

## NEWS RELEASE

### **CHEMTRADE LOGISTICS INCOME FUND REPORTS FIRST QUARTER 2022 RESULTS AND ANNOUNCES INCREASED 2022 ADJUSTED EBITDA GUIDANCE ALSO ANNOUNCES CLOSURE OF ITS BEAUHARNOIS, QC SODIUM CHLORATE PLANT**

*All amounts are in Canadian dollars unless otherwise stated*

**TORONTO, Ontario, May 9, 2022** – Chemtrade Logistics Income Fund (“Chemtrade”) (TSX: CHE.UN) today announced results for the three months ended March 31, 2022 and issued updated 2022 guidance. 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.sedar.com](http://www.sedar.com).

#### **First Quarter 2022 Highlights**

- Revenue of \$390.3 million, an increase of \$77.9 million year-over-year, reflecting growth in both operating segments.
- Net earnings of \$10.7 million, an increase of \$31.1 million year-over-year.
- Adjusted EBITDA <sup>(1)</sup> of \$107.8 million, an increase of \$52.4 million year-over-year, primarily owing to stronger revenue.
- Cash flows from operating activities of \$37.8 million, an increase of \$44.2 million year-over-year.
- Distributable Cash <sup>(1)</sup> of \$63.3 million, up \$45.4 million year-over-year, with a distribution payout ratio <sup>(1)</sup> of 48% for the trailing twelve months ended March 31, 2022.
- Continued balance sheet improvement, as demonstrated by Net Debt / Adjusted EBITDA <sup>(1)</sup> ratio of 3.5x at quarter-end, as compared to 5.9x at the end of Q1 2021.
- Increased 2022 Adjusted EBITDA guidance to a range of \$300 million to \$330 million, compared to previous 2022 guidance range of \$265 million to \$295 million, reflecting Chemtrade’s strong first quarter 2022 results and ongoing favourable market fundamentals for most of Chemtrade’s key products.

Scott Rook, President and CEO of Chemtrade, commented on the first quarter 2022 results, “Our robust first quarter performance is reflective of a strong market backdrop for key products within our product portfolio, in particular, notable strength across chlor-alkali chemicals. The improvements in end-market demand and pricing for many of our key products resulted in the significant improvement in our financial results relative to last year. Encouragingly, the market fundamentals seen during the first quarter are expected to persist through the balance of the year. This attractive backdrop, alongside the strong set of first quarter results we have reported, gives us the confidence to raise our Adjusted EBITDA guidance for 2022.”

Mr. Rook continued, “Importantly, we also continue to take steps to drive improved operational efficiency and strengthen our balance sheet. These steps include the launch of a process to pursue a sale-and-leaseback transaction of our North Vancouver real estate and the announced sale of an idled facility in Augusta, Georgia subsequent to quarter-end. These initiatives are expected to provide additional financial flexibility and liquidity to pursue our primary capital priorities of deleveraging and investing in the economically attractive organic growth opportunities that we see across our business. Additionally, we made the difficult decision to close our Beauharnois, QC sodium chlorate production facility by the end of 2022, to further improve our cost structure moving forward. We thank our Beauharnois employees for their tremendous efforts over the years.

(1) Adjusted EBITDA is a Total of Segments measure, Distributable Cash after Maintenance Capital Expenditures is a Non-IFRS measure and Distributable Cash after Maintenance Capital Expenditures per Unit, Payout Ratio and Debt/Adjusted EBITDA are Non-IFRS Ratios. Please see Non-IFRS and Other Financial Measures for more information.

“Macro-economic conditions and geopolitical events have caused increased volatility and a heightened sense of uncertainty. Setting these aside, based on our visibility into the future, we believe Chemtrade’s prospects are the brightest they have been in many years and we remain confident in our ability to execute on our strategic plan. While we see 2022 as a strong year of growth for our business, we believe that the outlook beyond 2022 also remains bright for Chemtrade, supported by the financially and operationally compelling organic growth projects we have previously outlined, which continue to progress well. Finally, we continue to make positive strides on our path to making Chemtrade an industry leader in Environmental, Social and Governance (“ESG”) matters, as we strive to be good stewards for all of our stakeholders, including the communities in which we operate,” Mr. Rook concluded.

### **Consolidated Financial Summary of First Quarter 2022**

Revenue for the first quarter of 2022 was \$390.3 million, which was \$77.9 million higher than the first quarter of 2021. The increase in revenue for the first quarter was primarily due to: (i) higher selling prices of merchant acid, water solutions products, and sulphur products and higher sales volumes of Regen acid in the Sulphur and Water Chemicals (“SWC”) segment; and (ii) higher selling prices for chlor-alkali products in the Electrochemicals (“EC”) segment. This growth was partially offset by lower sales volumes of sodium chlorate in the EC segment. This increase was realized despite the inclusion of \$12.7 million of revenue generated in the prior period by the specialty chemicals businesses that were sold in the fourth quarter of 2021.

Adjusted EBITDA for the first quarter of 2022 was \$107.8 million, which was \$52.4 million higher than the first quarter of 2021. The increase in Adjusted EBITDA for the three months ended March 31, 2022 was primarily due to stronger results in both the EC and SWC segments, including increased revenue, as noted above. The specialty chemicals businesses, that were sold in the fourth quarter of 2021, contributed \$5.0 million of Adjusted EBITDA in the first quarter of 2021.

Distributable Cash after maintenance capital expenditures for the first quarter of 2022 was \$63.3 million or \$0.61 per unit, compared with \$17.9 million or \$0.19 per unit in the first quarter of 2021. Chemtrade’s distribution payout ratio was 25% and 48% for the first quarter and twelve months ended March 31, 2022, respectively.

Chemtrade continued to strengthen its balance sheet during the first quarter of 2022. As of March 31, 2022, Chemtrade’s Net Debt / Adjusted EBITDA ratio stood at 3.5x, compared to 5.9x as of the end of the first quarter of 2021. This balance sheet improvement reflects a combination of Adjusted EBITDA growth and the sale of the specialty chemicals businesses in the fourth quarter of 2021. As at the end of the first quarter of 2022, Chemtrade had US\$ 215.6 million undrawn on its credit facility, in addition to \$19.5 million of cash on hand, and has no outstanding debt maturities until May 2024.

### **Segmented Financial Summary of First Quarter 2022**

Effective this quarter, Chemtrade reconfigured its operating segments, owing to the sale of the specialty chemicals business in the fourth quarter of 2021. The operating segments in the Sulphur Products and Performance Chemicals reportable segment were combined with the remaining operating segments in the Water Solutions and Specialty Chemicals reportable segment to form the SWC Segment. There are no changes to the EC segment as a result of this reconfiguration.

The SWC segment reported revenue for the first quarter of 2022 of \$229.0 million, which was \$38.2 million higher than the comparable period in 2021. The increase in revenue was primarily attributable to higher selling prices of merchant acid, water solutions products, and sulphur products as well as higher sales volumes of Regen acid. The improved demand for Regen acid is reflective of higher gasoline demand year-over-year. Regen demand in the first quarter of 2021 was negatively affected by the severe winter storms in the U.S. and stay-at-home orders in California. The higher selling prices in the SWC segment are largely reflective of higher sulphur prices and, in the case of merchant acid, tight industry conditions as well. Adjusted EBITDA in the SWC segment for the first quarter of 2022 was \$62.5 million, which was \$12.7 million higher than the first quarter of 2021. The growth in Adjusted EBITDA was primarily due to stronger Regen acid results. The higher selling prices Chemtrade was able to realize for its water solutions products more than offset the impact of the higher raw material costs during the first quarter, which were impacted by the sharp year-over-year increase in sulphur costs. In the prior year period, the specialty chemicals

businesses sold in the fourth quarter of 2021 generated \$12.7 million of revenue and \$5.0 million of Adjusted EBITDA.

The EC segment reported revenue for the first quarter of 2022 of \$161.4 million, which was \$39.7 million higher than the comparable period in 2021. The increase in revenue is reflective of higher selling prices for each of Chemtrade's chlor-alkali products – caustic soda, chlorine, and hydrochloric acid. Favourable market fundamentals for chlor-alkali chemicals resulted in Chemtrade's MECU netbacks (i.e., selling price less freight) being up approximately \$715 year-over-year, with approximately 60% of the increase in netbacks attributable to higher realized prices for caustic soda and the balance attributable to higher realized prices for chlorine and hydrochloric acid. Chemtrade's Brazil business also delivered improved results relative to the first quarter of 2021. This growth was partially offset by lower sales volumes for sodium chlorate, which continues to experience soft demand related in part to decreased end use demand for office paper. Adjusted EBITDA in the EC segment for the first quarter of 2022 was \$65.6 million, which was \$38.4 million higher than the first quarter of 2021, reflecting the same factors that drove higher revenue, as noted above.

Corporate costs for the first quarter of 2022 were \$20.2 million, compared with \$21.5 million in the first quarter of 2021. This decrease primarily reflects: (i) a realized foreign exchange gain of \$2.1 million in the first quarter of 2022, as compared to a realized foreign exchange loss of \$0.8 million in the prior year period; and (ii) \$1.4 million of lower costs related to Chemtrade's long-term incentive plan. These year-over-year impacts were offset by \$4.7 million recognized in the prior year period related to government support programs.

### Updated 2022 Guidance

(\$ million)	Updated 2022 Guidance	Prior 2022 Guidance	2021 Actual
Adjusted EBITDA	\$300.0 - \$330.0	\$265.0 - \$295.0	\$280.4
Maintenance Capital Expenditures	\$73.0 - \$78.0	\$72.0 - \$77.0	\$75.3
Lease Payments	\$50.0 - \$55.0	\$50.0 - \$55.0	\$51.6
Cash Interest <sup>(1)</sup>	\$50.0 - \$55.0	\$55.0 - \$60.0	\$65.9
Cash Taxes	\$10.0 - \$15.0	\$6.0 - \$10.0	\$3.5

<sup>(1)</sup> Cash Interest is a supplementary financial measure. See Non-IFRS and Other Financial Measures

Chemtrade now expects its 2022 Adjusted EBITDA to range between \$300 million and \$330 million, as compared to its previously issued guidance range of \$265 million to \$295 million and 2021 Adjusted EBITDA of \$280.4 million. The increase to Adjusted EBITDA guidance primarily reflects Chemtrade's strong first quarter 2022 results, ongoing strength in market fundamentals for chlor-alkali chemicals, and favourable market conditions for many of Chemtrade's other key products.

This guidance is based on numerous assumptions. Certain key assumptions that underpin the 2022 Adjusted EBITDA guidance are as follows:

- There will be no significant lockdowns or stay-at-home orders issued in North America due to a resurgence of COVID-19 during 2022.
- None of the principal manufacturing facilities (as set out in Chemtrade's AIF) incurs significant unplanned downtime.

Key Assumptions	Updated 2022 Assumption	Prior 2022 Assumption	2021 Actual
Approximate North American MECU sales volumes	175,000	175,000	181,000
Approximate negative impact on Adjusted EBITDA (in millions) from the biennial maintenance turnaround at the North Vancouver chlor-alkali facility, which is scheduled for the second quarter of 2022 and will last for approximately three weeks	\$20.0	\$11.0	—

Key Assumptions	Updated 2022 Assumption	Prior 2022 Assumption	2021 Actual
Year-over-year increase of the 2022 average IHS NE Asia Caustic spot price index, per tonne	US\$285	US\$150	N/A
Approximate North American production volumes of sodium chlorate (tonne)	350,000	365,000	361,000
USD to CAD average foreign exchange rate	1.250	1.234	1.254
LTIP costs (in millions)	\$15.0 - \$20.0	\$10.0 - \$15.0	\$25.7

### Developments Subsequent to Quarter-End

Subsequent to quarter-end, Chemtrade undertook several additional corporate developments:

- Chemtrade sold its idled Augusta, GA sulphuric acid plant for net proceeds of US\$10 million.
- Chemtrade has made the decision to close its Beauharnois, QC sodium chlorate facility. The planned closure is expected to be completed by the end of 2022. Volumes currently sold from the Beauharnois, QC facility will be absorbed within the existing production capacity of Chemtrade's Brandon, MB and Prince George, BC sodium chlorate facilities. This footprint rationalization is expected to lead to an improved cost structure for Chemtrade's sodium chlorate operations, once completed.
- On April 19, 2022, Chemtrade announced the launch of a process to sell the land at its North Vancouver, BC site through a sale-and-leaseback structure. There is no assurance that this process will be successful and updates will be provided only when terms of an agreement are reached or the process is terminated. Chemtrade plans to continue operating the North Vancouver facility following the completion of the proposed transaction. Should a transaction be completed, it would provide Chemtrade with additional financial flexibility and liquidity for its primary capital priorities of deleveraging and investing in organic growth.

### Distributions & Distribution Reinvestment Plan

Distributions declared in the first quarter of 2022 totaled \$0.15 per unit, comprised of monthly distributions of \$0.05 per unit.

### 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, sodium hydrosulphite and phosphorus pentasulphide. Chemtrade is a leading regional supplier of sulphur, chlor-alkali products, liquid sulphur dioxide, and zinc oxide. Additionally, Chemtrade provides industrial services such as processing by-products and waste streams.

### NON-IFRS AND OTHER FINANCIAL MEASURES

#### Non-IFRS 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 is it 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.

(\$'000)	Three months ended	
	March 31, 2022	March 31, 2021
Cash flows from (used in) operating activities	\$37,849	\$(6,396)
(Less) Add:		
Lease payments net of sub-lease receipts	(12,856)	(13,028)
Increase in working capital	57,035	45,942
Changes in other items <sup>(1)</sup>	(4,567)	(447)
Maintenance capital expenditures <sup>(2)</sup>	(14,192)	(8,187)
<b>Distributable cash after maintenance capital expenditures</b>	<b>\$63,269</b>	<b>\$17,884</b>

<sup>(1)</sup> Changes in other items relate to cash interest and current taxes.

<sup>(2)</sup> Maintenance capital expenditures are a supplementary financial measure. See "Supplementary Financial Measures" for more information.

### Distributable Cash after maintenance capital expenditures per unit

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

**Why we use the measure and why is it 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 is it 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.

(\$'000)	Three months ended	
	March 31, 2022	March 31, 2021
Distributable cash after maintenance capital expenditures	\$63,269	\$17,884
Divided by:		
Weighted average number of units outstanding	104,347,274	95,673,137
Distributable cash after maintenance capital expenditures per unit	\$0.61	\$0.19
Distributions declared per unit <sup>(1)</sup>	\$0.15	\$0.15
Payout ratio (%)	25%	79%

<sup>(1)</sup> Based on actual number of units outstanding on record date.

### Net Debt

**Most directly comparable IFRS financial measure:** Total long-term debt, convertible unsecured subordinated 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 convertible unsecured subordinated 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 our aggregate debt balances.

### Net Debt/Adjusted EBITDA

**Definition:** Net Debt/Adjusted EBITDA is calculated as Net Debt divided by LTM Adjusted EBITDA. LTM Adjusted EBITDA represents the last twelve months Adjusted EBITDA and is calculated from Adjusted EBITDA reported in the MD&A.

**Why we use the measure and why is it useful to investors:** It provides useful information related to our debt leverage and our ability to service debt.

(\$'000)	Three months ended	
	March 31, 2022	March 31, 2021
Long-term debt <sup>(1)</sup>	\$524,065	\$745,264
(Less) Add:		
Convertible unsecured convertible debentures <sup>(1)</sup>	517,365	531,115
Lease liabilities	44,414	46,589
Long-term lease liabilities	93,813	107,177
Cash and cash equivalents	(19,531)	(11,978)
Net Debt	<b>\$1,160,126</b>	<b>\$1,418,167</b>
LTM Adjusted EBITDA	<b>\$332,784</b>	<b>\$239,816</b>
Net Debt/Adjusted EBITDA	<b>3.5x</b>	<b>5.9x</b>

<sup>(1)</sup> Principal amount outstanding

## 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)	Three months ended	
	March 31, 2022	March 31, 2021
Net earnings (loss)	\$10,686	\$(20,448)
Add:		
Depreciation and amortization	52,201	62,393
Net finance costs	28,845	21,498
Income tax expense (recovery)	17,816	(8,596)
Change in environmental liability	66	—
Net (gain) loss on disposal and write-down of PPE	(69)	151
Loss on disposal of assets held for sale	716	—
Unrealized foreign exchange (gain) loss	(2,429)	430
<b>Adjusted EBITDA</b>	<b>\$107,832</b>	<b>\$55,428</b>

## 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.

### Cash Interest

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

### 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: whether first quarter market fundamentals will persist and for how long; the future outlook for Chemtrade;

Chemtrade's ability to execute on its strategic plan; the Fund's expected Adjusted EBITDA range for 2022; the expected 2022 range of maintenance capital expenditures, lease payments, cash interest, cash taxes lease payments and LTIP costs; the Beauharnois facility's closure, its timing and ability to improve the sodium chlorate operations' cost structure; Chemtrade's ability to sell and leaseback its North Vancouver real estate and any effect of such sale on Chemtrade's financial flexibility and liquidity; and whether such liquidity would be used for its primary capital priorities of deleveraging and investing in organic growth. 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; there being no significant disruptions affecting Chemtrade's principal manufacturing facilities; the stated North American MECU sales volumes and sodium chlorate production volumes; the length and timing of the North Vancouver facility's turnaround and the quantum of its Adjusted EBITDA impact; the 2022 average NE Asia caustic spot price index; and the stated U.S. dollar average foreign exchange rate.

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.sedar.com](http://www.sedar.com).

A conference call to review the first quarter 2022 results will be webcast live on Tuesday, May 10, 2022 at 8:30 a.m. ET. To access the webcast [click here](#).

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