

CHEMTRADE LOGISTICS INCOME FUND

Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2024 and 2023
(Unaudited)

Q1 2024



CHEMTRADE

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CHEMTRADE LOGISTICS INCOME FUND

Condensed Consolidated Interim Statements of Comprehensive Income

(In thousands of Canadian dollars, except per unit amounts)

(Unaudited)

	Notes	Three months ended March 31,	
		2024	2023
Revenue	4	\$ 418,234	\$ 471,245
Cost of sales and services	6	(320,192)	(361,390)
Gross profit		98,042	109,855
Selling and administrative expenses	5	(38,191)	(28,497)
Share of loss from joint venture		(10)	(686)
Operating income		59,841	80,672
Net finance (costs) income	7	(5,642)	12,736
Income before income tax		54,199	93,408
Income tax expense	8		
Current		(8,999)	(1,630)
Deferred		(3,245)	(12,245)
		(12,244)	(13,875)
Net earnings		\$ 41,955	\$ 79,533
Other comprehensive (loss) income			
Items that may subsequently be reclassified to earnings:			
Net investment hedge of foreign operations, net of tax of \$nil (2023 - net of tax of \$49)	11,14	(5,504)	(343)
Foreign currency translation differences for foreign operations, net of tax of \$nil (2023 - \$nil)		18,786	(2,057)
Effective portion of change in the fair value of cash flow hedges, net of tax of (\$24) (2023 - net of tax of \$124)		72	(367)
Cash flow hedges reclassified to earnings, net of tax of \$441 (2023 - net of tax of \$444)	7	(1,313)	(1,310)
Items that will not be reclassified to earnings:			
Defined benefit plan adjustments, net of tax of (\$893) (2023 - net of tax of (\$331))		2,778	1,946
Change in fair value of convertible debentures due to own credit risk, net of tax of (\$42) (2023 - net of tax of (\$1,554))	10	(4,204)	(14,541)
Other comprehensive income (loss)		10,615	(16,672)
Total comprehensive income		\$ 52,570	\$ 62,861
Net earnings per unit	9		
Basic net earnings per unit		\$ 0.36	\$ 0.69
Diluted net earnings per unit		\$ 0.25	\$ 0.32

CHEMTRADE LOGISTICS INCOME FUND

Condensed Consolidated Interim Statements of Financial Position
(In thousands of Canadian dollars)
(Unaudited)

	Notes	March 31, 2024	December 31, 2023 ⁽¹⁾
ASSETS			
Current assets			
Cash and cash equivalents		\$ 27,543	\$ 21,524
Trade and other receivables		166,147	146,686
Inventories		123,734	124,906
Income taxes receivable		6,340	7,925
Prepaid expenses and other assets		10,957	24,981
Total current assets		334,721	326,022
Non-current assets			
Property, plant and equipment		984,517	963,813
Right-of-use assets		175,724	165,043
Investment in a joint venture		4,072	4,082
Income taxes receivable	8	62,694	48,381
Other assets		21,920	13,572
Intangible assets		538,743	538,615
Deferred tax assets	8	46,889	49,704
Total non-current assets		1,834,559	1,783,210
Total assets		\$ 2,169,280	\$ 2,109,232
LIABILITIES AND UNITHOLDERS' EQUITY			
Current liabilities			
Trade and other payables		\$ 252,901	\$ 299,351
Distributions payable	12	6,445	5,884
Provisions		51,194	55,285
Lease liabilities		52,274	49,304
Convertible unsecured subordinated debentures ⁽²⁾	10,16	435,035	437,517
Total current liabilities		797,849	847,341
Non-current liabilities			
Long-term debt	11	322,468	246,545
Other long-term liabilities		12,368	23,228
Long-term lease liabilities		140,957	130,583
Employee benefits		17,813	20,491
Provisions		120,147	118,681
Deferred tax liabilities	8	16,205	15,222
Total non-current liabilities		629,958	554,750
Total liabilities		1,427,807	1,402,091
Unitholders' equity			
Units	12	1,649,506	1,648,411
Contributed surplus		9,720	9,720
Deficit		(1,122,523)	(1,147,923)
Accumulated other comprehensive income		204,770	196,933
Total unitholders' equity		741,473	707,141
Total liabilities and unitholders' equity		\$ 2,169,280	\$ 2,109,232

⁽¹⁾ As restated, see note 2.

⁽²⁾ Maturities ranging from September 2025 to June 2028.

CHEMTRADE LOGISTICS INCOME FUND

Condensed Consolidated Interim Statements of Changes in Unitholders' Equity

(In thousands of Canadian dollars, except per unit amounts)

(Unaudited)

	Notes	Units	Contributed surplus	Deficit	Cumulative translation account*	Unrealized gains on cash flow and net investment hedges*	Change in fair value of convertible debentures due to credit risk*	Total unitholders' equity
Balance at January 1, 2024		\$ 1,648,411	\$ 9,720	\$ (1,147,923)	\$ 194,447	\$ (10,805)	\$ 13,291	\$ 707,141
Issuance of units upon conversion of unsecured subordinated convertible debentures	10,12	25	—	—	—	—	—	25
Issuance of units under the Distribution Reinvestment Plan ("DRIP")	12	1,070	—	—	—	—	—	1,070
Net earnings		—	—	41,955	—	—	—	41,955
Other comprehensive income (loss)		—	—	2,778	18,786	(6,745)	(4,204)	10,615
Distributions	12	—	—	(19,333)	—	—	—	(19,333)
Balance at March 31, 2024		\$ 1,649,506	\$ 9,720	\$ (1,122,523)	\$ 213,233	\$ (17,550)	\$ 9,087	\$ 741,473
	Notes	Units	Contributed surplus	Deficit	Cumulative translation account*	Unrealized gains on cash flow and net investment hedges*	Change in fair value of convertible debentures due to credit risk*	Total unitholders' equity
Balance at January 1, 2023		\$ 1,635,683	\$ 9,720	\$ (1,334,524)	\$ 217,970	\$ (4,262)	\$ 41,620	\$ 566,207
Issuance of units upon conversion of unsecured subordinated convertible debentures	10,12	68	—	—	—	—	—	68
Issuance of units under the DRIP	12	2,717	—	—	—	—	—	2,717
Net earnings		—	—	79,533	—	—	—	79,533
Other comprehensive income (loss)		—	—	1,946	(2,057)	(2,020)	(14,541)	(16,672)
Distributions	12	—	—	(17,440)	—	—	—	(17,440)
Balance at March 31, 2023		\$ 1,638,468	\$ 9,720	\$ (1,270,485)	\$ 215,913	\$ (6,282)	\$ 27,079	\$ 614,413

* Accumulated other comprehensive income.

CHEMTRADE LOGISTICS INCOME FUND

Condensed Consolidated Interim Statements of Cash Flows
(In thousands of Canadian dollars)
(Unaudited)

	Notes	Three months ended March 31,	
		2024	2023
Cash flows from operating activities:			
Net earnings		\$ 41,955	\$ 79,533
Adjustments for:			
Depreciation and amortization	6	44,890	52,140
Net loss on disposal and write-down of property, plant and equipment ("PPE")		711	1,787
Change in environmental and decommissioning liability		(730)	894
Income tax expense	8	12,244	13,875
Net finance costs (income)	7	5,642	(12,736)
Unrealized foreign exchange loss (gain)	5	5,222	(3,824)
		109,934	131,669
Increase in working capital		(78,612)	(45,174)
Interest paid		(10,878)	(12,166)
Interest received		747	2,308
Net income tax paid		(18,779)	(22,265)
Net cash flows from operating activities		2,412	54,372
Cash flows from investing activities:			
Capital expenditures		(35,227)	(27,903)
Net cash flows used in investing activities		(35,227)	(27,903)
Cash flows from financing activities:			
Distributions to unitholders, net of distributions reinvested	12	(17,703)	(14,708)
Issuance of convertible debentures	10	—	110,000
Transaction costs related to the issuance of convertible debentures	7,10	—	(4,980)
Repayment of lease liability, net of sub-lease receipts		(14,643)	(14,083)
Net change in revolving credit facility	11	70,683	(42,482)
Net cash flows used in financing activities		38,337	33,747
Increase in cash and cash equivalents		5,522	60,216
Cash and cash equivalents, beginning of the period		21,524	72,569
Effect of exchange rates on cash held in foreign currencies		497	(70)
Cash and cash equivalents, end of the period		\$ 27,543	\$ 132,715

CHEMTRADE LOGISTICS INCOME FUND

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of Canadian dollars, except per unit amounts)
(Unaudited)

Three months ended March 31, 2024 and 2023

1. CORPORATE INFORMATION:

Chemtrade Logistics Income Fund (the "Fund") is a publicly listed Income Trust formed in Ontario, Canada and its units are listed on the Toronto Stock Exchange ("TSX"). The term "Chemtrade" refers to the Fund, its consolidated subsidiaries and equity accounted investments, including joint ventures. Chemtrade commenced operations on July 18, 2001 when it completed an initial public offering. 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 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. Chemtrade operates in two reportable segments: Sulphur and Water Chemicals ("SWC") and Electrochemicals ("EC"). In addition to the above two reportable segments, Chemtrade discloses results of corporate activities separately. For additional information regarding Chemtrade's reportable segments, see note 3.

Chemtrade is an entity domiciled in Canada. The head office, principal address, and registered and records office of the Fund are located at 155 Gordon Baker Road, Suite 300, Toronto, Ontario, M2H 3N5.

Chemtrade's Condensed Consolidated Interim Financial Statements include all of its controlled subsidiaries and equity accounted investments and have been prepared on a going concern basis, which contemplates the realization of assets and settlements of liabilities in the normal course of business.

2. BASIS OF PREPARATION:

(a) Statement of compliance:

These Condensed Consolidated Interim Financial Statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"), using the same accounting policies and standards as were used for Chemtrade's 2023 annual consolidated financial statements. Certain amendments and interpretations apply for the first time in 2024, but do not have a material impact on these Condensed Consolidated Interim Financial Statements except for amendments to IAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current*, see note 16.

These Condensed Consolidated Interim Financial Statements should be read in conjunction with Chemtrade's 2023 annual consolidated financial statements.

CHEMTRADE LOGISTICS INCOME FUND

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of Canadian dollars, except per unit amounts)
(Unaudited)

Three months ended March 31, 2024 and 2023

2. BASIS OF PREPARATION (continued):

The Condensed Consolidated Interim Financial Statements were authorized for issue by the Board of Trustees (the "Board") on May 15, 2024.

(b) Basis of measurement:

The Condensed Consolidated Interim Financial Statements have been prepared on the historical cost basis, except for the following material items in the Condensed Consolidated Interim Statements of Financial Position:

- Derivative financial instruments, convertible unsecured subordinated debentures (the "Debentures") and liabilities for cash settled share-based payment arrangements are measured at fair value;
- The defined benefit liability is recognized as the present value of the defined benefit obligation net of the fair value of the plan assets; and
- Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to temporary differences when they reverse.

(c) Presentation currency:

These Condensed Consolidated Interim Financial Statements are presented in thousands of Canadian dollars, except for net earnings per unit information which is presented in Canadian dollars.

(d) Amendments to IAS 1, *Presentation of Financial Statements*

Effective January 1, 2024, Chemtrade has presented the Debentures (as defined in note 10) as current liabilities in the Condensed Consolidated Interim Statements of Financial Position in accordance with the amendments to IAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current*. Since the amendments are applicable retrospectively, Chemtrade has restated the comparative figures. See note 16 for details of the amendments to IAS 1. The following table outlines the impact of restatements.

As at	January 1, 2023			December 31, 2023		
	As reported	Restatement	As restated	As reported	Restatement	As restated
Non-current liabilities	\$ 533,218	\$ (533,218)	—	\$ 437,517	\$ (437,517)	—
Current liabilities	—	\$ 533,218	\$ 533,218	—	\$ 437,517	\$ 437,517

CHEMTRADE LOGISTICS INCOME FUND

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of Canadian dollars, except per unit amounts)
(Unaudited)

Three months ended March 31, 2024 and 2023

3. REPORTABLE SEGMENTS:

Chemtrade operates in two reportable segments: Sulphur and Water Chemicals (“SWC”) and Electrochemicals (“EC”). The reportable segments of Chemtrade are strategic business groups that offer products and services to target markets.

Chemtrade’s chief operating decision maker (“CODM”) is the Chief Executive Officer (“CEO”). The CODM regularly reviews the operations and performance by segment and considers Adjusted EBITDA as an indirect measure of net earnings (loss) for the purpose of assessing performance of each segment and to make decisions about the allocation of resources. Adjusted EBITDA is defined as net earnings before any deduction for net finance costs, income taxes, depreciation, amortization and other non-cash charges such as impairment, change in environmental and decommissioning liability, net gain and losses on the disposal and write-down of PPE, gain on disposal of assets and unrealized foreign exchange gains and losses. Adjusted EBITDA is not intended to be representative of cash flow from operations or financial performance determined in accordance with IFRS or cash available for distribution. The remaining net earnings (loss) items and the Statements of Financial Position are reviewed on a consolidated basis by the CODM and therefore are not included in the segmented information below.

Three months ended March 31, 2024

	SWC	EC	Corporate items and eliminations	Total
Revenue - third party	\$ 230,625	\$ 187,609	\$ —	\$ 418,234
- inter-segment	34	1,600	(1,634)	—
Revenue - total	230,659	189,209	(1,634)	418,234
Cost of sales and services	(196,238)	(125,588)	1,634	(320,192)
Gross profit	34,421	63,621	—	98,042
Selling and administrative expenses	(7,094)	(1,933)	(29,164)	(38,191)
Share of loss from joint venture	(10)	—	—	(10)
Operating income (loss)	27,317	61,688	(29,164)	59,841
Depreciation and amortization	22,490	22,400	—	44,890
Net loss on disposal and write-down of PPE	679	32	—	711
Change in environmental and decommissioning liability	895	(1,625)	—	(730)
Unrealized foreign exchange loss	—	—	5,222	5,222
Adjusted EBITDA	51,381	82,495	(23,942)	109,934
Capital expenditures	24,690	10,123	414	35,227

CHEMTRADE LOGISTICS INCOME FUND

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of Canadian dollars, except per unit amounts)
(Unaudited)

Three months ended March 31, 2024 and 2023

3. REPORTABLE SEGMENTS (continued):

Three months ended March 31, 2023

	SWC	EC	Corporate items and eliminations	Total
Revenue - third party	\$ 262,536	\$ 208,709	\$ —	\$ 471,245
- inter-segment	56	1,745	(1,801)	—
Revenue - total	262,592	210,454	(1,801)	471,245
Cost of sales and services	(231,898)	(131,293)	1,801	(361,390)
Gross profit	30,694	79,161	—	109,855
Selling and administrative expenses	(6,354)	(2,304)	(19,839)	(28,497)
Share of loss from joint venture	(686)	—	—	(686)
Operating income (loss)	23,654	76,857	(19,839)	80,672
Depreciation and amortization	29,069	23,071	—	52,140
Net loss (gain) on disposal and write-down of PPE	1,821	(34)	—	1,787
Change in environmental and decommissioning liability	894	—	—	894
Unrealized foreign exchange gain	—	—	(3,824)	(3,824)
Adjusted EBITDA	55,438	99,894	(23,663)	131,669
Capital expenditures	20,262	7,277	364	27,903

CHEMTRADE LOGISTICS INCOME FUND

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of Canadian dollars, except per unit amounts)
(Unaudited)

Three months ended March 31, 2024 and 2023

3. REPORTABLE SEGMENTS (continued):

Geographic segments:

Chemtrade operates primarily in Canada, the United States and South America. Revenue is attributed to customers based on location of sale.

Revenue	Three months ended March 31,	
	2024	2023
Canada	139,318 \$	155,902
United States	254,455	289,123
South America	24,461	26,220
	\$ 418,234 \$	471,245

PPE, Right-of-use ("ROU") assets and intangible assets

	March 31, 2024		December 31, 2023	
Canada	\$	738,725	\$	740,495
United States		874,488		840,051
South America		85,771		86,925
	\$	1,698,984	\$	1,667,471

CHEMTRADE LOGISTICS INCOME FUND

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of Canadian dollars, except per unit amounts)
(unaudited)

Three months ended March 31, 2024 and 2023

4. REVENUE:

The components of revenue are as follows:

	Three months ended March 31,	
	2024	2023
Sale of products	\$ 371,616	\$ 423,887
Processing services	46,618	47,358
Revenue	\$ 418,234	\$ 471,245

5. SELLING AND ADMINISTRATIVE EXPENSES:

The components of selling and administrative expenses are as follows:

	Three months ended March 31,	
	2024	2023
Wages, salaries and benefits, including bonuses and other	\$ 32,912	\$ 31,443
Realized foreign exchange loss	1,447	389
Unrealized foreign exchange loss (gain)	5,222	(3,824)
Net reversal of reserve for legal proceedings	(1,737)	—
Depreciation (note 6)	347	489
	\$ 38,191	\$ 28,497

6. DEPRECIATION AND AMORTIZATION:

The components of depreciation expense of PPE and ROU assets and amortization expense of intangible assets are as follows:

	Three months ended March 31,	
	2024	2023
Cost of sales and services:		
Depreciation expense on PPE	\$ 25,352	\$ 29,288
Depreciation expense on ROU assets	12,445	12,056
Amortization expense	6,746	10,307
Selling and administrative expenses (note 5):		
Depreciation expense on PPE	47	236
Depreciation expense on ROU assets	300	253
Total depreciation and amortization expense	\$ 44,890	\$ 52,140

CHEMTRADE LOGISTICS INCOME FUND

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of Canadian dollars, except per unit amounts)
(Unaudited)

Three months ended March 31, 2024 and 2023

7. NET FINANCE COSTS:

The components of net finance costs are as follows:

	Three months ended March 31,	
	2024	2023
Interest expense on long-term debt	\$ 3,218	\$ 4,532
Interest expense on convertible debentures (note 10)	7,348	8,248
Transaction costs on issuance of convertible debentures (note 10)	—	4,980
Change in the fair value of convertible debentures (note 10)	(6,619)	(33,211)
Interest expense on lease liabilities	2,278	1,832
Income reclassified from other comprehensive income relating to the fair value of the interest rate swaps (note 14)	(1,754)	(1,754)
Change in the fair value of interest rate swaps (note 14)	674	3,898
Accretion of provisions	1,071	668
Pension interest	284	379
Interest income	(858)	(2,308)
Net finance costs (income)	\$ 5,642	\$ (12,736)

CHEMTRADE LOGISTICS INCOME FUND

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of Canadian dollars, except per unit amounts)
(Unaudited)

Three months ended March 31, 2024 and 2023

8. INCOME TAXES:

The Fund is a mutual fund trust and a specified investment flow-through trust ("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 will not be 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 Chemtrade, the Fund expects that its income distributed to Unitholders will not be subject to SIFT tax.

Income tax expense or recovery is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period, taking into account the tax effect of certain items recognized in the interim period. Chemtrade calculates the consolidated estimated effective annual tax rate by determining the amount of annual current and deferred income taxes as a percentage of estimated annual income before tax.

Chemtrade's income tax expense for the three months ended March 31, 2024 was \$12,244. As compared to a tax expense notionally computed at the statutory tax rate of 25.1%, the tax expense was favourably impacted primarily by \$6,479 for net deferred tax impacts associated with the change in fair value of the Debentures and the non-taxability to the Fund of income distributed to Unitholders, partially offset by \$1,122 as a result of the net impact of differences in applicable tax rates relative to the statutory tax rate and income earned in a foreign jurisdiction taxed at lower rates under current tax incentives and \$2,737 due to the non-recognition of deferred tax assets related to certain carryforward amounts of business interest expense deductions.

Chemtrade is subject to challenges from various tax authorities on an ongoing basis. As a result, from time to time, tax authorities may disagree with the positions and conclusions taken by Chemtrade in its tax filings or legislation could be amended or interpretations of current legislation could change, any of which events could lead to assessments of additional amounts of tax, interest and possibly penalties. Chemtrade accrues and accounts for any probable assessments of tax; however, there can be no assurance as to the final resolution of any tax authority positions.

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Notes to Condensed Consolidated Interim Financial Statements
(In thousands of Canadian dollars, except per unit amounts)
(Unaudited)

Three months ended March 31, 2024 and 2023

8. INCOME TAXES (continued):

Chemtrade is disputing the deductibility of certain Canadian tax losses with the Canada Revenue Agency ("CRA") which would offset the taxes owed for 2021 to 2024. Chemtrade has appealed this assessment by the CRA and the resolution of this matter in Chemtrade's favour would result in significant taxes paid on its account to be refunded.

In connection with this matter, Chemtrade made Canadian income tax payments of \$14,313 during the three months ended March 31, 2024, and \$48,381 in previous years. These tax payments have been made in respect of the 2021 to 2024 taxation years. Chemtrade believes that its asserted position is appropriate and would be sustained upon full examination by tax authorities and, if necessary, upon consideration by judicial process. These payments have been presented as income taxes receivable under non-current assets in the Condensed Consolidated Interim Statements of Financial Position.

9. NET EARNINGS PER UNIT:

Net earnings per unit has been calculated on the basis of the weighted average number of units outstanding. The following tables provide a breakdown of the numerator and denominator used in the calculation of net earnings per unit and diluted net earnings per unit:

	Three months ended March 31,	
	2024	2023
Numerator		
Net earnings	41,955 \$	79,533
Net interest and fair value adjustment on the Debentures	(2,483)	(28,278)
Net fair value adjustment on deferred unit plan	69	(342)
Diluted net earnings	39,541 \$	50,913

	Three months ended March 31,	
	2024	2023
Denominator		
Weighted average number of units	117,136,762	115,657,409
Weighted average Debentures dilutive units	39,526,426	40,770,773
Weighted average deferred unit plan dilutive units	680,653	561,915
Weighted average number of diluted units	157,343,841	156,990,097

CHEMTRADE LOGISTICS INCOME FUND

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of Canadian dollars, except per unit amounts)
(Unaudited)

Three months ended March 31, 2024 and 2023

10. CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES:

Changes in convertible unsecured subordinated debentures are as follows:

	Convertible unsecured subordinated debentures ⁽¹⁾				
	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 %	
Conversion price	\$ 15.80	\$ 7.35	\$ 10.00	\$ 12.85	
Principal outstanding at January 1, 2024	100,000	85,552	130,000	110,000	425,552
Principal outstanding at March 31, 2024	100,000	85,527	130,000	110,000	425,527
Balance at January 1, 2024	98,250	101,807	130,650	106,810	437,517
Conversion	—	(25)	—	—	(25)
Change in fair value recognized in profit or loss	4,962	(2,067)	(6,566)	(2,948)	(6,619)
Change in fair value due to own credit risk ⁽²⁾	(3,112)	(4,780)	5,916	6,138	4,162
Balance at March 31, 2024	100,100	94,935	130,000	110,000	435,035

⁽¹⁾ The Fund 2019 6.50% Debentures, the Fund 2020 8.50% Debentures, the Fund 2021 6.25% Debentures, the Fund 2023 7.00% Debentures and the Fund 2017 4.75% Debentures (which latter Debentures were redeemed during the second quarter of 2023) are collectively referred to as the "Debentures". Chemtrade has designated the Debentures as financial liabilities at fair value through profit or loss.

⁽²⁾ The change in fair value of the Debentures due to Chemtrade's own credit risk has been presented in other comprehensive income, net of taxes, rather than net earnings.

CHEMTRADE LOGISTICS INCOME FUND

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10. CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES (continued):

	Convertible unsecured subordinated debentures					Total
	Fund 2017 4.75% Debentures ⁽¹⁾	Fund 2019 6.50% Debentures	Fund 2020 8.50% Debentures	Fund 2021 6.25% Debentures	Fund 2023 6.25% Debentures ⁽²⁾	
Maturity	May 31, 2024	October 31, 2026	September 30, 2025	August 31, 2027	June 30, 2028	
Interest rate	4.75 %	6.50 %	8.50 %	6.25 %	7.00 %	
Conversion price	\$ 26.70	\$ 15.80	\$ 7.35	\$ 10.00	\$ 12.85	
Principal outstanding at January 1, 2023	201,115	100,000	86,250	130,000	—	517,365
Principal outstanding at March 31, 2023	201,115	100,000	86,182	130,000	110,000	627,297
Balance at January 1, 2023	195,283	97,510	107,812	132,613	—	533,218
Issuance ⁽²⁾	—	—	—	—	110,000	110,000
Conversion	—	—	(68)	—	—	(68)
Change in fair value recognized in profit or loss	1,975	540	(23,312)	(8,648)	(3,766)	(33,211)
Change in fair value due to own credit risk ⁽³⁾	840	(1,800)	6,921	4,085	2,941	12,987
Balance at March 31, 2023	198,098	96,250	91,353	128,050	109,175	622,926

⁽¹⁾ During the second quarter of 2023, Chemtrade redeemed all of the outstanding Fund 2017 4.75% Debentures for their par value, including accrued interest for a total of \$203,527.

⁽²⁾ During the first quarter of 2023, Chemtrade completed a public offering of the Fund 2023 7.00% Debentures, at a price of \$1,000 per debenture. 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 \$4,980 which included underwriters' fees and other expenses relating to the offering.

⁽³⁾ The change in fair value of the Debentures due to Chemtrade's own credit risk has been presented in other comprehensive income, net of taxes, rather than net earnings.

For the three months ended March 31, 2024, interest expense of \$7,348 (2023 - \$8,248) and transaction costs of \$nil (2023 - \$4,980) relating to the Debentures were recognized in net finance costs.

Effective January 1, 2024, Chemtrade has 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, Chemtrade has 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.

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11. LONG-TERM DEBT:

Changes in long-term debt are as follows:

Maturity	Revolving credit (US\$ denominated) ⁽¹⁾⁽²⁾		Revolving credit (Cdn\$ denominated) ⁽¹⁾⁽²⁾		Total
	December 24, 2026		December 24, 2026		
Balance at January 1, 2024	\$	246,147	\$	398	\$ 246,545
Net change		71,081		(398)	70,683
Loss on net investment hedge of foreign operations		5,504		—	5,504
Foreign exchange rate changes		(264)		—	(264)
Balance at March 31, 2024	\$	322,468	\$	—	\$ 322,468

⁽¹⁾ At March 31, 2024, Chemtrade had committed a total of \$18,954 of the revolving credit facilities ("Credit Facilities") towards standby letters of credit.

⁽²⁾ At March 31, 2024, Cdn\$ limit of the Credit Facilities was \$880,100 (US\$650,000) and Chemtrade had drawn US\$238,160 and Cdn\$nil on the Credit Facilities.

Maturity	Revolving credit (US\$ denominated) ⁽¹⁾⁽²⁾		Revolving credit (Cdn\$ denominated) ⁽¹⁾⁽²⁾		Total
	December 24, 2026		December 24, 2026		
Balance at January 1, 2023	\$	370,024	\$	370,024	370,024
Net change		(42,482)		(42,482)	(42,482)
Loss on net investment hedge of foreign operations		392		392	392
Foreign exchange rate changes		(150)		(150)	(150)
Balance at March 31, 2023	\$	327,784	\$	327,784	327,784

⁽¹⁾ At March 31, 2023, Chemtrade had committed a total of \$19,486 of the Credit Facilities towards standby letters of credit.

⁽²⁾ At March 31, 2023, Cdn\$ limit of the Credit Facilities was \$878,540 (US\$650,000) and Chemtrade had drawn US\$242,516 and Cdn\$nil on the Credit Facilities.

In March 2024, Chemtrade amended its Credit Facilities to replace Canadian Bankers' Acceptance rate with Canadian Overnight Repo Rate Average ("CORRA").

The Credit Facilities are secured by substantially all of Chemtrade's assets. At March 31, 2024, the weighted average effective interest rate of the facilities was 4.6% (December 31, 2023 - 3.5%). Interest rates on the Credit Facilities are based on Secured Overnight Financing Rate ("SOFR") and CORRA, adjusted by Chemtrade's credit spread.

Chemtrade is subject to certain covenants pursuant to its Credit Facilities, which include a Net debt to EBITDA ratio and an Interest Coverage ratio (as such terms are defined in the credit agreement). Chemtrade monitors these ratios and reports them to its lenders on a quarterly basis. As at March 31, 2024 and December 31, 2023, Chemtrade was in compliance with all covenants.

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12. UNITS AND OTHER COMPONENTS OF EQUITY:

(a) Units:

Chemtrade has authorized an unlimited number of units. Chemtrade's units have no par value. The following table presents the number of units outstanding:

	2024		2023	
	Number of Units	Amount	Number of Units	Amount
Balance - January 1	117,048,304	\$ 1,648,411	115,536,668	\$ 1,635,683
Conversion of unsecured subordinated convertible debentures	3,401	25	9,251	68
Issuance of units under the DRIP	118,203	1,070	299,926	2,717
Balance – March 31	117,169,908	\$ 1,649,506	115,845,845	\$ 1,638,468

(b) Distributions:

Effective with the distributions declared in January 2024 and paid in February 2024, Chemtrade suspended its DRIP and increased the monthly distributions from \$0.05 per unit to \$0.055 per unit.

Distributions paid for the three months ended March 31, 2024 were \$18,773 (2023 - \$17,425) or \$0.16 per unit (2023 - \$0.15 per unit). Of the distributions paid for the three months ended March 31, 2024, \$17,703 (2023 - \$14,708) were in cash and \$1,070, (2023 - \$2,717) were reinvested in additional units pursuant to the DRIP. All of Chemtrade's distributions are discretionary and subject to Board approval.

Distributions declared for the three months ended March 31, 2024 were \$19,333 (2023 - \$17,440 including the DRIP bonus distributions) or \$0.165 per unit (2023 - \$0.15 per unit).

As at March 31, 2024, Chemtrade had distributions payable of \$6,445 (December 31, 2023 - \$5,884) which were paid on April 30, 2024. On April 19, 2024, Chemtrade declared a cash distribution of \$0.055 per unit for the month of April 2024 payable on May 31, 2024 to Unitholders of record at the close of business on April 30, 2024.

CHEMTRADE LOGISTICS INCOME FUND

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13. SHARE-BASED PAYMENTS:

Chemtrade operates a Long-term Incentive Plan ("LTIP"), which grants cash awards based on certain criteria. The LTIP awards have a performance based Performance Share Unit ("PSU") component and a Restricted Share Unit ("RSU") component. The performance based PSU component of the 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 the 2024 – 2026 LTIP awards is based on return on investment capital improvement and total return to Chemtrade's Unitholders relative to two peer groups which are the S&P/TSX Dividend Composite Index and a group of peer companies selected by Chemtrade ("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 by Environmental, Social and Governance goals to be achieved by the end of the performance period. The RSU component of the LTIP awards is a phantom plan which is payable in cash at the end of the performance period.

As at March 31, 2024, a liability of \$22,454 (December 31, 2023 - \$33,640) has been recorded, of which \$14,960 (December 31, 2023 - \$15,206) is included in trade and other payables and \$7,494 (December 31, 2023 - \$18,434) is included in other long-term liabilities. During the first quarter of 2024, Chemtrade paid \$14,975 to settle the 2021 - 2024 LTIP awards. For the three months ended March 31, 2024, Chemtrade recorded an expense of \$3,618 (2023 - \$4,136) in selling and administrative expenses related to the fair value adjustments on the LTIP.

The following RSUs under these plans are outstanding:

	Number of rights	
	2024	2023
Balance – January 1	2,215,305	3,293,965
Grants – new grants	706,859	627,935
– distribution equivalents	52,106	85,174
Forfeitures	(4,089)	(29,722)
Settlements	(765,055)	(1,803,167)
Balance – March 31	2,205,126	2,174,185

CHEMTRADE LOGISTICS INCOME FUND

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13. SHARE-BASED PAYMENTS (continued):

The following PSUs under these plans are outstanding:

	Number of rights	
	2024	2023
Balance – January 1	2,535,567	1,398,638
Grants – new grants	688,878	612,326
– estimated performance adjustment	38,604	(15,273)
– distribution equivalents	113,854	28,448
Forfeitures	(5,820)	(36,224)
Settlements	(3,984)	—
Balance – March 31	3,367,099	1,987,915

Chemtrade has in place a deferred unit plan ("DUP") for non-employee trustees ("Participants"), pursuant to which the Participants can elect to take all or a portion of their compensation in the form of deferred units of Chemtrade, with the remainder as a cash payment. The deferred units are settled in units of the Fund issued from treasury or in cash at the Participant's request. Currently, the Participants are required to take a minimum of 50% of their compensation in the form of deferred units of Chemtrade. As at March 31, 2024, 716,343 deferred units at a value of \$6,121 were outstanding (December 31, 2023 - 677,402 deferred units at a value of \$5,771).

The following rights under the DUP are outstanding:

	Number of rights	
	2024	2023
Balance – January 1	677,402	583,501
Grants – new grants	26,290	31,349
– distribution equivalents	12,651	9,359
Settlements	—	(69,421)
Balance – March 31	716,343	554,788

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13. SHARE-BASED PAYMENTS (continued):

Inputs for measurement of fair values

The inputs used in the measurement of the fair value of the share-based component of LTIP are as follows:

	March 31, 2024	December 31, 2023
Chemtrade units:		
Average base price	\$8.32	\$7.84
Period-end unit price	\$8.49	\$8.52
Average expected volatility	29.80%	31.00%
Average risk free interest rate	4.21%	4.14%
Average expected remaining term	1.75 years	1.50 years

14. FINANCIAL INSTRUMENTS:

(a) Derivatives and hedging:

	March 31, 2024			December 31, 2023		
	Notional Amount	Fair Value Asset	Fair Value Liability	Notional Amount	Fair Value Asset	Fair Value Liability
Derivatives designated in a formal hedging relationship						
Cash-settled unit swaps ⁽¹⁾	—	\$ 6,280	—	—	\$ 6,252	—
Derivatives not designated in a formal hedging relationship						
Interest rate swaps ⁽¹⁾	US\$ 175,000	10,212	—	US\$ 325,000	10,886	—
Foreign exchange contracts ⁽¹⁾⁽²⁾	—	—	444	—	2,483	—
Cash-settled unit swaps ⁽¹⁾	—	1,747	—	—	1,332	—
Total		\$ 18,239	\$ 444		\$ 20,953	\$ —

⁽¹⁾ Current portion of assets is included in Prepaid expenses and other assets, non-current portion of assets is included in Other assets, current portion of liabilities is included in Trade and other payables and non-current portion of liabilities is included in Other long-term liabilities in the Condensed Consolidated Interim Statements of Financial Position as of March 31, 2024 and December 31, 2023.

⁽²⁾ See below for notional amounts.

As of January 1, 2022, Chemtrade had swap arrangements in place to fix the LIBOR components of its interest rates on US\$325,000 of its Credit Facilities until October 2024. During the first quarter of 2022, Chemtrade 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.

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14. FINANCIAL INSTRUMENTS (continued):

During the third quarter of 2022, Chemtrade de-designated its interest rate swaps and hedge accounting on these swaps was discontinued prospectively. The accumulated balance of the change in the 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, Chemtrade reclassified \$1,754 (2023 - \$1,754) 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, Chemtrade recognized a loss of \$674 (2023 - \$3,898) in net earnings relating to the changes in the fair value of the swaps.

During the first quarter of 2024, Chemtrade amended the terms of its existing US\$175,000 and US\$150,000 interest rate swaps on its 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 the long-term debt and the aggregate amount of the swap was reduced to US\$175,000. As a result of the extension, Chemtrade 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.

Chemtrade hedges its investment in foreign operations that use the U.S. dollar as their functional currency by Chemtrade's U.S. dollar-denominated bank debt. Any foreign currency gains and losses arising from the U.S. dollar-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 foreign currency translation of the designated amount of U.S. dollar-denominated debt and investment in foreign operations are recognized in other comprehensive income.

For the three months ended March 31, 2024, a foreign exchange loss of \$5,504 (2023 - \$392) on the revaluation of the U.S. dollar-denominated debt related to this hedging strategy was recognized in other comprehensive income, net of tax.

Chemtrade has entered into cash-settled unit swap arrangements which fix the unit price on a portion of the RSU and PSU components of its LTIP awards and a portion of the deferred units awarded under the DUP. During the first quarter of 2023, Chemtrade rolled over the hedged units maturing on March 31, 2023, into 2024, 2025 and 2026. During the first quarter of 2024, Chemtrade 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.

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14. FINANCIAL INSTRUMENTS (continued):

As at March 31, 2024, the notional number of units hedged was 2,368,373 (December 31, 2023 - 2,439,105) with maturity dates ranging between March 2025 and March 2027. Distributions on the hedged units are reinvested in these swap arrangements. The 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 these deferred units swaps are recognized in net earnings. As at March 31, 2024, the notional number of units not designated as hedges was 675,347 (December 31, 2023 - 548,568) maturing in March 2025.

Chemtrade has entered into foreign exchange contracts to manage some of its exposure to foreign currencies. Chemtrade buys and sells specific amounts of currencies at pre-determined dates and exchange rates, which are matched with the anticipated operational cash flows. Contracts in place at March 31, 2024 include future contracts to sell the following amounts for periods through to June 2025:

Amount	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

(b) Fair values of financial instruments:

Fair value is the value that would be agreed upon in an arm's length transaction between willing and knowledgeable counter-parties. The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and distributions payable approximate their fair values because of the short-term maturity of these financial instruments. The carrying amount of long-term debt, approximates fair value as the debt accrues interest at variable interest rates.

For fair value estimates relating to the Debentures and derivatives, Chemtrade classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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14. FINANCIAL INSTRUMENTS (continued):

Level 1 - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Significant unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The Debentures are classified within Level 1 because they are actively traded on the TSX and the fair value is based on the quoted prices on the TSX. Any changes in the fair value of the Debentures are recognized in net earnings except for changes due to the Fund's own credit risk which are recorded in other comprehensive income.

All of Chemtrade's derivative financial instruments are classified within Level 2 because they are based on rates quoted by banks and other public data sources. The current portion of these derivatives is recorded in Prepaid expenses and other assets and trade and other payables and the non-current portion is recorded in Other assets and Other long-term liabilities in the Condensed Consolidated Interim Statements of Financial Position.

The fair value of the foreign exchange contracts is the difference between the forward exchange rate and the contract rate. Any changes in the fair value of these contracts are recognized in net earnings.

The fair value of the interest rate swap arrangements is the difference between the forward interest rates and the contract rates discounted. Any changes in the fair value of these arrangements are recognized in net earnings.

The fair value of the cash-settled unit swap arrangements is the difference between the forward unit price and the contract unit price. Any changes in the fair value of the unvested portion of the unit swaps are recognized in other comprehensive income. Any changes in the fair value of the deferred unit swaps are recognized in net earnings.

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15. CAPITAL MANAGEMENT:

Chemtrade monitors capital using a Net debt to LTM Adjusted EBITDA ratio. Net debt to LTM Adjusted EBITDA ratio is 'Net debt' divided by last twelve months (LTM) Adjusted EBITDA. Chemtrade includes within Net debt, long-term debt, Debentures, lease liabilities, less cash and cash equivalents. 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.

	March 31, 2024	December 31, 2023
Long-term debt	\$ 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
LTM Adjusted EBITDA ⁽³⁾	\$ 480,902	\$ 502,637
Net debt to LTM Adjusted EBITDA	1.90	1.65

⁽¹⁾ Principal outstanding amount, see note 10.

⁽²⁾ Presented as current liabilities in the Condensed Consolidated Interim Statements of Financial Position

⁽³⁾ LTM Adjusted EBITDA represents the last twelve months Adjusted EBITDA.

There were no changes in Chemtrade's approach to managing capital during the first quarter ended March 31, 2024.

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16. MATERIAL ACCOUNTING POLICIES:

(a) Standards and interpretations adopted during the period:

Chemtrade adopted the following accounting amendments that were effective for its 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, Chemtrade reclassified from non-current to current liabilities, \$437,517, being the fair value of Debentures as of January 1, 2024. Since, the amendments are applicable retrospectively, Chemtrade has 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 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 have not had a material impact on its 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).

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16. MATERIAL ACCOUNTING POLICIES (continued):

(b) Standards and interpretations not yet adopted:

The 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).