



## NEWS RELEASE

### CHEMTRADE LOGISTICS INCOME FUND ANNOUNCES RESULTS FOR THE SECOND QUARTER OF 2024

#### INCREASES 2024 ADJUSTED EBITDA GUIDANCE RANGE TO BETWEEN \$430.0 MILLION AND \$460.0 MILLION

**TORONTO, Ontario, August 14, 2024** – Chemtrade Logistics Income Fund (TSX: CHE.UN) (“Chemtrade” or the “Fund”) today announced results for the three and six month periods ended June 30, 2024. The financial statements and MD&A will be available on Chemtrade’s website at [www.chemtradelogistics.com](http://www.chemtradelogistics.com) and on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com).

#### Second Quarter 2024 Highlights

- Second quarter results were stronger than expected and this momentum is continuing into the third quarter. As a result, Chemtrade is raising its 2024 Adjusted EBITDA guidance. Chemtrade now expects it to be in the range of \$430.0 - \$460.0 million.
- Revenue of \$448.1 million, a decrease of \$21.9 million or 4.7% year-over-year. Excluding a \$10.5 million negative impact from the biennial maintenance turnaround at the North Vancouver chlor-alkali facility in Q2 2024 and \$12.0 million in the prior year period related to the P<sub>2</sub>S<sub>5</sub> business sold in Q4 2023, revenue in the second quarter of 2024 was similar to the same quarter of 2023.
- Adjusted EBITDA<sup>(1)</sup> of \$115.1 million, a decrease of \$29.1 million or 20.2% year-over-year as compared to record quarterly Adjusted EBITDA reported in the prior year period. Excluding a \$17.9 million negative impact from the biennial maintenance turnaround at the North Vancouver chlor-alkali facility in Q2 2024, Adjusted EBITDA decreased by \$11.2 million or 7.8% year-over-year.
- Net earnings of \$14.6 million, a decrease of \$72.7 million or 83.3% year-over-year, mainly due to lower Adjusted EBITDA, higher net finance costs, and higher income tax expense.
- Cash flows from operating activities of \$102.2 million, a decrease of \$17.2 million or 14.4% year-over-year, mainly due to lower Adjusted EBITDA, partially offset by lower income taxes paid and changes in working capital.
- Distributable cash after maintenance capital expenditures<sup>(1)</sup> of \$47.8 million, a decrease of \$47.7 million or 50.0% year-over-year, reflecting lower cash flows from operating activities, higher maintenance capital expenditures, and a decrease in working capital. For the last twelve months ended June 30, 2024, Chemtrade’s Payout ratio<sup>(1)</sup> was 35%.
- Maintained a strong balance sheet throughout the quarter, with a Net debt to LTM Adjusted EBITDA<sup>(1)</sup> ratio of 2.0x, US\$408.1 million undrawn on Chemtrade’s revolving credit facilities, and \$35.3 million of cash on hand at the end of Q2 2024.
- Chemtrade executed a Substantial issuer bid (SIB) in the quarter, under which Chemtrade offered to purchase for cancellation up to all of the issued and outstanding Fund 2020 8.50% Debentures due September 30, 2025. The Fund took up the \$28.3 million aggregate principal amount of Fund 2020 8.50% Debentures that were tendered for total consideration of \$37.6 million.
- Chemtrade commenced a Normal course issuer bid (NCIB) in the quarter, under which the Fund is authorized to purchase up to 11,672,524 of its outstanding units.

Scott Rook, President and CEO of Chemtrade, commented on the second quarter 2024 results, “The second quarter of 2024 was yet another strong period for Chemtrade, both financially and operationally. While Adjusted EBITDA was lower on a year-over-year basis, it is worth noting that this is in comparison to record quarterly Adjusted EBITDA reported by Chemtrade in the second quarter of 2023. Further, the biennial maintenance turnaround at our North Vancouver chlor-alkali plant was conducted during the current quarter. Importantly, this maintenance turnaround was well-executed, having been conducted

(1) Adjusted EBITDA is a Total of Segments measure, Distributable cash after maintenance capital expenditures, Growth capital expenditures is a non-IFRS measure and Distributable cash after maintenance capital expenditures per Unit, Payout ratio and Net debt to LTM Adjusted EBITDA are Non-IFRS ratios. Please see Non-IFRS and Other Financial Measures for more information.

safely, on schedule, and on budget. Normalizing for this impact, our underlying performance remained robust across our diverse product portfolio, reflecting the broad strategic improvements we have made in recent years and showcasing our employees' strong organization-wide execution."

"Many of the same parts of our business that have been contributing to our strong results in recent quarters continued to do so in the second quarter of 2024. In our Sulphur and Water Chemicals (SWC) segment, our water solutions portfolio remains a notable contributor to performance. The organic growth investments we have undertaken in recent years continue to yield strong returns. We remain very bullish on the water solutions business moving forward and we plan to continue making strategic investments to drive additional growth in this area in the years ahead."

Mr. Rook continued, "In our Electrochemicals (EC) segment, ongoing strength in hydrochloric acid (HCl) and chlorine pricing has been helping to mitigate the impact of the significantly lower caustic soda index pricing. Encouragingly, market indications suggest that caustic soda index pricing has now moved past the trough of the cycle and we anticipate that year-over-year caustic soda pricing will be more favourable for the second half of 2024. Sodium chlorate volumes and pricing were also up on a year-over-year basis in the quarter and contributed to results.

Mr. Rook concluded, "Results for the first half of 2024 have exceeded our internal expectations and we have seen this momentum continue into the third quarter of the year. As a result, we now expect that our Adjusted EBITDA for the full year of 2024 will be within the range of \$430.0 million to \$460.0 million, an increase from our previous range of \$395.0 million to \$435.0 million. Notably, achieving this new Adjusted EBITDA guidance would make 2024 Chemtrade's second highest year for Adjusted EBITDA ever. The positive step-change that our business has undertaken in recent years has resulted in robust cash flow generation for Chemtrade. As we continue to execute on the attractive opportunities ahead, we look forward to generating additional unitholder value in the years to come."

### **Consolidated Financial Summary of Q2 2024**

Revenue for the second quarter of 2024 was \$448.1 million, compared to \$470.0 million in the second quarter of 2023. Excluding a \$10.5 million negative impact from the biennial maintenance turnaround at the North Vancouver chlor-alkali facility in the second quarter of 2024 and \$12.0 million of revenue in the prior year period from the P<sub>2</sub>S<sub>5</sub> business sold in the fourth quarter of 2023, consolidated revenue was similar to the second quarter of 2023. The key factors affecting revenue were: (i) higher selling prices for sodium chlorate, HCl, and chlorine as well as higher sales volumes of sodium chlorate in the EC segment; and (ii) higher selling prices for water solutions products and higher volumes of Regen acid in the SWC segment. Partial offsets to these factors included significantly lower selling prices for caustic soda in the EC segment, lower volumes and selling prices for sodium nitrite in the SWC segment, and lower selling prices for merchant acid and Regen acid in the SWC segment.

Adjusted EBITDA for the second quarter of 2024 was \$115.1 million, compared to \$144.2 million in the second quarter of 2023. Excluding a \$17.9 million negative impact from the biennial maintenance turnaround at the North Vancouver chlor-alkali facility in the second quarter of 2024, consolidated Adjusted EBITDA decreased by \$11.2 million or 7.8% year-over-year. This decrease was primarily due to: (i) significantly lower selling prices for caustic soda in the EC segment; (ii) lower gross profit for sodium nitrite in the SWC segment; and (iii) higher corporate costs. This decrease was partially offset by: (i) increased Adjusted EBITDA for sodium chlorate, HCl and chlorine in the EC segment; and (ii) an improvement in margins for water solutions products and higher volumes of Regen acid in the SWC segment.

Distributable cash after maintenance capital expenditures for the second quarter of 2024 was \$47.8 million or \$0.41 per unit, compared to \$95.5 million or \$0.82 per unit in the second quarter of 2023. This decrease primarily reflects the same factors that impacted Adjusted EBITDA, as noted above, as well as higher maintenance capital expenditures and a decrease in working capital. Chemtrade's distribution Payout ratio for the twelve months ended June 30, 2024 was 35%.

Chemtrade maintained a strong balance sheet through the second quarter of 2024. As of June 30, 2024, Chemtrade's Net Debt was \$887.8 million, a decrease of \$40.3 million or 4.3% year-over-year, and its Net Debt to LTM Adjusted EBITDA ratio was 2.0x. As of the end of the second quarter of 2024, Chemtrade also

maintained strong financial liquidity with US\$408.1 million undrawn on its revolving credit facilities, in addition to \$35.3 million of cash on hand.

### **Segmented Financial Summary of Q2 2024**

The SWC segment reported revenue of \$266.9 million for the second quarter of 2024, compared to \$280.3 million for the second quarter of 2023. Adjusted EBITDA in the SWC segment was \$78.2 million for the second quarter of 2024, compared to \$73.2 million for the second quarter of 2023. The P<sub>2</sub>S<sub>5</sub> business that was sold in the fourth quarter of 2023 contributed \$12.0 million of SWC revenue in the second quarter of 2023.

Excluding the P<sub>2</sub>S<sub>5</sub> business revenue, as noted above, SWC revenue in the second quarter of 2024 decreased by \$1.4 million or 0.5% year-over-year. This decrease in SWC revenue was primarily due to: (i) lower volumes and selling prices for sodium nitrite; and (ii) lower selling prices for merchant acid and Regen acid. Partial offsets to the lower SWC revenue included higher selling prices for water solutions products and higher volumes of Regen acid. Despite lower revenue on a year-over-year basis, SWC Adjusted EBITDA in the second quarter of 2024 increased by \$5.0 million or 6.9% on a year-over-year basis, with improved margins for water solutions products and higher volumes of Regen acid more than offsetting lower margins for sodium nitrite.

The EC segment reported revenue of \$181.2 million for the second quarter of 2024, compared to \$189.7 million for the second quarter of 2023. Adjusted EBITDA in the EC segment was \$65.1 million for the second quarter of 2024, compared to \$93.3 million for the second quarter of 2023. The biennial maintenance turnaround at the North Vancouver chlor-alkali plant during the second quarter of 2024 had a negative impact of approximately \$10.5 million on EC revenue and approximately \$17.9 million on EC Adjusted EBITDA.

Excluding the impact of the maintenance turnaround at North Vancouver, as noted above, EC revenue in the second quarter of 2024 increased by \$2.0 million or 1.0% year-over-year, primarily due to: (i) higher sales volumes and selling prices for sodium chlorate; and (ii) higher selling prices for HCl and chlorine. These factors were partially offset by significantly lower selling prices for caustic soda. Excluding the impact of the maintenance turnaround at North Vancouver, as noted above, EC Adjusted EBITDA in the second quarter of 2024 decreased by \$10.3 million or 11.1% year-over-year. The same factors that impacted revenue also impacted Adjusted EBITDA on a year-over-year basis, with significantly lower caustic soda selling prices more than offsetting the impact of higher sales volumes and selling prices for sodium chlorate, and higher selling prices for HCl and chlorine. MECU netbacks declined by approximately \$110 year-over-year, with higher netbacks for HCl and, to a lesser extent, chlorine offsetting approximately 50% of the decline in caustic soda.

Corporate costs for the second quarter of 2024 were \$28.2 million, compared with \$22.3 million in the second quarter of 2023. The increase in corporate costs was primarily due to: (i) \$2.0 million of higher long-term incentive plan (LTIP) costs year-over-year; (ii) \$0.6 million of realized foreign exchange losses in the second quarter of 2024 compared to \$1.0 million of realized foreign exchange gains in the second quarter of 2023; (iii) \$0.9 million of higher short-term incentive compensation costs year-over-year; and (iv) higher legal and other costs.

### **2024 Guidance**

Given stronger than expected results during the first half of 2024 and continued momentum into the third quarter of 2024, Chemtrade has increased its expectations for full-year 2024 Adjusted EBITDA. Chemtrade now expects its 2024 Adjusted EBITDA to be within the range of \$430.0 million and \$460.0 million, as compared to its previous guidance range of between \$395.0 million and \$435.0 million. At the midpoint of guidance, this represents an increase of approximately 7% from the midpoint of previous guidance. While Chemtrade's Adjusted EBITDA in 2024 is still expected to be below the record high 2023 level, achieving this updated guidance would make 2024 Chemtrade's second highest year for Adjusted EBITDA on record. Management believes that this latest increase to its expectations further supports its view that Chemtrade's earnings and cash flow generation have undertaken a positive step-change in recent years as compared to pre-COVID levels.

| (\$ million)                                    | Updated<br>2024<br>Guidance | Previous<br>2024<br>Guidance | 2023<br>Actual | Six months ended |                  |
|-------------------------------------------------|-----------------------------|------------------------------|----------------|------------------|------------------|
|                                                 |                             |                              |                | June 30,<br>2024 | June 30,<br>2023 |
| Adjusted EBITDA <sup>(1)</sup>                  | \$430.0 - \$460.0           | \$395.0 - \$435.0            | \$502.6        | \$225.0          | \$275.9          |
| Maintenance capital expenditures <sup>(1)</sup> | \$100.0 - \$110.0           | \$85.0 - \$105.0             | \$104.2        | \$41.9           | \$34.8           |
| Growth capital expenditures <sup>(1)</sup>      | \$70.0 - \$100.0            | \$60.0 - \$90.0              | \$62.1         | \$37.5           | \$26.6           |
| Lease payments                                  | \$60.0 - \$70.0             | \$55.0 - \$65.0              | \$58.3         | \$31.8           | \$28.6           |
| Cash interest <sup>(1)</sup>                    | \$45.0 - \$55.0             | \$45.0 - \$55.0              | \$42.4         | \$23.5           | \$10.9           |
| Cash tax <sup>(1)</sup>                         | \$30.0 - \$50.0             | \$30.0 - \$50.0              | \$14.7         | \$14.3           | \$1.6            |

(1) Adjusted EBITDA is a Total of Segments measure. 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.

Chemtrade's guidance is based on numerous assumptions. Certain key assumptions that underpin the 2023 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 Chemtrade's AIF) incurs significant unplanned downtime.
- No labour disruptions occur at any of Chemtrade's principal manufacturing facilities (as set out in Chemtrade's AIF).

| Key Assumptions                                                                      | Updated<br>2024<br>Assumptions | Previous<br>2024<br>Assumptions | 2023<br>Actual |
|--------------------------------------------------------------------------------------|--------------------------------|---------------------------------|----------------|
| Approximate North American MECU sales volumes                                        | 180,000                        | 173,000                         | 181,000        |
| 2024 average MECU Netback being lower than 2023 average per MECU                     | CAD (\$95)                     | CAD (\$210)                     | N/A            |
| Average CMA <sup>(1)</sup> NE Asia caustic spot price index per tonne <sup>(2)</sup> | US\$385                        | US\$375                         | US\$455        |
| Approximate North American production volumes of sodium chlorate (MTs)               | 257,000                        | 268,000                         | 283,000        |
| USD to CAD average foreign exchange rate                                             | 1.354                          | 1.312                           | 1.349          |
| LTIP <sup>(3)</sup> costs (in millions)                                              | \$15.0 - \$25.0                | \$10.0 - \$20.0                 | \$17.3         |

(1) Chemical Market Analytics (CMA) by OPIS, A Dow Jones Company, formerly IHS Markit Base Chemical.

(2) The average CMA NE Asia caustic spot price for 2024 and 2023 is the average spot price for the four quarters ending with the third quarter of that year as the majority of our pricing is based on a one quarter lag.

(3) Long Term Incentive Plan.

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.

## **Update on Organic Growth Projects**

Chemtrade remains focused on its long-term objective of delivering sustained earnings growth and generating value for investors. To accomplish this, Chemtrade has identified various organic growth initiatives. In 2024, Chemtrade plans to invest between \$70 million and \$100 million in growth capital expenditures. This includes approximately \$50 million for Chemtrade's ultrapure sulphuric acid business, principally at the Cairo, OH facility, with the remainder for water treatment chemicals and other organic growth projects.

The Cairo project is on track and Chemtrade expects to finish construction later this year. Chemtrade expects it to cost between US\$60 million and US\$65 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 Chemtrade's position as the top North American supplier of ultrapure sulphuric acid to the semiconductor industry. Chemtrade will provide an update on the expected return on this project after the start-up of the project is complete.

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

## **Distributions and Capital Allocation Update**

Distributions declared in the second quarter of 2024 totaled \$0.165 per unit, comprised of monthly distributions of \$0.055 per unit. The monthly distribution rate was increased by 10% earlier this year. The distribution is well covered as it represents a pay-out ratio of approximately 40%, based on the mid-point of the revised guidance for 2024.

Chemtrade has also implemented a NCIB, which enables it to, from time to time, repurchase a portion its units with available funds that are not required for operations or investment. Under the NCIB, Chemtrade is authorized to purchase up to 11,672,524 of its units over a 12 month period ending June 2, 2025. As of June 30, 2024, no purchases were made as part of the NCIB. The Fund's automatic share purchase plan under the NCIB was suspended for the duration of the SIB which expired on July 31, 2024. For the period from August 1, 2024 to August 13, 2024, 546,700 units at an average price of \$9.29 per unit were purchased by the Fund.

Purchases of units are effected through the facilities of the TSX and/or alternative Canadian trading systems and are 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.

On June 25, 2024, the Fund commenced a SIB, under which Chemtrade offered to purchase for cancellation up to all of the issued and outstanding Fund 2020 8.50% Debentures due September 30, 2025 for a purchase price of \$1,300 in cash per \$1,000 principal amount of Fund 2020 8.50% Debentures. On July 31, 2024, the SIB expired with a total of \$28.3 million aggregate principal amount of Fund 2020 8.50% Debentures tendered under the SIB for total consideration of \$37.6 million including all accrued and unpaid interest. We intend to exercise our early redemption rights by providing a formal notice of redemption to the holders of the remaining \$57.1 million of Debentures in the latter half of August 2024 in accordance with the terms of the trust indenture at a price of \$1,000 per Debenture plus accrued and unpaid interest.

Rohit Bhardwaj, CFO of Chemtrade, commented on Chemtrade's capital allocation, "We are on strong financial footing entering the second half of 2024. Chemtrade continues to generate robust cash flow that is well in excess of our increased monthly distribution, and we expect that we will be able to use a portion of our excess cash flow to return additional capital to unitholders via our NCIB over the coming months. Recent industry M&A transactions further support our view that Chemtrade units are currently trading at a significant discount to their intrinsic value, making this NCIB an attractive use of funds for our unitholders. We also continued our efforts to further optimize our capital structure by deploying capital to buy back our

2025 debentures that were well in the money, with approximately 33% of debenture holders tendering to our offer. Our balance sheet remains in sound condition, with our key leverage ratio expected to be close to two times Adjusted EBITDA exiting 2024 and with ample financial flexibility to execute on our high-return growth projects and other strategic initiatives. With a continued strong outlook for our business ahead and the resilient and defensive characteristics of our diversified product portfolio, we remain confident in Chemtrade's future and committed to a balanced capital allocation strategy."

### **Cessation of Sodium Chlorate Production at Prince George Plant**

Chemtrade has made the decision to cease sodium chlorate production at its Prince George, BC facility, following an announced production curtailment by the plant's principal customer earlier this year. The facility will be converted into a sodium chlorate dissolving operation, which is expected to be completed during the third quarter of 2024. The remaining sodium chlorate volumes required by the principal customer will be supplied by dissolving sodium chlorate produced at our Brandon, MB facility. This operations cessation will be conducted in a manner that will allow for a return to service should market conditions change and is not anticipated to have a material financial impact on Chemtrade.

Scott Rook, President and CEO of Chemtrade commented on this decision, "It's unfortunate that the volumes required from this facility will now be significantly lower and at a level where it's not viable to continue operating the plant. As a result, we made the difficult decision to cease sodium chlorate production at our Prince George facility later this year. This cessation will be conducted in a manner that will allow for a return to service should market conditions change. We would like to extend our sincere gratitude to the hard-working employees of this facility for their dedication over the years."

### **About Chemtrade**

Chemtrade operates a diversified business providing industrial chemicals and services to customers in North America and around the world. Chemtrade is one of North America's largest suppliers of sulphuric acid, spent acid processing services, inorganic coagulants for water treatment, sodium chlorate, sodium nitrite and sodium hydrosulphite. Chemtrade is also the largest producer of high purity sulphuric acid for the semiconductor industry in North America. Chemtrade is a leading regional supplier of sulphur, chlor-alkali products, and zinc oxide. Additionally, Chemtrade provides industrial services such as processing by-products and waste streams.

## 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 Chemtrade's 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 Chemtrade's 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, Chemtrade's 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 Chemtrade's 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 Chemtrade's 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 Chemtrade's cash flows including Chemtrade's ability to pay distributions to Unitholders.

| (\$'000, except per unit metrics and ratios)                       | <u>Three months ended</u> |               | <u>Twelve months ended</u> |
|--------------------------------------------------------------------|---------------------------|---------------|----------------------------|
|                                                                    | June 30, 2024             | June 30, 2023 | June 30, 2024              |
| Cash flows from operating activities                               | \$102,152                 | \$119,318     | \$332,337                  |
| Add (Less):                                                        |                           |               |                            |
| Lease payments net of sub-lease receipts                           | (17,164)                  | (14,507)      | (61,473)                   |
| Increase in working capital                                        | (5,949)                   | (3,536)       | 31,041                     |
| Changes in other items <sup>(1)</sup>                              | (4,685)                   | 11,504        | 17,080                     |
| Maintenance capital expenditures <sup>(2)</sup>                    | (26,581)                  | (17,318)      | (111,342)                  |
| Distributable cash after maintenance capital expenditures          | \$47,773                  | \$95,461      | \$207,643                  |
| Divided by:                                                        |                           |               |                            |
| Weighted average number of units outstanding                       | 117,172,181               | 115,986,636   | 116,873,267                |
| Distributable cash after maintenance capital expenditures per unit | \$0.41                    | \$0.82        | \$1.78                     |
| Distributions declared per unit <sup>(3)</sup>                     | \$0.165                   | \$0.150       | \$0.630                    |
| Payout ratio (%)                                                   | 40%                       | 18%           | 35%                        |

(1) Changes in other items relate to Cash interest and current taxes.

(2) Maintenance capital expenditures are a Supplementary financial measure. See "Supplementary financial measures" for more information.

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

#### Net debt

**Most directly comparable IFRS financial measure:** Total long-term debt, Debentures, lease liabilities, and 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 is it useful to investors:** It provides useful information related to Chemtrade's aggregate debt balances.

| (\$'000)                         | As of June 30, 2024 | As of June 30, 2023 |
|----------------------------------|---------------------|---------------------|
| Long-term debt <sup>(1)</sup>    | \$311,881           | \$368,128           |
| Add (Less):                      |                     |                     |
| Debentures <sup>(1)</sup>        | 425,507             | 426,182             |
| Long-term lease liabilities      | 133,410             | 120,113             |
| Lease liabilities <sup>(2)</sup> | 52,262              | 48,027              |
| Cash and cash equivalents        | (35,273)            | (34,344)            |
| Net debt                         | \$887,787           | \$928,106           |

(1) Principal amount outstanding.

(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 joint ventures.

**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.

| (\$'000)                                            | <u>Three months ended</u> |                  | <u>Six months ended</u> |                  | <u>Year ended</u>    |
|-----------------------------------------------------|---------------------------|------------------|-------------------------|------------------|----------------------|
|                                                     | June 30,<br>2024          | June 30,<br>2023 | June 30,<br>2024        | June 30,<br>2023 | December 31,<br>2023 |
| Capital expenditures                                | \$44,248                  | \$33,564         | \$79,475                | \$61,467         | \$166,395            |
| Add (Less):                                         |                           |                  |                         |                  |                      |
| Maintenance capital expenditures                    | (26,581)                  | (17,318)         | (41,942)                | (34,849)         | (104,249)            |
| Non-maintenance capital expenditures <sup>(1)</sup> | 17,667                    | 16,246           | 37,533                  | 26,618           | 62,146               |
| Investment in Joint Venture <sup>(2)</sup>          | -                         | -                | -                       | -                | -                    |
| Growth capital expenditures                         | \$17,667                  | \$16,246         | \$37,533                | \$26,618         | \$62,146             |

(1) Non-maintenance capital expenditures is a Supplementary financial measure.

(2) Joint venture with KPCT Advanced Chemicals LLC ("KPCT") to build an ultrapure sulphuric acid facility in Arizona.

## 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)

| <i>(\$'000, except per unit metrics and ratios)</i>   | Three months ended<br>June 30,<br>2024 | Three months ended<br>June 30,<br>2023 | Six months ended<br>June 30,<br>2024 | Six months ended<br>June 30,<br>2023 | LTM<br>June 30,<br>2024 | Year<br>ended<br>Dec. 31,<br>2023 |
|-------------------------------------------------------|----------------------------------------|----------------------------------------|--------------------------------------|--------------------------------------|-------------------------|-----------------------------------|
| Net earnings (loss)                                   | \$14,599                               | \$87,325                               | \$56,554                             | \$166,858                            | \$139,015               | \$249,319                         |
| Add (less):                                           |                                        |                                        |                                      |                                      |                         |                                   |
| Depreciation and amortization                         | 48,223                                 | 53,186                                 | 93,113                               | 105,326                              | 205,277                 | 217,490                           |
| Net finance costs (income)                            | 39,268                                 | 5,457                                  | 44,910                               | (7,279)                              | 76,197                  | 24,008                            |
| Income tax expense (recovery)                         | 10,619                                 | 1,388                                  | 22,863                               | 15,263                               | 49,653                  | 42,053                            |
| Change in environmental and decommissioning liability | (1,494)                                | -                                      | (2,224)                              | 894                                  | 4,114                   | 7,232                             |
| Net loss (gain) on disposal and write-down of PPE     | 1,782                                  | 1,152                                  | 2,493                                | 2,939                                | (2,448)                 | (2,002)                           |
| (Gain) loss on disposal of assets                     | -                                      | -                                      | -                                    | -                                    | (24,337)                | (24,337)                          |
| Unrealized foreign exchange loss (gain)               | 2,115                                  | (4,306)                                | 7,337                                | (8,130)                              | 4,341                   | (11,126)                          |
| Adjusted EBITDA                                       | \$115,112                              | \$144,202                              | \$225,046                            | \$275,871                            | \$451,812               | \$502,637                         |

## 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 Chemtrade's debt leverage and Chemtrade's ability to service debt. Chemtrade monitors 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 Chemtrade's 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, and pension plan interest expense and interest income.

#### **Cash tax**

Represents current income tax expense.

#### **Caution Regarding Forward-Looking Statements**

Certain statements contained in this news release constitute forward-looking statements within the meaning of certain securities laws, including the *Securities Act* (Ontario). Forward-looking statements can be generally identified by the use of words such as "anticipate", "continue", "estimate", "expect", "expected", "intend", "may", "will", "project", "plan", "should", "believe" and similar expressions. Specifically, forward-looking statements in this news release include statements respecting certain future expectations about: that our 2024 Adjusted EBITDA has increased and will be in the range of \$435 million to \$460. million; our plan to continue to make investments in the water solutions business and the ability of such investments to drive growth; the impact of a customer curtailment on our Prince George facility's sodium chlorate volumes; the timing of the cessation of production at our Prince George facility and our ability to return it to service; our ability to generate additional unitholder value for the upcoming years; that 2024 Adjusted EBITDA will be below the 2023 level; our belief that Chemtrade's earnings and cash-flow generation have undergone a step-change improvement since pre-COVID levels; the expected stated 2024 maintenance capital expenditures, 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; our intention to invest between \$70.0 million and \$100.0 million in growth capital expenditures in 2024 and its allocation between the ultrapure sulphuric acid business, water treatment chemicals and other organic growth projects; the expected cost and timing of construction completion, and the expected timing of start-up and commercial ramp-up of the Cairo project; our ability to be the first North American UPA 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; our ability to return additional capital to unitholders via a Normal Course Issuer Bid and the timing thereof; our intention to exercise our early redemption rights for the remaining Debentures and the timing thereof; our expectation that our key leverage ratio will remain below two times EBITDA at the end of 2024; our ability to achieve a balanced capital allocation strategy; our intention to convert the Prince George facility to a sodium chlorate dissolving operation and the timing thereof; our intention to supply our customer's volumes from our Brandon facility; and the impact of cessation of production of sodium chlorate on Chemtrade's finances.

Forward-looking statements in this news release describe the expectations of the Fund and its subsidiaries as of the date hereof. These statements are based on assumptions and involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements for a variety of reasons, including without limitation the risks and uncertainties detailed under the “RISK FACTORS” section of the Fund’s latest Annual Information Form and the “RISKS AND UNCERTAINTIES” section of the Fund’s most recent Management’s Discussion & Analysis.

Although the Fund believes the expectations reflected in these forward-looking statements and the assumptions upon which they are based are reasonable, no assurance can be given that actual results will be consistent with such forward-looking statements, and they should not be unduly relied upon. With respect to the forward-looking statements contained in this news release, the Fund has made assumptions regarding: there being no significant North American lockdowns or stay-at-home orders issued due to a pandemic outbreak in 2024; there being no service slowdowns, delays, and/or interruptions that can affect our operations due to rail disruptions; there being no significant unplanned downtime nor labour disruptions affecting Chemtrade’s principal manufacturing facilities; the stated North American MECU sales volumes and sodium chlorate production volumes; the 2024 MECU netback being lower than 2023 by the stated amount ; the stated average CMA NE Asia caustic spot price index; and the stated U.S. dollar average foreign exchange rate; and the stated range of LTIP costs.

Except as required by law, the Fund does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or for any other reason. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement.

Further information can be found in the disclosure documents filed by Chemtrade Logistics Income Fund with the securities regulatory authorities, available at [www.sedarplus.com](http://www.sedarplus.com).

A conference call to review the second quarter 2024 results will be webcast live on Thursday, August 15, 2024 at 10:00 a.m. ET. To access the webcast [click here](#).

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