourably impacted primarily by $6.5 million for net deferred tax impacts associated with the change in fair value of the Debentures and non-taxability to the Fund of the income distributed to Unitholders, partially offset by $1.1 million as a result of the net impacts of differences in applicable tax rates relative to the statutory rate and income earned in a foreign jurisdiction taxed at lower rates under current tax incentives and $2.7 million due to the impact of the non-recognition of deferred tax assets related to certain carryforward amounts of business interest expense deductions.

DISTRIBUTIONS

Distributions to Unitholders for the three months ended March 31, 2024 were declared as follows:

Record Date	Payment Date	Distribution Per Unit [(1)]	Total ($'000)
Three months ended March 31:			
January 31, 2024	February 26, 2024	$ 0.055	$ 6,444
February 29, 2024	March 28, 2024	$ 0.055	6,444
March 28, 2024	April 30, 2024	$ 0.055	6,445
Sub-total		0.165	19,333
Total for the three months ended March 31, 2024		**$ 0.165**	**$ 19,333**

(1) Based on actual number of units outstanding on record date.

Distributions to Unitholders, including bonus distributions pursuant to the DRIP, for the three months ended March 31, 2023 were declared as follows:

Record Date	**Payment Date**		**Distribution Per Unit [1]**		**Total ($'000)**
Three months ended March 31:					
January 31, 2023	February 23, 2023	$	0.05	$	5,810
February 28, 2023	March 28, 2023		0.05		5,811
March 31, 2023	April 25, 2023		0.05		5,819
Total for the three months ended March 31, 2023		**$**	**0.15**	**$**	**17,440**

[1] Based on actual number of units outstanding on record date.

Treatment of our distributions for Canadian income tax purposes for 2023 and 2024 is as follows:

	Other Income	**Dividends [1]**	**Foreign Non-Business Income**	**Total**
2023	6.6%	24.2%	69.2%	100%
2024 [2]	5.0%	34.0%	61.0%	100%

[1] These dividends are not considered to be eligible dividends for Canadian resident Unitholders and therefore not eligible for the enhanced tax credit.
[2] Represents anticipated tax characterization of planned distributions. The actual tax treatment of 2024 distributions will be determined by March 3, 2025.

CASH FLOWS

	Three months ended	
($'000)	**March 31, 2024**	**March 31, 2023**
Net cash flows from (used in):		
Operating activities	$ 2,412	$ 54,372
Investing activities	(35,227)	(27,903)
Financing activities	38,337	33,747
Increase in cash and cash equivalents	5,522	60,216
Effect of exchange rates on cash held in foreign currencies	497	(70)
Cash and cash equivalents, beginning of the period	21,524	72,569
Cash and cash equivalents, end of the period	$ 27,543	$ 132,715

Our distributions to Unitholders are sourced entirely from the Fund's investments in operating subsidiary entities. The Fund's investments are financed by trust units held by Unitholders, the Credit Facilities (see **Financing Activities** below), and the Debentures. Our cash flow is required to fund cash distributions to Unitholders, capital requirements, interest, general trust purposes and other legal obligations.

	Q1 2024 vs Q1 2023
Operating Activities	Cash flows from operating activities for the first quarter of 2024 were an inflow of $2.4 million, compared with $54.4 million for the same period of 2023. The decrease in cash flows from operating activities of $52.0 million was primarily due to changes in working capital and lower Adjusted EBITDA, partially offset by lower income taxes and lower interest paid.
Investing Activities	Capital expenditures were $35.2 million in the first quarter of 2024, compared with $27.9 million in the first quarter of 2023. These amounts included $15.4 million in the first quarter of 2024 and $17.5 million in the first quarter of 2023 for maintenance capital expenditures[1]. Non-maintenance capital expenditures[2] were $19.8 million during the first quarter of 2024, compared with $10.4 million during the first quarter of 2023. Most of the non-maintenance capital spending during the first quarter of 2024 was for the ultrapure sulphuric acid business, primarily for the expansion at our facility in Cairo, OH.

[1] Maintenance capital expenditures is a supplementary financial measure. See **Non-IFRS and Other Financial Measures**

[2] Non-maintenance capital expenditures is a supplementary financial measure. See **Non-IFRS and Other Financial Measures**

	Q1 2024 vs Q1 2023
Financing Activities	Cash flows from financing activities for the first quarter of 2024 were an inflow of $38.3 million, compared with $33.7 million for the same period of 2023. The increase in cash from financing activities of $4.6 million was primarily due to higher draws on our Credit Facilities during 2024 compared with 2023, partially offset by issuance of the Fund 2023 7.00% Debentures during 2023 and higher distributions paid during 2024 as a result of discontinuing the DRIP and increasing our monthly distribution from $0.05 per unit to $0.055 per unit effective with the January 2024 distribution.

During the first quarter of 2023, we completed a public offering of the Fund 2023 7.00% Debentures, at a price of $1,000 per debenture, resulting in total gross proceeds of $110.0 million. The Fund 2023 7.00% Debentures are convertible, at the option of the holder, into trust units of the Fund at a conversion price of $12.85 per unit. Chemtrade incurred transaction costs of $5.0 million which included underwriters' fees and other expenses relating to the offering.

There was a net increase in borrowings from our Credit Facilities of $70.7 million during the three months ended March 31, 2024 compared with a net decrease of $42.5 million during the same period of 2023. The increase in borrowings for the first quarter of 2024 was a result of cash used in financing and investing activities. During the first quarter of 2023, a portion of the proceeds from the Fund 2023 7.00% Debentures were used to reduce borrowings from our Credit Facilities.

Distributions paid to Unitholders, net of distributions reinvested during the three months ended March 31, 2024 were $17.7 million compared to $14.7 million for the same period of 2023. The increase in distributions paid for the three months ended March 31, 2024 relative to 2023 was primarily due to the discontinuation of the DRIP and an increase in monthly distributions from $0.05 per unit to $0.055 per unit effective with the distribution declared in January 2024.

LIQUIDITY AND CAPITAL RESOURCES

Cash and Cash Equivalents

At March 31, 2024, we had cash and cash equivalents of $27.5 million (December 31, 2023 - $21.5 million) and Net working capital[1] deficit of $28.1 million (December 31, 2023 - $83.8 million). The Net working capital deficiency is amply covered by availability on the Credit Facilities. Cash we generate will be used to fund cash distributions to Unitholders, capital requirements, interest, general trust purposes and other legal obligations.

Future Liquidity

Our future liquidity is primarily dependent on cash flows of our operating subsidiaries. These cash flows will be used to finance ongoing expenditures, including maintenance capital, distributions to Unitholders and normal course financial commitments. Cash flows are sensitive to changes in volumes, sales prices and input costs and any changes in these may impact future liquidity. Management believes that cash flows from operating activities will be sufficient for us to meet future obligations and commitments that arise in the normal course of business activities. In addition, we have revolving Credit Facilities which can be used for general trust purposes, including to fund capital expenditures and organic growth opportunities. See **Capital Resources** below for more details.

Capital Resources

($'000)		March 31, 2024		December 31, 2023
Long-term debt [(1)]	$	322,468	$	246,545
Debentures [(1)]		425,527		425,552
Total debt [(2)]	$	747,995	$	672,097

(1) Principal outstanding amount

(2) Total debt is a Non-IFRS financial measure. See **Non-IFRS and Other Financial Measures**

At March 31, 2024, we had Credit Facilities of approximately $880.1 million (US$650.0 million). At March 31, 2024, we had drawn $322.5 million on our Credit Facilities. Additionally, we had committed a total of $19.0 million of our Credit Facilities towards standby letters of credit. At March 31, 2024, we had undrawn US$397.8 million on our Credit Facilities.

In March 2024, we amended our Credit Facilities to replace Canadian Bankers' Acceptance rate with CORRA.

[1] Net working capital is a non-IFRS measure. See **Non-IFRS and Other Financial Measures**

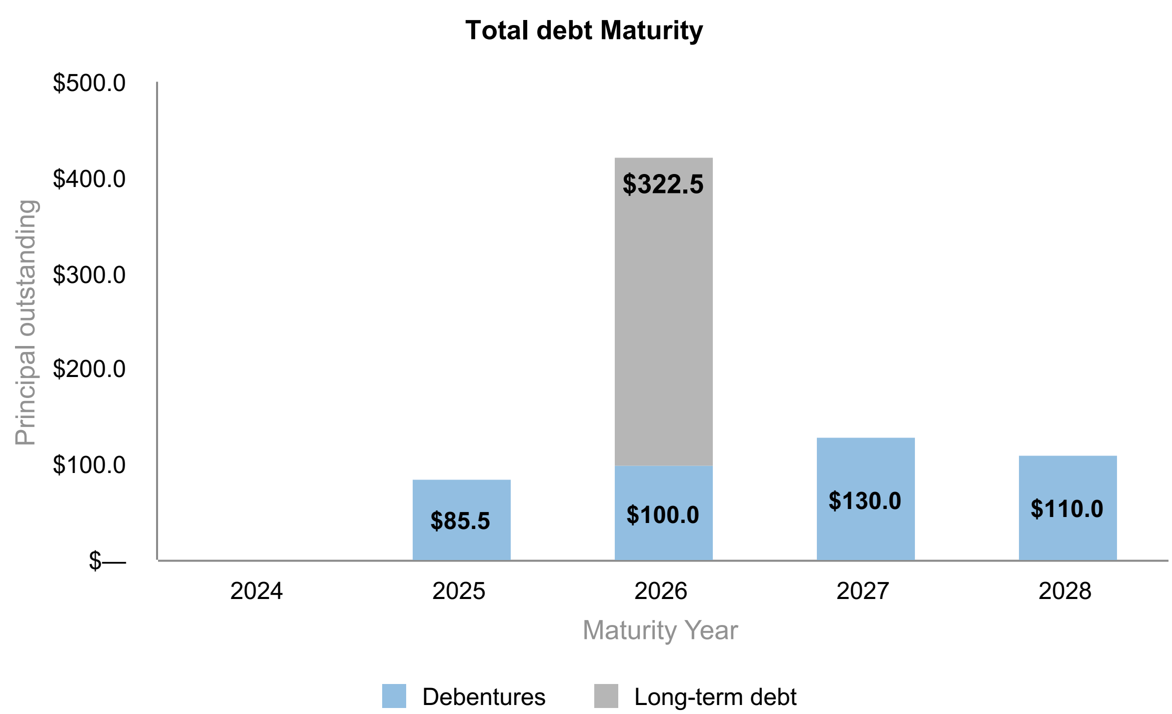
Effective January 1, 2024, we have presented the Debentures as current liabilities in the Condensed Consolidated Interim Statements of Financial Position in accordance with amendments to IAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current.* Since the amendments are applicable retrospectively, we have restated the December 31, 2023 Condensed Consolidated Interim Statements of Financial Position by re-classifying the Debentures from non-current to current liabilities. While these are presented as current liabilities, Debenture holders do not have the right to demand their repayment prior to their maturity date, which for all the outstanding series of Debentures is more than one year in the future. However, Debenture holders have the right to convert Debentures into units at predetermined prices, thus, the Debentures are classified as current liabilities (see **Recent Developments** on page 3 and **Standards and Interpretations** on page 31).

Our Debentures as of the date of this MD&A are described in the table below:

	Fund 2019 6.50% Debentures	Fund 2020 8.50% Debentures	Fund 2021 6.25% Debentures	Fund 2023 7.00% Debentures	**Total**
Maturity	October 31, 2026	September 30, 2025	August 31, 2027	June 30, 2028	
Interest Rate	6.50 %	8.50 %	6.25 %	7.00 %	
Principal outstanding at March 31, 2024	$ 100.0	$ 85.5	$ 130.0	$ 110.0	$ 425.5 [1]
Conversion Price per unit	$ 15.80	$ 7.35	$ 10.00	$ 12.85	

[1] At March 31, 2024, the market value of the outstanding Debentures was $435.0 million.

The graph below shows the maturity of our Total debt:



Debt Covenants

As at March 31, 2024, we were compliant with all debt covenants contained in our credit agreement.

Financial Instruments

As of January 1, 2022, we had swap arrangements in place to fix the LIBOR components of our interest rates on US$325.0 million of our Credit Facilities until October 2024. During the first quarter of 2022, we formally designated the interest rate swaps as cashflow hedges and changes in the fair value of the effective portion of the swaps were recognized in other comprehensive income.

During the third quarter of 2022, we de-designated our interest rate swaps and hedge accounting on these swaps was discontinued prospectively. The accumulated balance of the change in fair value of the interest rate swaps in other comprehensive income at the time the swaps were de-designated will be reclassified to net earnings until October 2024. For the three months ended March 31, 2024, we reclassified $1.8 million (2023 - $1.8 million) from other comprehensive income to net earnings. As a result of discontinuing hedge accounting, all subsequent changes in the fair value of the interest rate swaps are recognized in net earnings. For the three months ended March 31, 2024, we recognized a loss of $0.7 million (2023 - $3.9 million) in net earnings relating to the changes in the fair value of the swaps.

During the first quarter of 2024, we blended and extended our existing US$175.0 million and US$150.0 million interest rate swaps on our outstanding long-term debt. Effective January 24, 2024, the terms of these swaps were extended until December 2026 to align with the maturity date of our long-term debt and the aggregate amount of the swap was reduced to US$175.0 million. As a result of the extension, we presented the fair value relating to the interest rate swap in Other assets under non-current assets compared to December 31, 2023 when these were presented in Prepaid expenses and other assets in the Condensed Consolidated Interim Statements of Financial Position.

We hedge our investment in foreign operations that use the USD as their functional currency with our USD-denominated bank debt. Any foreign currency gains and losses arising from the USD-denominated bank debt will be offset by the foreign currency gain or loss arising from the investment in the foreign operations. The gains and losses on the foreign currency translation of the designated amount of USD-denominated debt and investment in foreign operations are recognized in other comprehensive income.

We have entered into cash-settled unit swap arrangements which fix the unit price on a portion of the RSU and PSU components of our LTIP awards and a portion of the deferred units awarded under the DUP. During the first quarter of 2023, we rolled over the hedged units maturing on March 31, 2023, into 2024, 2025 and 2026. During the first quarter of 2024, we rolled over the hedged units maturing on March 31, 2024, into 2025, 2026 and 2027. The RSU component of the LTIP awards is a phantom plan which is payable in cash at the end of the performance period. The PSU component of the LTIP awards gives a right to the participants to receive cash payments upon the achievement of performance goals during the performance periods. As at March 31, 2024, the notional number of units hedged was 2.4 million (2023 - 2.4 million) with maturity dates ranging between March 2025 and March 2027. Distributions on the hedged units are notionally reinvested in these swap arrangements. These RSU and PSU swaps are formally designated as cash flow hedges at the date of inception and any changes in the fair value of the unvested portion of the RSU and PSU hedges are recognized in other comprehensive income. However, the swaps which fix the unit price on deferred units are not formally designated as cash flow hedges and any changes in the fair value of the deferred units swaps are recognized in net earnings. As at March 31, 2024, the notional number of units not designated as hedges was 0.7 million (2023 - 0.5 million) maturing in March 2025.

FINANCIAL CONDITION REVIEW

The Condensed Consolidated Interim Statements of Financial Position contain certain categories as set out below. Since December 31, 2023, there have been material variances in these categories, which are explained below.

($'000)	**March 31, 2024**	December 31, 2023	$ Change	% Change
ASSETS				
Trade and other receivables	166,147	146,686	19,461	13
Prepaid expenses and other assets	10,957	24,981	(14,024)	(56)
Income taxes receivable	62,694	48,381	14,313	30
LIABILITIES and UNITHOLDERS' EQUITY				
Trade and other payables	252,901	299,351	(46,450)	(16)
Long-term debt	322,468	246,545	75,923	31
Other long-term liabilities	12,368	23,228	(10,860)	(47)

Trade and other receivables	Increase is primarily due to the timing of collections from customers and a lower level of factored receivables as of March 31, 2024 compared with December 31, 2023.
Prepaid expenses and other assets	Decrease is primarily due to the fair value of the interest rate swaps presented as non-current assets as of March 31, 2024 compared to current assets as of December 31, 2023 and foreign exchange contract liabilities compared to foreign exchange contract assets in 2023, partially offset by an increase in the current portion of the fair value of cash-settled unit swaps.
Income taxes receivable	Increase is primarily due to Canadian income taxes paid relating to the 2023 and 2024 taxation years. We are disputing the deductibility of certain Canadian tax losses with the CRA which would offset the taxes owed for 2021, 2022, 2023 and 2024. We have appealed this assessment by the CRA and the resolution of this matter in our favour would result in significant taxes paid on account to be refunded.
Trade and other payables	Decrease is primarily due to the payment of 2021 - 2023 LTIP awards and short-term incentive compensation relating to 2023 during the first quarter of 2024 and payments made during first quarter of 2024 relating to Q4 2023 capital expenditures which were unpaid as of December 31, 2023, partially offset by the reclassification of the accrual for the 2022 - 2024 LTIP awards from long-term liabilities to current liabilities.
Long-term debt	Increase is primarily due to draws on our Credit Facilities for capital expenditures and to cover the working capital deficiency.
Other long-term liabilities	Decrease is primarily due to the reclassification of the accrual for the 2022 - 2024 LTIP awards from long-term liabilities to current liabilities.

SUMMARY OF QUARTERLY RESULTS

($ millions)	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Revenue	$ 418.2	$ 422.0	$ 483.5	$ 470.0	$ 471.3	$ 456.7	$ 519.9	$ 446.4
Cost of sales and services	(320.2)	(359.9)	(354.9)	(350.0)	(361.4)	(370.7)	(410.7)	(383.9)
Gross profit	98.0	62.1	128.6	120.0	109.9	86.0	109.2	62.5
Selling and administrative expenses:								
Unrealized foreign exchange (loss) gain	(5.2)	8.2	(5.3)	4.3	3.8	10.9	(17.2)	(5.7)
Realized foreign exchange (loss) gain	(1.4)	0.7	(1.2)	2.5	(0.4)	(3.3)	(2.8)	(2.0)
LTIP	(3.6)	(5.2)	(4.0)	(4.0)	(4.1)	(6.9)	(3.8)	(6.0)
Other	(28.0)	(34.6)	(33.1)	(28.0)	(27.8)	(28.2)	(23.1)	(24.8)
Total selling and administrative expenses	(38.2)	(30.9)	(43.6)	(25.2)	(28.5)	(27.5)	(46.8)	(38.5)
Gain on disposal of assets	—	24.3	—	—	—	—	—	17.4
Share of loss from joint venture	—	—	(0.1)	(0.6)	(0.7)	(0.4)	—	—
Operating income	59.8	55.5	85.0	94.2	80.7	58.1	62.3	41.3
Net finance costs:								
Mark-to-market on Debentures	6.6	(19.2)	14.5	5.3	33.2	(25.2)	28.8	4.4
Debt issuance and extinguishment costs	—	—	—	—	(5.0)	—	—	—
Income reclassified from other comprehensive income	1.8	1.8	1.8	1.8	1.8	1.8	4.2	—
Change in the fair value of interest rate swaps	(0.7)	(5.7)	(2.1)	1.6	(3.9)	0.9	7.9	—
Other	(13.3)	(10.6)	(11.8)	(14.2)	(13.4)	(14.7)	(15.0)	(14.2)
Total net finance costs	(5.6)	(33.7)	2.4	(5.5)	12.7	(37.2)	25.9	(9.8)
Income tax (expense) recovery	(12.2)	(10.1)	(16.7)	(1.4)	(13.9)	(32.7)	(12.9)	3.3
Net earnings (loss)	$ 42.0	$ 11.7	$ 70.8	$ 87.3	$ 79.5	$ (11.7)	$ 75.3	$ 34.8
Adjusted EBITDA	$ 109.9	$ 84.6	$ 142.1	$ 144.2	$ 131.7	$ 104.3	$ 137.1	$ 81.7
Net earnings (loss) per unit	$ 0.36	$ 0.10	$ 0.61	$ 0.75	$ 0.69	$ (0.10)	$ 0.69	$ 0.33
Diluted net earnings (loss) per unit	$ 0.25	$ 0.10	$ 0.41	$ 0.57	$ 0.32	$ (0.10)	$ 0.38	$ 0.18

Below are some of the key items that had a significant impact on financial results over the last eight quarters.

Revenue and Gross Profit

Gross profit for the first quarter of 2024 relative to 2023 was lower due to lower gross profit for sodium nitrite and lower volumes for merchant acid in the SWC segment and significantly lower selling prices for caustic soda in the EC segment. Gross profit for 2023 relative to 2022 was higher due to higher selling prices for sodium chlorate, chlorine and HCl in the EC segment and higher selling prices and lower raw material costs for water solutions products and higher selling prices for Regen acid in the SWC segment.

Selling and Administrative Expenses

The change in fair value of our LTIP obligation recorded in any quarter depends on changes in the various factors used in arriving at the fair value of the obligation.

Net Finance Costs

Net finance costs include changes in the fair value of the Debentures. The amount recorded in any quarter related to the fair value adjustments on the Debentures fluctuates depending upon the market value of the Debentures at the end of the period. The primary component of other net finance costs is interest from our Credit Facilities and Debentures.

Net finance costs include income reclassified from other comprehensive income. The amount recorded in any quarter is as a result of de-designation of interest rate swaps and discontinuation of hedge accounting prospectively. As a result of the de-designation, any changes relating to the fair value of the effective portion of the swaps are re-classified from accumulated other comprehensive income to net earnings. The fair value changes of these de-designated swaps are recognized in net earnings. Net finance costs for the first quarter of 2023 included $5.0 million of transaction costs on the issuance of the Fund 2023 7.00% Debentures.

OUTSTANDING SECURITIES OF THE FUND

As at May 14, 2024 and March 31, 2024, the following units and securities convertible into our units were issued and outstanding:

		May 14, 2024		March 31, 2024	
	Maturity	Convertible Securities	Units	Convertible Securities	Units
Units outstanding			**117,172,629**		**117,169,908**
8.50% Debentures [1]	**September 30, 2025**	**85,507**	**11,633,607**	**85,527**	**11,636,328**
6.50% Debentures [2]	**October 31, 2026**	**100,000**	**6,329,114**	**100,000**	**6,329,114**
6.25% Debentures [3]	**August 31, 2027**	**130,000**	**13,000,000**	**130,000**	**13,000,000**
7.00% Debentures [4]	**June 30, 2028**	**110,000**	**8,560,311**	**110,000**	**8,560,311**
Units outstanding and issuable upon conversion of Debentures			**156,695,661**		**156,695,661**
Deferred units plan [5][6]		**$ 6,380**	**720,895**	**$ 6,082**	**716,343**
Units outstanding and issuable upon conversion of Debentures and Deferred units			**157,416,556**		**157,412,004**

(1) Convertible at $7.35 per unit

(2) Convertible at $15.80 per unit

(3) Convertible at $10.00 per unit

(4) Convertible at $12.85 per unit

(5) Based on $8.85 and $8.49, the closing price of a unit on the TSX on May 14, 2024 and March 31, 2024, respectively

(6) 279,105 and 283,657 deferred units were available for future grants as at May 14, 2024 and March 31, 2024, respectively

CONTRACTUAL OBLIGATIONS

Information concerning contractual obligations at March 31, 2024 is shown below:

Contractual Obligations *($'000)*	**Total**	**Less Than 1 Year**	**2-3 Years**	**4-5 Years**	**After 5 Years**
Long-term debt	$ 322,468	$ —	$ 322,468	$ —	$ —
Debentures	425,527	—	185,527	240,000	—
Purchase commitments	104,704	47,520	57,184	—	—
Interest on Debentures	88,207	29,595	45,586	13,026	—
Interest on long-term debt	40,637	14,862	25,775	—	—
Lease payments	213,951	60,603	92,850	50,069	10,429
Trade and other payables	252,901	252,901	—	—	—
Distributions payable	6,445	6,445	—	—	—
Total contractual obligations	$ 1,454,840	$ 411,926	$ 729,390	$ 303,095	$ 10,429

FINANCIAL OUTLOOK

Given the strong start to 2024 and improved visibility into the remainder of 2024, we now expect our 2024 Adjusted EBITDA to be at the higher end of the guidance range. Our Adjusted EBITDA in 2024 is expected to be below the record high 2023 level, but still in the range of our second highest Adjusted EBITDA, achieved in 2022. Further, we consider the mid-point of 2024's anticipated Adjusted EBITDA of $415.0 million to represent a sustainable level of mid-cycle earnings with the current business portfolio.

($ million)	2024 Guidance	2023 Actual	Three months ended Actual	
			March 31, 2024	March 31, 2023
Adjusted EBITDA	$395.0 - $435.0	$502.6	$109.9	$131.7
Maintenance capital expenditures [1]	$85.0 - $105.0	$104.2	$15.4	$17.5
Growth capital expenditures [1]	$60.0 - $90.0	$62.1	$19.9	$10.4
Lease payments	$55.0 - $65.0	$58.3	$14.6	$14.1
Cash interest [1]	$45.0 - $55.0	$42.4	$11.0	$10.9
Cash tax [1]	$30.0 - $50.0	$14.7	$9.0	$1.6

[1] Maintenance capital expenditures, Cash interest and Cash tax are supplementary financial measures. Growth capital expenditures is a non-IFRS financial measure. See **Non-IFRS and Other Financial Measures** on page 36.

Our guidance is based on numerous assumptions. Certain key assumptions that underpin the guidance are as follows:

- There will be no significant lockdowns or stay-at-home orders issued in North America due to a pandemic outbreak during 2024.
- There will be no service slowdowns, delays, and/or interruptions that can affect our operations due to rail disruptions. While a labour disruption with the railways is expected shortly, It is difficult for us to predict the length and hence the impact on our business.
- None of the principal manufacturing facilities (as set out in our AIF) incurs significant unplanned downtime.
- No labour disruptions at any of our principal manufacturing facilities (as set out in our AIF).

Key Assumptions	2024 Assumptions	2023 Actual	2022 Actual
Approximate North American MECU sales volumes	173,000	181,000	184,000
2024 realized MECU netback being lower than 2023 (per MECU)	CAD ($210)	N/A	N/A
Average CMA NE Asia Caustic spot price index per tonne [1]	US$375	US$455	US$650
Approximate North American production volumes of sodium chlorate	268,000	283,000	343,000
USD to CAD average foreign exchange rate	1.312	1.349	1.302
LTIP costs (in millions)	$10.0 - $20.0	$17.3	$21.0

[1] The average CMA NE Asia Caustic spot price for 2024, 2023 and 2022 is the average spot price of the four quarters ending with the third quarter of that year as the majority of our pricing is based on a one quarter lag.

The lower expected Adjusted EBITDA for 2024 compared to 2023 is attributed to the following key factors:

- Lower average selling prices for caustic due to lower NE Asia index prices.
- Turnaround at North Vancouver chlor-alkali plant.
- Lower sales volumes of sodium chlorate.
- Higher cost of raw materials for water treatment chemicals.
- Stronger Canadian dollar relative to the U.S. dollar.

Update on Organic Growth Projects

We remain focused on our long-term objective of delivering sustained earnings growth and generating value for investors. To accomplish this, we have identified various organic growth initiatives. In 2024, we plan to invest between $60.0 million and $90.0 million in growth capital expenditures. This includes approximately $40.0 million for our ultrapure sulphuric acid business, principally at our Cairo, OH facility, with the remainder for water treatment chemicals and other organic growth projects.

The Cairo project is on track and we expect to finish construction later this year. We expect costs to be between US$60.0 million and US$65.0 million. Following startup later this year, the commercial ramp up will begin to take place in 2025. This will be the first ultrapure sulphuric acid plant in North America that will meet the quality requirements for next generation semiconductor nodes. As a result, completion of this project will further bolster our position as the top North American supplier of ultrapure sulphuric acid to the semiconductor industry. We will provide an update on the expected return of this project after the start-up of the project is complete.

We also previously identified a second large ultrapure sulphuric acid plant growth project, undertaken via KPCT joint venture and located in Casa Grande, AZ. Together with our joint venture partner, we made the decision to put the project on hold until it can be assured the project generates an acceptable level of return.

Capital Allocation Update

Management and the Board periodically assess our capital structure and capital allocation to ensure that we are positioned to deliver maximum long-term value to unitholders. Our balance sheet has significantly improved over the past few quarters and leverage has decreased with a Net Debt to LTM Adjusted EBITDA ratio of 1.9x on March 31, 2024. Our business has also strengthened as evidenced by two consecutive record years in terms of Adjusted EBITDA generated. We believe that our business has undergone a step-change improvement from the pre-COVID levels. In light of the improved sustainable long-term outlook for our cash flow, Chemtrade's Board increased our monthly distribution by 10%, from $0.050 per month to $0.055 per month on January 15, 2024, effective with the distribution declared during the month of January 2024. This distribution represents a Payout ratio of 45% based on the mid-point of our guidance for 2024.

The Board has approved the implementation of an NCIB, which will enable us to, from time to time, repurchase a portion of our units with available funds that are not required for operations or investment. We intend to file a notice of intention with the TSX in this regard and subject to acceptance by the TSX, the NCIB is expected to commence following TSX acceptance of the notice and will continue for up to one year, unless earlier terminated. The NCIB is expected to permit the purchase for cancellation of up to 10% of its public float.

Purchases of units are expected to be effected through the facilities of the TSX and/or alternative Canadian trading systems and will be made by means of open market transactions, or such other means as may be permitted by the TSX, including block purchases of units, at prevailing market rates. The timing and amount of any purchases are subject to regulatory approval and management’s discretion based on market conditions.

We are also looking at other opportunities to further optimize our capital structure. This could potentially include looking to supplement our organic growth initiatives with M&A, should we identify an opportunity that fits strategically within our portfolio and has synergistic value. The acquisitions we would target would primarily be those with annual Adjusted EBITDA in the $10.0 - $50.0 million range.

RISKS AND UNCERTAINTIES

There are a number of risks and uncertainties that warrant additional disclosure which are discussed in detail in our annual MD&A for the year ended December 31, 2023. There have been no material changes to our business that require an update to the discussion of these risks and uncertainties.

SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Condensed Consolidated Interim Financial Statements in conformity with IFRS requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant judgments

Information about judgments that have a significant risk of resulting in a material adjustment within the next financial year are discussed in detail in our MD&A for the year ended December 31, 2022. There have been no material changes to our business that require an update to the discussion of these significant judgments.

Key Sources of Estimation Uncertainty

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are discussed in detail in our MD&A for the year ended December 31, 2023. There have been no material changes to our business that require an update to the discussion of these sources of estimation uncertainty.

STANDARDS AND INTERPRETATIONS

(a) Standards and interpretations adopted during the period:

We adopted the following accounting amendments that were effective for our interim and annual consolidated financial statements beginning January 1, 2024:

- Amendments to IAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current*, clarifying requirements for the classification of liabilities as non-current (effective for annual periods beginning on or after January 1, 2024). These amendments removed an exception related to the requirement for the unconditional right to defer settlement for more than twelve months for equity settled liabilities that permitted classification as non-current liabilities. Chemtrade does not have an unconditional right to defer the settlement of its Debentures upon conversion into units by the debenture holder nor does it classify the conversion option as equity. As a result, in the Condensed Consolidated Interim Statements of Financial Position effective January 1, 2024, we re-classified from non-current to current liabilities, $437.5 million, being the fair value of Debentures as of January 1, 2024. Since, the amendments are applicable retrospectively, we have restated December 31, 2023 Condensed Consolidated Interim Statements of Financial Position by re-classifying the Debentures from non-current to current liabilities. While these are presented as current liabilities, Debenture holders do not have the right to demand their repayment prior to maturity, which for all the outstanding series is more than twelve months in the future. However, the Debenture holders have the right to convert Debentures into units at predetermined prices, thus, the Debentures are classified as current liabilities.

Adoption of the following standards has not had a material impact on our financial results:

- Amendments to IAS 7 and IFRS 7, *Supplier Finance Arrangements,* specifying the disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk (effective for annual periods beginning on or after January 1, 2024).

- Amendments to IFRS 16, *Lease liability in a Sale and Leaseback*, specifying how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction (effective for annual periods beginning on or after January 1, 2024).

(b) Standards and interpretations not yet adopted:

IASB has issued the following new standards and amendments to existing standards that will become effective in future years:

- Amendments to IFRS 10, and IAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture,* addressing the conflict in dealing with the sale or contribution of assets between an investor and its associate or joint venture (deferred indefinitely with an option of early adoption).

- IFRS 18, *Presentation and Disclosure in Financial Statements,* specifying the requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements (effective for annual periods beginning on or after January 1, 2027).

- Amendments to IAS 21, *Lack of exchangeability*, specifying how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking (effective for annual periods beginning on or after January 1, 2025).

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

We maintain a set of disclosure controls and procedures designed to ensure that information required to be disclosed in the reports that the Fund publicly files is recorded, processed, summarized and reported within a timely manner and that such information is accumulated and communicated to our Management, including our CEO and CFO, as appropriate, to allow timely decisions regarding disclosure. Our CEO and CFO have evaluated our disclosure controls procedures as of March 31, 2024 through inquiry and review. Our CEO and CFO have concluded that, as at March 31, 2024, our design and implementation of the controls were effective.

We also maintain a system of internal controls over financial reporting designed under the supervision of our CEO and CFO to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Our Management, including our CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting and evaluating its effectiveness. Management has used the COSO framework (2013) to evaluate the effectiveness of our internal control over financial reporting as of March 31, 2024. There have been no changes to the design of internal controls over financial reporting that occurred during the three months ended March 31, 2024 that have materially affected or are reasonably likely to materially affect the internal controls over financial reporting.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A includes statements and information about our expectations for the future. When we talk about strategy, risks, plan and future financial and operating performance, or other things that have not taken place, we are making statements that are considered forward-looking information or forward-looking statements under Canadian securities laws, including the Securities Act (Ontario).

Key things to understand about the forward-looking information in this MD&A:

- It typically includes words about the future, such as anticipate, continue, estimate, expect, expected, intend, may, will, intend, project, plan, should, believe and others (see examples below).
- It represents our current views, and can change significantly.
- It is based on a number of material assumptions, including those we have listed below, which may prove to be incorrect.
- Actual results and events may be significantly different from what we expect, due to the risks associated with our business. We recommend you review other parts of this document, including **Risks and Uncertainties**, which starts on page 29, which includes a discussion of material risks that could cause actual results to differ significantly from our current expectations.

Forward-looking information is designed to help you understand management's current views of our near and longer-term prospects, and it may not be appropriate for other purposes. We will not necessarily update this information unless we are required to by securities laws.

Examples of forward-looking information in this MD&A

This MD&A contains statements about our future expectations for:

- our expectation that 2024 Adjusted EBITDA will be at the higher end of the previously announced range of $395.0 million to $435.0 million;
- our intention to implement an NCIB to buy back a portion of our units and timing, parameters and TSX acceptance thereof;
- our intention to look at opportunities to optimize our capital structure and our ability to identify strategic M&A opportunities, and the size of any such acquisition;
- the effect of changes in interest rates and exchange rates and our ability to offset USD denominated debt;
- our ability to access tax losses and tax attributes;
- the deductibility of certain tax losses and outcome of our appeal;
- the tax characterization of planned distributions;
- sources, use, availability and sufficiency of cash flows;
- statements in the Financial Outlook section, including:
    - that the mid-point of the 2024 anticipated Adjusted EBITDA range represents a sustainable level of mid-cycle earnings with the current business portfolio;
    - the expected range of maintenance capital and growth capital expenditures, lease payments, cash interest, and cash tax;

    - our expectations regarding lower 2024 Adjusted EBITDA compared to 2023 due to expected lower average selling prices for caustic soda due to lower NE Asia index prices, the expected impact of a turnaround at the North Vancouver chlor-alkali plant, the expected lower sales volumes of sodium chlorate; the anticipated higher cost of raw materials for water treatment chemicals; and the expected stronger Canadian dollar relative to the USD;
- our intention to invest between $60.0 million and $90.0 million in growth capital expenditures and its allocation between the ultrapure sulphuric acid business, water treatment chemicals and other organic growth projects;
- the expected cost, timing of construction completion, start-up and commercial ramp-up of the Cairo project;
- our ability to be the first North American ultrapure sulphuric acid plant to meet the quality requirements of the next generation semiconductor nodes;
- our ability to retain our position as the top North American supplier to the semiconductor industry;
- our intention to update the expected return of the Cairo project and timing thereof;
- the ability of our KPCT joint venture Arizona planned project to generate an acceptable level of return and the timing thereof;
- the effectiveness of disclosure controls procedures and of their design and implementation; and
- long-term incentive compensation amounts.

Material assumptions

The forward-looking information contained in this MD&A includes the following material assumptions, among others:

- certain key elements as set out in the Financial Outlook section, including:
    - there being no significant North American lockdowns or stay-at-home orders issued due to a pandemic outbreak;
    - there being no service slowdowns, delays, and/or interruptions that can affect our operations due to rail disruptions including that the expected labour disruption at certain rail companies does not affect our guidance;
    - there being no significant unplanned downtime nor labour disruptions affecting Chemtrade's principal manufacturing facilities;
    - the stated North American MECU sales volumes and prices and sodium chlorate production volumes;
    - 2024 realized MECU netback being lower than 2023 by the stated amount;
    - the stated 2024 average CMA NE Asia caustic spot price index;
    - the stated USD foreign exchange rate; and
    - the stated range of LTIP costs.

NON-IFRS AND OTHER FINANCIAL MEASURES

Non-IFRS financial measures and non-IFRS ratios

Non-IFRS financial measures are financial measures disclosed by an entity that (a) depict historical or expected future financial performance, financial position or cash flow of an entity, (b) with respect to their composition, exclude amounts that are included in, or include amounts that are excluded from, the composition of the most directly comparable financial measure disclosed in the primary financial statements of the entity, (c) are not disclosed in the financial statements of the entity and (d) are not a ratio, fraction, percentage or similar representation. Non-IFRS ratios are financial measures disclosed by an entity that are in the form of a ratio, fraction, percentage or similar representation that has a non-IFRS financial measure as one or more of its components, and that are not disclosed in the financial statements of the entity.

These non-IFRS financial measures and non-IFRS ratios are not standardized financial measures under IFRS and, therefore, are unlikely to be comparable to similar financial measures presented by other entities. Management believes these non-IFRS financial measures and non-IFRS ratios provide transparent and useful supplemental information to help investors evaluate our financial performance, financial condition and liquidity using the same measures as management. These non-IFRS financial measures and non-IFRS ratios should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with IFRS.

The following section outlines our non-IFRS financial measures and non-IFRS ratios, their compositions, and why management uses each measure. It includes reconciliations to the most directly comparable IFRS measures. Except as otherwise described herein, our non-IFRS financial measures and non-IFRS ratios are calculated on a consistent basis from period to period and are adjusted for specific items in each period, as applicable.

Distributable cash after maintenance capital expenditures

Most directly comparable IFRS financial measure: Cash flows from operating activities

Definition: Distributable cash after maintenance capital expenditures is calculated as cash flow from operating activities less lease payments net of sub-lease receipts, maintenance capital expenditures and adjusting for cash interest and current taxes, and before decreases or increases in working capital.

Why we use the measure and why it is useful to investors: It provides useful information related to our cash flows including the amount of cash available for distribution to Unitholders, repayment of debt and other investing activities.

Distributable cash after maintenance capital expenditures per unit

Definition: Distributable cash after maintenance capital expenditures per unit is calculated as distributable cash after maintenance capital expenditures divided by the weighted average number of units outstanding.

Why we use the measure and why it is useful to investors: It provides useful information related to our cash flows including the amount of cash available for distribution to Unitholders, repayment of debt and other investing activities.

Payout ratio

Definition: Payout ratio is calculated as Distributions declared per unit divided by Distributable cash after maintenance capital expenditures per unit.

Why we use the measure and why it is useful to investors: It provides useful information related to our cash flows including our ability to pay distributions to Unitholders.

	Three months ended	
($'000)	**March 31, 2024**	**March 31, 2023**
Cash flows from operating activities	$ 2,412	$ 54,372
(Less) Add:		
Lease payments net of sub-lease receipts	(14,643)	(14,083)
Increase in working capital	78,612	45,174
Changes in other items [1]	8,874	19,643
Maintenance capital expenditures	(15,361)	(17,531)
Distributable cash after maintenance capital expenditures	**$ 59,894**	**$ 87,575**
Divided by:		
Weighted average number of units outstanding	117,136,762	115,657,409
Distributable cash after maintenance capital expenditures per unit	$ 0.51	$ 0.76
Distributions declared per unit	$ 0.165	$ 0.15
Payout ratio (%)	32 %	20 %

[1] Changes in other items relate to cash interest and cash taxes.

Excess cash flows and net earnings over distributions paid

Most directly comparable IFRS financial measures: Cash flows from operating activities and net earnings (loss)

Definition: Excess cash flows over distributions paid is calculated as cash flows from operating activities less cash distributions paid. Excess earnings over distributions paid is calculated as net earnings (loss) less cash distributions paid.

Why we use the measure and why it is useful to investors: We consider the amount of cash generated by the business in determining the amount of distributions available for payment to our Unitholders. In general, we do not take into account quarterly working capital fluctuations as these tend to be temporary in nature. We do not generally consider net earnings in setting the level of distributions as this is a non-cash metric and is not reflective of the level of cash flow that we can generate. This divergence is particularly relevant for us as we have a relatively high level of depreciation and amortization expenses, foreign exchange gains and losses, and deferred tax expenses and recoveries.

	Three months ended	
($'000)	**March 31, 2024**	**March 31, 2023**
Cash flows from operating activities	$ 2,412	$ 54,372
Net earnings	$ 41,955	$ 79,533
Cash distributions paid during period	$ 17,703	$ 14,708
(Shortfall) excess of cash flows from operating activities over cash distributions paid	$ (15,291)	$ 39,664
Excess of net earnings over cash distributions paid	$ 24,252	$ 64,825

Total debt

Most directly comparable IFRS financial measure: Total long-term debt and Debentures.

Definition: Total debt is calculated as the total of long-term debt and the principal value of Debentures.

Why we use the measure and why it is useful to investors: It provides useful information related to our aggregate debt balances.

Net debt

Most directly comparable IFRS financial measure: Total long-term debt, Debentures, lease liabilities, long-term lease liabilities, less cash and cash equivalents.

Definition: Net debt is calculated as the total of long-term debt, the principal value of Debentures, lease liabilities and long-term lease liabilities, less cash and cash equivalents.

Why we use the measure and why it is useful to investors: It provides useful information related to our aggregate debt balances.

($'000)	March 31, 2024	December 31, 2023
Long-term debt [1]	$ 322,468	$ 246,545
Add (Less):		
Debentures [1]	425,527	425,552
Long-term lease liabilities	140,957	130,583
Lease liabilities [2]	52,274	49,304
Cash and cash equivalents	(27,543)	(21,524)
Net debt	$ 913,683	$ 830,460

[1] Principal outstanding amount

[2] Presented as current liabilities in the Condensed Consolidated Interim Statements of Financial Position

Growth capital expenditures

Most directly comparable IFRS financial measure: Capital expenditures

Definition: Growth capital expenditures are calculated as capital expenditures less Maintenance capital expenditures, plus investments in a joint venture.

Why we use the measure and why it is useful to investors: It provides useful information related to the capital spending and investments intended to grow earnings.

	Three months ended	
($'000)	March 31, 2024	March 31, 2023
Capital expenditures	$ 35,227	$ 27,903
Maintenance capital expenditures	(15,361)	(17,531)
Non-maintenance capital expenditures	19,866	10,372
Investment in a joint venture	—	—
Growth capital expenditures	$ 19,866	$ 10,372

Net working capital

Most directly comparable IFRS financial measure: Current assets less current liabilities

Definition: Net working capital is calculated as current assets less current liabilities excluding Debentures.

Why we use the measure and why it is useful to investors: Although the Debentures are presented as current liabilities, management views the Debentures as non-current liabilities for purposes of managing liquidity and working capital. The Debenture holders do not have the right to demand their repayment prior to their maturity date, which for all the outstanding series of the Debentures is more than one year in the future. Net working capital provides investors with more useful information related to how we manage working capital.

($'000)	**March 31, 2024**	**December 31, 2023**
Current assets	**$ 334,721**	$ 326,022
Less: Current liabilities	**(797,849)**	$ (847,341)
Working capital deficit	**(463,128)**	(521,319)
Add: Debentures	**435,035**	437,517
Net working capital deficit	**$ (28,093)**	$ (83,802)

Total of segments measures

Total of segments measures are financial measures disclosed by an entity that (a) are a subtotal of two or more reportable segments, (b) are not a component of a line item disclosed in the primary financial statements of the entity, (c) are disclosed in the notes of the financial statements of the entity, and (d) are not disclosed in the primary financial statements of the entity.

The following section provides an explanation of the composition of the total of segments measures.

Adjusted EBITDA

Most directly comparable IFRS financial measure: Net earnings (loss):

($'000)	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Net earnings (loss)	$ 41,955	$ 11,677	$ 70,784	$ 87,325	$ 79,533	$(11,747)	$ 75,341	$ 34,835
Add (less):								
Depreciation and amortization	44,890	57,423	54,741	53,186	52,140	54,922	56,598	53,229
Net finance costs (income)	5,642	33,716	(2,429)	5,457	(12,736)	37,187	(25,864)	9,801
Income tax expense (recovery)	12,244	10,121	16,669	1,388	13,875	32,669	12,870	(3,287)
Change in environmental and decommissioning liability	(730)	9,842	(3,504)	—	894	—	—	(66)
Net loss (gain) on disposal and write-down of PPE	711	(5,547)	606	1,152	1,787	2,152	895	(1,102)
Gain on disposal of assets	—	(24,337)	—	—	—	—	—	(17,418)
Unrealized foreign exchange loss (gain)	5,222	(8,247)	5,251	(4,306)	(3,824)	(10,933)	17,217	5,737
Adjusted EBITDA	$ 109,934	$ 84,648	$142,118	$144,202	$131,669	$104,250	$137,057	$ 81,729

Capital management measures

Capital management measures are financial measures disclosed by an entity that (a) are intended to enable an individual to evaluate an entity's objectives, policies and processes for managing the entity's capital, (b) are not a component of a line item disclosed in the primary financial statements of the entity, (c) are disclosed in the notes of the financial statements of the entity, and (d) are not disclosed in the primary financial statements of the entity.

Net debt to LTM Adjusted EBITDA

Definition: Net debt to LTM Adjusted EBITDA is calculated as Net debt divided by LTM Adjusted EBITDA. LTM Adjusted EBITDA represents the last twelve months' Adjusted EBITDA.

Why we use the measure and why it is useful to investors: It provides useful information related to our debt leverage and our ability to service debt. We monitor Net debt to LTM Adjusted EBITDA as a part of liquidity management to sustain future investment in the growth of the business and make decisions about capital.

Supplementary financial measures

Supplementary financial measures are financial measures disclosed by an entity that (a) are, or are intended to be, disclosed on a periodic basis to depict the historical or expected future financial performance, financial position or cash flow of an entity, (b) are not disclosed in the financial statements of the entity, (c) are not non-IFRS financial measures, and (d) are not non-IFRS ratios.

The following section provides an explanation of the composition of those supplementary financial measures.

Maintenance capital expenditures

Represents capital expenditures that are required to sustain operations at existing levels and include major repairs and maintenance and plant turnarounds.

Non-maintenance capital expenditures

Represents capital expenditures that are: (a) pre-identified or pre-funded, usually as part of a significant acquisition and related financing; (b) considered to expand the capacity of our operations; (c) significant environmental capital expenditures that are considered to be non-recurring; or (d) capital expenditures to be reimbursed by a third party.

Cash interest

Represents the interest expense on long-term debt, interest on Debentures, pension interest expense and interest income.

Cash tax

Represents current income tax expense.

TERMS AND DEFINITIONS

Terms

AB	Alberta
AI	Artificial Intelligence
AIF	Annual Information Form
AOCI	Accumulated Other Comprehensive Income
AZ	Arizona
BC	British Columbia
BEAT	Base Erosion and Anti-Abuse Tax
Board	Board of Trustees
CAD	Canadian Dollar
CANEXUS	Canexus Corporation
CEO	Chief Executive Officer
CERS	Canada Emergency Rent Subsidy
CEWS	Canada Emergency Wage Subsidy
CA	California
CMA	Chemical Market Analytics by OPIS, a Dow Jones Company (formerly IHS Markit Base Chemical)
CORRA	Canadian Overnight Repo Rate Average
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CFO	Chief Financial Officer
CRA	Canada Revenue Agency
DRIP	Distribution Reinvestment Plan
DUP	Deferred Unit Plan
ESG	Environmental, Social and Governance
FEED	Front End Engineering Design
GA	Georgia
HCl	Hydrochloric acid
IASB	International Accounting Standards Board
ISDA	International Swap and Derivatives Association
KCl	Potassium Chloride
LIBOR	London Interbank Offered Rate
LTIP	Long Term Incentive Plan
LTM	Last Twelve Months
MB	Manitoba
MECU	MECU is a Metric Electrochemical Unit, consisting of 1.0 tonne of chlorine and 1.1 tonnes of caustic soda
MT	Metric Tonne
NATO	North American Terminal Operations
NCIB	Normal Course Issuer Bid
NE	Northeast
OK	Oklahoma
OH	Ohio
PPE	Property, Plant and Equipment

PSU	Performance Share Unit
Q1	First Quarter
Q2	Second Quarter
Q3	Third Quarter
Q4	Fourth Quarter
QC	Quebec
Regen	Regenerated Acid Services
ROU	Right-of-use
RSU	Restricted Share Unit
SOFR	Secured Overnight Financing Rate
SIFT	Specified investment flow-through trust
SUPERIOR	Superior Plus Corporation
TSX	Toronto Stock Exchange
TX	Texas
USD	U.S. Dollar
WA	Washington

Definitions

Credit Facilities	Revolving credit facilities
Debentures	We have $100,000 principal amount of 6.50% of convertible unsecured subordinated debentures outstanding (the "Fund 2019 6.50% Debentures"), $85,527 principal amount of 8.50% of convertible unsecured subordinated debentures outstanding (the "Fund 2020 8.50% Debentures"), $130,000 principal amount of 6.25% of convertible unsecured subordinated debentures outstanding (the "Fund 2021 6.25% Debentures") and $110,000 principal amount of 7.00% of convertible unsecured subordinated debentures outstanding (the "Fund 2023 7.00% Debentures").
KPCT joint venture	KPCT Holdings LLC, a joint venture between Chemtrade Advanced Chemicals LLC and KPPC Advanced Chemicals Inc. and/or its operating subsidiary, KPCT Advanced Chemicals LLC.
LTIP costs	Corporate costs include LTIP expenses, which relate to the 2022 - 2024, 2023 - 2025 and 2024 - 2026 LTIPs which we operate and pursuant to which we grant cash awards based on certain criteria. The 2022 - 2024 LTIP payout is payable in the first quarter of 2025. The 2023 - 2025 LTIP payout is payable in the first quarter of 2026. The 2024 - 2026 LTIP payout is payable in the first quarter of 2027. The LTIP awards have a performance based PSU component and a RSU component. The performance based PSU component of 2022 – 2024 and 2023 – 2025 LTIP awards is based on return on investment capital improvement and total return to Chemtrade's Unitholders relative to the total return of companies comprising the S&P/TSX Dividend Composite Index. The performance based PSU component of 2024 – 2026 LTIP awards is based on return on investment capital improvement and total return to our Unitholders relative to two peer groups which are S&P/TSX Dividend Composite Index and a group of peer companies selected by us ("Comparator Companies"). Total Unitholder return consists of changes in unit price and distributions paid to Unitholders over the course of the performance periods. The performance based PSU component under these LTIP awards is also adjusted for achievement of ESG goals to be achieved by the end of the performance periods. The RSU component of the LTIP awards is a phantom plan which is payable in cash at the end of the performance period. The nature of these calculations makes it difficult to forecast the amount of LTIP expenses that will be recorded in any period, as it is based upon a valuation model which considers several variables.

OTHER

Additional information concerning Chemtrade, including the AIF, is filed on SEDAR+ and can be accessed at www.sedarplus.com.

May 15, 2024