

CHEMTRADE LOGISTICS INCOME FUND

# Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended September 30, 2024 and 2023  
(Unaudited)

# Q3 2024



**CHEMTRADE**

## Where to find it

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME.....	2
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION.....	3
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN UNITHOLDERS' EQUITY.....	4
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS.....	5
Note 1 CORPORATE INFORMATION.....	6
Note 2 BASIS OF PREPARATION.....	6
Note 3 REPORTABLE SEGMENTS.....	8
Note 4 REVENUE.....	13
Note 5 SELLING AND ADMINISTRATIVE EXPENSES.....	13
Note 6 DEPRECIATION AND AMORTIZATION.....	13
Note 7 NET FINANCE COSTS.....	14
Note 8 INCOME TAXES.....	15
Note 9 NET EARNINGS PER UNIT.....	16
Note 10 CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES.....	17
Note 11 LONG-TERM DEBT.....	19
Note 12 UNITS AND OTHER COMPONENTS OF EQUITY.....	21
Note 13 SHARE-BASED PAYMENTS.....	22
Note 14 FINANCIAL INSTRUMENTS.....	24
Note 15 CAPITAL MANAGEMENT.....	29
Note 16 MATERIAL ACCOUNTING POLICIES.....	30
Note 17 SUBSEQUENT EVENTS.....	32

# 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 September 30,		Nine months ended September 30,	
		2024	2023	2024	2023
Revenue	4	\$ 474,178	\$ 483,532	\$1,340,508	\$1,424,750
Cost of sales and services	6	(348,922)	(354,867)	(1,008,607)	(1,066,242)
Gross profit		125,256	128,665	331,901	358,508
Selling and administrative expenses	5	(35,218)	(43,582)	(117,495)	(97,262)
Share of loss from joint venture		—	(59)	(41)	(1,380)
Operating income		90,038	85,024	214,365	259,866
Net finance (costs) income	7	(16,149)	2,429	(61,059)	9,708
Income before income tax		73,889	87,453	153,306	269,574
Income tax (expense) recovery	8				
Current		(16,820)	(4,878)	(36,965)	(12,044)
Deferred		3,011	(11,791)	293	(19,888)
		(13,809)	(16,669)	(36,672)	(31,932)
Net earnings		\$ 60,080	\$ 70,784	\$ 116,634	\$ 237,642
Other comprehensive (loss) income					
<b>Items that may subsequently be reclassified to earnings:</b>					
Net investment hedge of foreign operations, net of tax of \$nil and \$nil (2023 - net of tax of \$1,116 and \$355)	11,14	3,378	(7,760)	(5,443)	(2,671)
Foreign currency translation differences for foreign operations, net of tax of \$nil (2023 - \$nil)		(10,370)	20,545	16,510	1,218
Effective portion of change in the fair value of cash flow hedges, net of tax of (\$199) and (\$368) (2023 - net of tax of \$30 and \$39)		594	(87)	1,102	(113)
Cash flow hedges reclassified to earnings, net of tax of \$442 and \$1,318 (2023 - net of tax of \$441 and \$1,344)	7	(1,313)	(1,314)	(3,945)	(3,919)
<b>Items that will not be reclassified to earnings:</b>					
Defined benefit plan adjustments, net of tax of (\$110) and (\$1,038) (2023 - net of tax of (\$179) and (\$2,013))		545	597	3,367	7,326
Change in fair value of convertible debentures due to own credit risk, net of tax of \$528 and (\$1,513) (2023 - net of tax of \$126 and \$3,083)	10	1,904	(4,868)	\$ 1,369	(33,796)
Other comprehensive (loss) income		(5,262)	7,113	12,960	(31,955)
Total comprehensive income		\$ 54,818	\$ 77,897	\$ 129,594	\$ 205,687
Net earnings per unit	9				
Basic net earnings per unit		\$ 0.51	\$ 0.61	\$ 0.99	\$ 2.05
Diluted net earnings per unit		\$ 0.40	\$ 0.41	\$ 0.93	\$ 1.30

# CHEMTRADE LOGISTICS INCOME FUND

Condensed Consolidated Interim Statements of Financial Position

(In thousands of Canadian dollars)

(Unaudited)

	Notes	September 30, 2024	December 31, 2023 <sup>(1)</sup>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 16,335	\$ 21,524
Trade and other receivables		144,286	146,686
Inventories		122,907	124,906
Income taxes receivable		—	7,925
Prepaid expenses and other assets		20,827	24,981
<b>Total current assets</b>		<b>304,355</b>	<b>326,022</b>
<b>Non-current assets</b>			
Property, plant and equipment		1,022,760	963,813
Right-of-use assets		172,152	165,043
Investment in a joint venture		4,042	4,082
Income taxes receivable	8	66,000	48,381
Other assets		16,324	13,572
Intangible assets		527,555	538,615
Deferred tax assets	8	48,662	49,704
<b>Total non-current assets</b>		<b>1,857,495</b>	<b>1,783,210</b>
<b>Total assets</b>		<b>\$ 2,161,850</b>	<b>\$ 2,109,232</b>
<b>LIABILITIES AND UNITHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables		\$ 278,405	\$ 299,351
Distributions payable	12	6,690	5,884
Provisions		53,291	55,285
Lease liabilities		52,023	49,304
Income taxes payable	8	5,597	—
Convertible unsecured subordinated debentures <sup>(2)</sup>	10,16	357,355	437,517
<b>Total current liabilities</b>		<b>753,361</b>	<b>847,341</b>
<b>Non-current liabilities</b>			
Long-term debt	11	298,124	246,545
Other long-term liabilities		22,274	23,228
Long-term lease liabilities		130,931	130,583
Employee benefits		18,633	20,491
Provisions		118,706	118,681
Deferred tax liabilities	8	15,609	15,222
<b>Total non-current liabilities</b>		<b>604,277</b>	<b>554,750</b>
<b>Total liabilities</b>		<b>1,357,638</b>	<b>1,402,091</b>
<b>Unitholders' equity</b>			
Units	12	1,663,975	1,648,411
Contributed surplus		20,148	9,720
Deficit		(1,086,437)	(1,147,923)
Accumulated other comprehensive income		206,526	196,933
<b>Total unitholders' equity</b>		<b>804,212</b>	<b>707,141</b>
<b>Total liabilities and unitholders' equity</b>		<b>\$ 2,161,850</b>	<b>\$ 2,109,232</b>

<sup>(1)</sup> As restated, see note 2.

<sup>(2)</sup> Maturities ranging from October 2026 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
<b>Balance at January 1, 2024</b>		\$ 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	51,290	—	—	—	—	—	51,290
Issuance of units under the Distribution Reinvestment Plan ("DRIP")	12	1,070	—	—	—	—	—	1,070
Units repurchased under NCIB	12	(36,796)	10,428	—	—	—	—	(26,368)
Net earnings		—	—	116,634	—	—	—	116,634
Other comprehensive income (loss)		—	—	3,367	16,510	(8,286)	1,369	12,960
Distributions	12	—	—	(58,515)	—	—	—	(58,515)
<b>Balance at September 30, 2024</b>		\$ 1,663,975	\$ 20,148	\$ (1,086,437)	\$ 210,957	\$ (19,091)	\$ 14,660	\$ 804,212
	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
<b>Balance at January 1, 2023</b>		\$ 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	530	—	—	—	—	—	530
Issuance of units under the DRIP	12	8,800	—	—	—	—	—	8,800
Net earnings		—	—	237,642	—	—	—	237,642
Other comprehensive income (loss)		—	—	7,326	1,218	(6,703)	(33,796)	(31,955)
Distributions	12	—	—	(52,509)	—	—	—	(52,509)
<b>Balance at September 30, 2023</b>		\$ 1,645,013	\$ 9,720	\$ (1,142,065)	\$ 219,188	\$ (10,965)	\$ 7,824	\$ 728,715

\* 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		Nine months ended	
		September 30,		September 30,	
		2024	2023	2024	2023
<b>Cash flows from operating activities:</b>					
Net earnings		\$ 60,080	\$ 70,784	\$ 116,634	\$ 237,642
Adjustments for:					
Depreciation and amortization	6	45,503	54,741	138,616	160,067
Net loss on disposal and write-down of property, plant and equipment ("PPE")		521	606	3,014	3,545
Change in environmental and decommissioning liability		2,410	(3,504)	186	(2,610)
Income tax expense	8	13,809	16,669	36,672	31,932
Net finance costs (income)	7	16,149	(2,429)	61,059	(9,708)
Unrealized foreign exchange (gain) loss	5	(1,319)	5,251	6,018	(2,879)
		137,153	142,118	362,199	417,989
Decrease (increase) in working capital		29,680	7,317	(42,983)	(34,321)
Interest paid		(15,520)	(8,096)	(39,751)	(34,414)
Interest received		915	1,293	2,545	5,426
Net income tax paid		(8,984)	(13,466)	(34,202)	(51,824)
<b>Net cash flows from operating activities</b>		<b>143,244</b>	<b>129,166</b>	<b>247,808</b>	<b>302,856</b>
<b>Cash flows from investing activities:</b>					
Capital expenditures		(45,610)	(37,530)	(125,085)	(98,997)
<b>Net cash flows used in investing activities</b>		<b>(45,610)</b>	<b>(37,530)</b>	<b>(125,085)</b>	<b>(98,997)</b>
<b>Cash flows from financing activities:</b>					
Distributions to unitholders, net of distributions reinvested	12	(19,605)	(14,421)	(56,641)	(43,650)
Repayment of convertible debentures	10	(42,748)	—	(42,748)	(201,115)
Issuance of convertible debentures	10	—	—	—	110,000
Transaction costs related to the issuance of convertible debentures	7,10	—	—	—	(4,980)
Repayment of lease liability		(16,430)	(14,435)	(48,237)	(43,025)
Net change in revolving credit facility	11	(254,404)	(62,017)	(197,632)	(57,925)
Proceeds from issuance of senior unsecured notes	11	250,000	—	250,000	—
Transaction costs related to the issuance of senior unsecured notes	11	(5,976)	—	(5,976)	—
Debt extinguishment costs	10	(863)	—	(863)	—
Repurchase of units under Normal Course Issuer Bid ("NCIB") offer	12	(26,368)	—	(26,368)	—
<b>Net cash flows used in financing activities</b>		<b>(116,394)</b>	<b>(90,873)</b>	<b>(128,465)</b>	<b>(240,695)</b>
<b>(Decrease) increase in cash and cash equivalents</b>		<b>(18,760)</b>	<b>763</b>	<b>(5,742)</b>	<b>(36,836)</b>
Cash and cash equivalents, beginning of the period		35,273	34,344	21,524	72,569
Effect of exchange rates on cash held in foreign currencies		(178)	688	553	62
<b>Cash and cash equivalents, end of the period</b>		<b>\$ 16,335</b>	<b>\$ 35,795</b>	<b>\$ 16,335</b>	<b>\$ 35,795</b>

# CHEMTRADE LOGISTICS INCOME FUND

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

Three and nine months ended September 30, 2024 and 2023

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## 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 and nine months ended September 30, 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 November 14, 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 the 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 and nine months ended September 30, 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 Accounting Standards 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 September 30, 2024

	SWC	EC	Corporate items and eliminations	Total
Revenue - third party	\$ 280,500	\$ 193,678	\$ —	\$ 474,178
- inter-segment	56	1,699	(1,755)	—
Revenue - total	280,556	195,377	(1,755)	474,178
Cost of sales and services	(218,419)	(132,258)	1,755	(348,922)
Gross profit	62,137	63,119	—	125,256
Selling and administrative expenses	(6,896)	(5,505)	(22,817)	(35,218)
Share of loss from joint venture	—	—	—	—
Operating income (loss)	55,241	57,614	(22,817)	90,038
Depreciation and amortization	21,680	23,823	—	45,503
Net loss (gain) on disposal and write-down of PPE	536	(15)	—	521
Change in environmental and decommissioning liability	839	1,571	—	2,410
Unrealized foreign exchange (gain)	—	—	(1,319)	(1,319)
Adjusted EBITDA	78,296	82,993	(24,136)	137,153
Capital expenditures	31,140	13,952	518	45,610

# CHEMTRADE LOGISTICS INCOME FUND

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

Three and nine months ended September 30, 2024 and 2023

## 3. REPORTABLE SEGMENTS (continued):

### Three months ended September 30, 2023

	SWC	EC	Corporate items and eliminations	Total
Revenue - third party	\$ 290,498	\$ 193,034	\$ —	\$ 483,532
- inter-segment	50	2,247	(2,297)	—
Revenue - total	290,548	195,281	(2,297)	483,532
Cost of sales and services	(232,472)	(124,692)	2,297	(354,867)
Gross profit	58,076	70,589	—	128,665
Selling and administrative expenses	(5,917)	(6,574)	(31,091)	(43,582)
Share of loss from joint venture	(59)	—	—	(59)
Operating income (loss)	52,100	64,015	(31,091)	85,024
Depreciation and amortization	31,331	23,410	—	54,741
Net loss (gain) on disposal and write-down of PPE	659	(53)	—	606
Change in environmental and decommissioning liability	(366)	(3,138)	—	(3,504)
Unrealized foreign exchange loss	—	—	5,251	5,251
Adjusted EBITDA	83,724	84,234	(25,840)	142,118
Capital expenditures	24,315	12,713	502	37,530

# CHEMTRADE LOGISTICS INCOME FUND

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

Three and nine months ended September 30, 2024 and 2023

## 3. REPORTABLE SEGMENTS (continued):

### Nine months ended September 30, 2024

	SWC	EC	Corporate items and eliminations	Total
Revenue - third party	\$ 778,053	\$ 562,455	\$ —	\$ 1,340,508
- inter-segment	130	4,964	(5,094)	—
Revenue - total	778,183	567,419	(5,094)	1,340,508
Cost of sales and services	(621,278)	(392,423)	5,094	(1,008,607)
Gross profit	156,905	174,996	—	331,901
Selling and administrative expenses	(21,433)	(13,730)	(82,332)	(117,495)
Share of loss from joint venture	(41)			(41)
Operating income (loss)	135,431	161,266	(82,332)	214,365
Depreciation and amortization	68,822	69,794	—	138,616
Net loss (gain) on disposal and write-down of PPE	3,261	(247)	—	3,014
Change in environmental and decommissioning liability	406	(220)	—	186
Unrealized foreign exchange loss	—	—	6,018	6,018
Adjusted EBITDA	207,920	230,593	(76,314)	362,199
Capital expenditures	81,733	42,144	1,208	125,085

# CHEMTRADE LOGISTICS INCOME FUND

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

Three and nine months ended September 30, 2024 and 2023

## 3. REPORTABLE SEGMENTS (continued):

### Nine months ended September 30, 2023

	SWC	EC	Corporate items and eliminations	Total
Revenue - third party	\$ 833,322	\$ 591,428	\$ —	\$ 1,424,750
- inter-segment	166	6,198	(6,364)	—
Revenue - total	833,488	597,626	(6,364)	1,424,750
Cost of sales and services	(695,645)	(376,961)	6,364	(1,066,242)
Gross profit	137,843	220,665	—	358,508
Selling and administrative expenses	(18,343)	(9,954)	(68,965)	(97,262)
Share of loss from joint venture	(1,380)	—	—	(1,380)
Operating income (loss)	118,120	210,711	(68,965)	259,866
Depreciation and amortization	90,148	69,919	—	160,067
Net loss (gain) on disposal and write-down of PPE	3,592	(47)	—	3,545
Change in environmental and decommissioning liability	528	(3,138)	—	(2,610)
Unrealized foreign exchange (gain)	—	—	(2,879)	(2,879)
Adjusted EBITDA	212,388	277,445	(71,844)	417,989
Capital expenditures	70,921	27,036	1,040	98,997

# CHEMTRADE LOGISTICS INCOME FUND

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

Three and nine months ended September 30, 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 September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Canada	\$ 147,769	\$ 146,485	\$ 431,622	\$ 449,445
United States	303,473	308,923	835,795	894,272
South America	22,936	28,124	73,091	81,033
	\$ 474,178	\$ 483,532	\$1,340,508	\$1,424,750

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

	September 30, 2024	December 31, 2023
Canada	\$ 741,467	\$ 740,495
United States	897,150	840,051
South America	83,850	86,925
	\$ 1,722,467	\$ 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 and nine months ended September 30, 2024 and 2023

## 4. REVENUE:

The components of revenue are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Sale of products	\$ 416,213	\$ 417,372	\$1,176,942	\$1,251,789
Processing services	57,965	66,160	163,566	172,961
<b>Revenue</b>	<b>\$ 474,178</b>	<b>\$ 483,532</b>	<b>\$1,340,508</b>	<b>\$1,424,750</b>

## 5. SELLING AND ADMINISTRATIVE EXPENSES:

The components of selling and administrative expenses are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Wages, salaries and benefits, including bonuses and other	\$ 38,175	\$ 34,288	\$ 108,592	\$ 96,949
Realized foreign exchange (gain) loss	(2,194)	1,176	2,790	(928)
Unrealized foreign exchange (gain) loss	(1,319)	5,251	6,018	(2,879)
Net reversal of reserve for legal proceedings	—	2,563	(1,599)	2,867
Depreciation (note 6)	556	304	1,694	1,253
	<b>\$ 35,218</b>	<b>\$ 43,582</b>	<b>\$ 117,495</b>	<b>\$ 97,262</b>

## 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 September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
<b>Cost of sales and services:</b>				
Depreciation expense on PPE	\$ 25,543	\$ 33,226	\$ 77,883	\$ 93,248
Depreciation expense on ROU assets	13,982	11,821	41,450	36,472
Amortization expense	5,422	9,390	17,589	29,094
<b>Selling and administrative expenses (note 5):</b>				
Depreciation expense on PPE	203	56	760	500
Depreciation expense on ROU assets	353	248	934	753
<b>Total depreciation and amortization expense</b>	<b>\$ 45,503</b>	<b>\$ 54,741</b>	<b>\$ 138,616</b>	<b>\$ 160,067</b>

# CHEMTRADE LOGISTICS INCOME FUND

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

Three and nine months ended September 30, 2024 and 2023

## 7. NET FINANCE COSTS:

The components of net finance costs (income) are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Interest expense on long-term debt	\$ 4,114	\$ 2,637	\$ 11,837	\$ 10,959
Debt extinguishment costs (note 10)	863	—	863	—
Interest expense on convertible debentures (note 10)	6,658	7,455	21,367	24,741
Transaction costs on issuance of convertible debentures (note 10)	—	—	—	4,980
Change in the fair value of convertible debentures (note 10)	(2,671)	(14,532)	16,758	(53,028)
Interest expense on lease liabilities	2,369	1,947	7,004	5,768
Income reclassified from other comprehensive income relating to the fair value of the interest rate swaps (note 14)	(1,755)	(1,755)	(5,263)	(5,263)
Change in the fair value of interest rate swaps (note 14)	6,047	2,147	6,834	4,487
Accretion of provisions	1,153	589	3,345	1,944
Pension interest	286	376	859	1,130
Interest income	(915)	(1,293)	(2,545)	(5,426)
<b>Net finance costs (income)</b>	<b>\$ 16,149</b>	<b>\$ (2,429)</b>	<b>\$ 61,059</b>	<b>\$ (9,708)</b>

# CHEMTRADE LOGISTICS INCOME FUND

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

Three and nine months ended September 30, 2024 and 2023

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## 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 first nine months of 2024 was \$36,672 and the effective tax rate was 23.9%. The effective tax rate differs from the statutory tax rate of 25.3% primarily due to the net deferred tax impacts associated with the change in fair value of the Debentures, the non-taxability to the Fund of the income distributed to Unitholders, and the repayment of the Fund 2020 8.50% Debentures, impacts of taxable foreign exchange, changes in level of earnings in jurisdictions taxed at different rates, and 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

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 \$17,619 during the nine months ended September 30, 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



# CHEMTRADE LOGISTICS INCOME FUND

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

Three and nine months ended September 30, 2024 and 2023

## 8. INCOME TAXES (continued):

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:

	<u>Three months ended</u> <u>September 30,</u>		<u>Nine months ended</u> <u>September 30,</u>	
	2024	2023	2024	2023
<b>Numerator</b>				
Net earnings	\$ 60,080	\$ 70,784	\$ 116,634	\$ 237,642
Net interest and fair value adjustment on the Debentures	558	(7,221)	27,613	(31,090)
Net fair value adjustment on deferred unit plan <sup>(1)</sup>	—	16	—	(125)
<b>Diluted net earnings</b>	<b>\$ 60,638</b>	<b>\$ 63,579</b>	<b>\$ 144,247</b>	<b>\$ 206,427</b>

<sup>(1)</sup> For the three months and nine months ended September 30, 2024, the potential conversion of the deferred units have not been included as the effect on net earnings per unit would be anti-dilutive.

	<u>Three months ended</u> <u>September 30,</u>		<u>Nine months ended</u> <u>September 30,</u>	
	2024	2023	2024	2023
<b>Denominator</b>				
Weighted average number of units	118,769,869	116,378,970	117,696,867	116,010,315
Weighted average Debentures dilutive units	34,406,630	39,547,608	37,806,393	41,688,360
Weighted average deferred unit plan dilutive units <sup>(1)</sup>	—	300,685	—	572,672
<b>Weighted average number of diluted units</b>	<b>153,176,499</b>	<b>156,227,263</b>	<b>155,503,260</b>	<b>158,271,347</b>

<sup>(1)</sup> For the three months and nine months ended September 30, 2024, the potential conversion of the deferred units have not been included as the effect on net earnings per unit would be anti-dilutive.

# CHEMTRADE LOGISTICS INCOME FUND

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

Three and nine months ended September 30, 2024 and 2023

## 10. CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES:

Changes in convertible unsecured subordinated debentures are as follows:

	Convertible unsecured subordinated debentures <sup>(1)</sup>				Total
	Fund 2019 6.50% Debentures	Fund 2020 8.50% Debentures	Fund 2021 6.25% Debentures	Fund 2023 7.00% Debentures	
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	<b>425,552</b>
Principal outstanding at September 30, 2024	100,000	—	130,000	110,000	<b>340,000</b>
Balance at January 1, 2024	98,250	101,807	130,650	106,810	<b>437,517</b>
Repurchase/Redemption <sup>(2)</sup>	—	(42,748)	—	—	<b>(42,748)</b>
Conversions	—	(51,290)	—	—	<b>(51,290)</b>
Change in fair value recognized in profit or loss	8,215	(2,989)	6,202	5,330	<b>16,758</b>
Change in fair value due to own credit risk <sup>(3)</sup>	(5,445)	(4,780)	3,158	4,185	<b>(2,882)</b>
Balance at September 30, 2024	101,020	—	140,010	116,325	<b>357,355</b>

<sup>(1)</sup> The Fund 2019 6.50% Debentures, the Fund 2021 6.25% Debentures, the Fund 2023 7.00% Debentures, the Fund 2020 8.50% Debentures (which were redeemed in the third quarter of 2024) and the Fund 2017 4.75% Debentures (which 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.

<sup>(2)</sup> During the third quarter of 2024, Chemtrade repaid \$42,748 of the Fund 2020 8.50% Debentures through: (a) a substantial issuer bid to repurchase \$28,288 aggregate principal amount of Fund 2020 8.50% Debentures at a purchase price of \$1,300 per \$1,000 principal amount of Debentures for a total repurchase value of \$36,774 and (b) a redemption of the outstanding Fund 2020 8.50% Debentures for \$1,039 for each \$1,000 of principal amount of Debentures, for a total redemption value of \$5,974. Chemtrade used a portion of its Credit Facilities and cash on hand to fund the redemption.

<sup>(3)</sup> 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

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

Three and nine months ended September 30, 2024 and 2023

## 10. CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES (continued):

	Convertible unsecured subordinated debentures					Total
	Fund 2017 4.75% Debentures	Fund 2019 6.50% Debentures	Fund 2020 8.50% Debentures	Fund 2021 6.25% Debentures	Fund 2023 7.00% Debentures	
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 September 30, 2023	—	100,000	85,720	130,000	110,000	425,720
Balance at January 1, 2023	195,283	97,510	107,812	132,613	—	533,218
Issuance <sup>(1)</sup>	—	—	—	—	110,000	110,000
Redemption <sup>(2)</sup>	(201,115)	—	—	—	—	(201,115)
Conversion	—	—	(530)	—	—	(530)
Change in fair value recognized in profit or loss	4,992	(3,948)	(25,678)	(16,411)	(11,983)	(53,028)
Change in fair value due to own credit risk <sup>(3)</sup>	840	4,488	13,545	11,523	6,483	36,879
Balance at September 30, 2023	—	98,050	95,149	127,725	104,500	425,424

<sup>(1)</sup> 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.

<sup>(2)</sup> 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. Chemtrade used the net proceeds from the Fund 2023 7.00% Debentures offering, a portion of its Credit Facilities and cash on hand to fund the redemption.

<sup>(3)</sup> 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 and nine months ended September 30, 2024, interest expense of \$6,658 and \$21,367 respectively, (2023 - \$7,455 and \$24,741 respectively) and transaction costs of \$863 and \$863, respectively, (2023 - \$nil and \$4,980, respectively) 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.

# CHEMTRADE LOGISTICS INCOME FUND

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

Three and nine months ended September 30, 2024 and 2023

## 11. LONG-TERM DEBT:

Changes in long-term debt are as follows:

	Revolving credit <sup>(1)(2)</sup>		Senior Unsecured Notes <sup>(3)</sup>	Embedded Derivative Asset <sup>(3)</sup>	Transaction costs <sup>(3)</sup>	Total
	(US\$ denominated)	(Cdn\$ denominated)				
Maturity	December 24, 2026	December 24, 2026	August 28, 2029			
Balance at January 1, 2024	\$ 246,147	\$ 398	\$ —	\$ —	\$ —	\$ 246,545
Net change	(197,234)	(398)	—	—	—	(197,632)
Proceeds from issuance of senior unsecured notes	—	—	250,000	—	—	250,000
Redemption option derivative asset <sup>(3)</sup>	—	—	2,207	(2,207)	—	—
Loss on net investment hedge of foreign operations	5,443	—	—	—	—	5,443
Foreign exchange rate changes	(256)	—	—	—	—	(256)
Financing transaction costs <sup>(3)</sup>	—	—	—	—	(5,976)	(5,976)
Balance at September 30, 2024	\$ 54,100	\$ —	\$ 252,207	\$ (2,207)	\$ (5,976)	\$ 298,124

<sup>(1)</sup> At September 30, 2024, Chemtrade had committed a total of \$18,942 of the revolving credit facilities ("Credit Facilities") towards standby letters of credit.

<sup>(2)</sup> At September 30, 2024, Cdn\$ limit of the Credit Facilities was \$879,125 (US\$650,000) and Chemtrade had drawn US\$40,000 and Cdn\$ nil on the Credit Facilities.

<sup>(3)</sup> During Q3 2024, Chemtrade issued senior unsecured notes, for proceeds of \$250,000, net of transaction costs of \$5,976. A derivative asset of \$2,207 was recognized against the proceeds of issuance.

Maturity	Revolving credit (US\$ denominated) <sup>(1)(2)</sup>		Total
	December 24, 2026		
Balance at January 1, 2023	\$	370,024	\$ 370,024
Net change		(57,925)	(57,925)
Loss on net investment hedge of foreign operations		3,026	3,026
Foreign exchange rate changes		(139)	(139)
Balance at September 30, 2023	\$	314,986	\$ 314,986

<sup>(1)</sup> At September 30, 2023, Chemtrade had committed a total of \$18,849 of the Credit Facilities towards standby letters of credit.

<sup>(2)</sup> At September 30, 2023, Cdn\$ limit of the Credit Facilities was \$882,505 (US\$650,000) and Chemtrade had drawn US\$232,000 and Cdn\$ nil on the Credit Facilities.

### Revolving Credit Facilities

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

In October 2024, Chemtrade amended its Credit Facilities by extending the maturity of the facility to October 2028. Certain terms of the facility including leverage covenants were changed to accommodate the addition of the senior unsecured notes ("the Notes"). The facility was also reduced in size from US\$650,000 to US\$600,000. See note 17.

# CHEMTRADE LOGISTICS INCOME FUND

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

Three and nine months ended September 30, 2024 and 2023

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## 11. LONG-TERM DEBT (continued):

The Credit Facilities are secured by substantially all of Chemtrade's assets. At September 30, 2024, the weighted average effective interest rate of the facilities was 4.4% (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 September 30, 2024 and December 31, 2023, Chemtrade was in compliance with all covenants.

### Senior unsecured notes

During Q3 2024, Chemtrade closed its private offering of \$250,000 of aggregate principal amount of 6.375% Notes due August 28, 2029. Chemtrade recognized transaction costs of \$5,976 related to the issuance against the proceeds of the offering. The Notes include early redemption options allowing Chemtrade to redeem the Notes at a premium, in cash, anytime prior to August 27, 2028 and at principal anytime after August 28, 2028. Chemtrade recognized a derivative asset of \$2,207 to reflect the redemption features of the Notes. Chemtrade utilized proceeds of the issuance to pay down our Credit Facilities.

The Notes are subject to customary terms, conditions and covenants. Chemtrade is in compliance with these as at September 30, 2024.

# CHEMTRADE LOGISTICS INCOME FUND

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

Three and nine months ended September 30, 2024 and 2023

## 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
Units repurchased under NCIB	(2,642,500)	(36,796)	—	—
Conversion of unsecured subordinated convertible debentures	6,978,225	51,290	72,107	530
Issuance of units under the DRIP	118,203	1,070	1,033,381	8,800
<b>Balance – September 30</b>	<b>121,502,232</b>	<b>\$ 1,663,975</b>	<b>116,642,156</b>	<b>\$ 1,645,013</b>

On June 3, 2024, the Fund commenced a normal course issuer bid (NCIB) under which the Fund is authorized to purchase up to 11,672,524 of its units over a 12 month period ending June 2, 2025. As of September 30, 2024, 2,642,500 units were repurchased as part of the NCIB. The units outstanding book value decreased by \$36,796, the difference of \$10,428 between the book value and purchase cost was recognized in contributed surplus.

### (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 \$0.050 per unit to \$0.055 per unit.

Distributions paid for the three and nine months ended September 30, 2024 were \$19,605 and \$57,711, respectively, (2023 - \$17,544 and \$52,450, respectively) or \$0.165 and \$0.490 per unit respectively, (2023 - \$0.150 and \$0.450 per unit, respectively). Of the distributions paid for the three and nine months ended September 30, 2024, \$19,605 and \$56,641, respectively, (2023 - \$14,421 and \$43,650, respectively) were in cash and \$nil and \$1,070, respectively, (2023 - \$3,123 and \$8,800, respectively) 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 and nine months ended September 30, 2024 were \$19,849 and \$58,515, respectively, (2023 - \$17,566 and \$52,509 including the DRIP bonus distributions) or \$0.165 and \$0.495 per unit, respectively, (2023 - \$0.150 and \$0.450 per unit).

As at September 30, 2024, Chemtrade had distributions payable of \$6,690 (December 31, 2023 - \$5,884) which were paid on October 31, 2024. On October 22, 2024, Chemtrade declared a cash distribution of \$0.055 per unit for the month of October 2024 payable on November 29, 2024 to Unitholders of record at the close of business on October 31, 2024.

# CHEMTRADE LOGISTICS INCOME FUND

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

Three and nine months ended September 30, 2024 and 2023

## 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. 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 September 30, 2024, a liability of \$42,428 (December 31, 2023 - \$33,640) has been recorded for LTIP awards, of which \$25,222 (December 31, 2023 - \$15,206) is included in trade and other payables and \$17,206 (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 and nine months ended September 30, 2024, Chemtrade recorded an expense of \$9,273 and \$18,844, respectively (2023 - \$4,016 and \$12,143, respectively) 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	713,368	647,758
– distribution equivalents	125,489	133,083
Forfeitures	(56,297)	(65,087)
Settlements	(767,487)	(1,816,237)
<b>Balance – September 30</b>	<b>2,230,378</b>	<b>2,193,482</b>

# CHEMTRADE LOGISTICS INCOME FUND

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

Three and nine months ended September 30, 2024 and 2023

## 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	693,020	637,656
– estimated performance adjustment	380,546	420,810
– distribution equivalents	268,749	110,767
Forfeitures	(5,820)	(70,026)
Settlements	(3,984)	—
<b>Balance – September 30</b>	<b>3,868,078</b>	<b>2,497,845</b>

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 September 30, 2024, 792,637 deferred units at a value of \$8,778 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	76,882	92,202
– distribution equivalents	38,353	30,303
Settlements	—	(69,421)
<b>Balance – September 30</b>	<b>792,637</b>	<b>636,585</b>



# CHEMTRADE LOGISTICS INCOME FUND

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

Three and nine months ended September 30, 2024 and 2023

## 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:

	September 30, 2024	December 31, 2023
Chemtrade units:		
Average base price	\$8.32	\$7.84
Period-end unit price	\$11.02	\$8.52
Average expected volatility	27.90%	31.00%
Average risk free interest rate	3.07%	4.14%
Average expected remaining term	1.25 years	1.50 years

## 14. FINANCIAL INSTRUMENTS:

### (a) Derivatives and hedging:

	September 30, 2024			December 31, 2023		
	Notional Amount	Fair Value		Notional Amount	Fair Value	
		Asset	Liability		Asset	Liability
<b>Derivatives designated in a formal hedging relationship</b>						
Cash-settled unit swaps <sup>(1)</sup>	—	\$ 12,586	\$ —	—	\$ 6,252	\$ —
<b>Derivatives not designated in a formal hedging relationship</b>						
Interest rate swaps <sup>(1)</sup>	US\$ 175,000	4,052	—	US\$ 325,000	10,886	—
Foreign exchange contracts <sup>(1)(2)</sup>	—	628	—	—	2,483	—
Redemption option derivative asset <sup>(3)</sup>	—	2,207	—	—	—	—
Cash-settled unit swaps <sup>(1)</sup>	—	3,713	—	—	1,332	—
<b>Total</b>		<b>\$ 23,186</b>	<b>\$ —</b>		<b>\$ 20,953</b>	<b>\$ —</b>

<sup>(1)</sup> 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 September 30, 2024 and December 31, 2023.

<sup>(2)</sup> See below for notional amounts.

<sup>(3)</sup> Redemption option derivative asset is disclosed as a net of the proceeds of issuance of the Notes (see note 11).

# CHEMTRADE LOGISTICS INCOME FUND

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

Three and nine months ended September 30, 2024 and 2023

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## 14. FINANCIAL INSTRUMENTS (continued):

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.

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 and nine months ended September 30, 2024, Chemtrade reclassified a gain of \$1,755 and \$5,263, respectively, (2023 - gain of \$1,755 and \$5,263, respectively) 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 and nine months ended September 30, 2024, Chemtrade recognized a loss of \$6,047 and \$6,834, respectively, (2023 - loss of \$2,147 and \$4,487, respectively) 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, which compares 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 and nine months ended September 30, 2024, a foreign exchange gain of \$3,378 and loss of \$5,443, respectively, (2023 - loss of \$8,876 and \$3,026, respectively) 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

# CHEMTRADE LOGISTICS INCOME FUND

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

Three and nine months ended September 30, 2024 and 2023

## 14. FINANCIAL INSTRUMENTS (continued):

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.

As at September 30, 2024, the notional number of units hedged was 2,450,902 (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 September 30, 2024, the notional number of units not designated as hedges was 698,818 (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 September 30, 2024 include future contracts to sell the following amounts for periods through to December 2025:

Amount	Maturity	Exchange rate
US\$110,728	Q4 2024	\$1.35
US\$50,538	Q1 2025	\$1.35
US\$24,000	Q2 2025	\$1.36
US\$15,000	Q3 2025	\$1.37
US\$7,000	Q4 2025	\$1.36

The redemption option derivative asset (see note 11) associated with the Notes is an embedded derivative separately recognized to reflect the redemption features of the Notes.

### (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

# CHEMTRADE LOGISTICS INCOME FUND

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

Three and nine months ended September 30, 2024 and 2023

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## 14. FINANCIAL INSTRUMENTS (continued):

values because of the short-term maturity of these financial instruments. The carrying amount of the Credit Facilities, approximates fair value as the debt accrues interest at variable interest rates. The fair value of the Notes is \$254,313, which is higher than the carrying amount as the fixed interest rate is higher than the market interest rate for this grade of Notes as at September 30, 2024.

For fair value estimates relating to the Debentures, the Notes 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:

*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.

The Notes are classified within Level 2 because they are based on rates quoted by banks and other public data sources.

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.

# CHEMTRADE LOGISTICS INCOME FUND

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

Three and nine months ended September 30, 2024 and 2023

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## 14. FINANCIAL INSTRUMENTS (continued):

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.

The fair value of the redemption option derivative asset reflects the redemption features of the Notes and changes to the fair value are recognized in net earnings with fair value based on models using observable interest rate inputs.

# CHEMTRADE LOGISTICS INCOME FUND

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

Three and nine months ended September 30, 2024 and 2023

## 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.

	September 30, 2024	December 31, 2023
Long-term debt	\$ 304,100	\$ 246,545
Add (Less):		
Debentures <sup>(1)</sup>	340,000	425,552
Long-term lease liabilities	130,931	130,583
Lease liabilities <sup>(2)</sup>	52,023	49,304
Cash and cash equivalents	(16,335)	(21,524)
<b>Net debt</b>	<b>810,719</b>	<b>830,460</b>
LTM Adjusted EBITDA <sup>(3)</sup>	\$ 446,847	\$ 502,637
<b>Net debt to LTM Adjusted EBITDA</b>	<b>1.81</b>	<b>1.65</b>

<sup>(1)</sup> Principal outstanding amount, see note 10.

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

<sup>(3)</sup> LTM Adjusted EBITDA represents the last twelve months Adjusted EBITDA.

There were no changes in Chemtrade's approach to managing capital during the quarter ended September 30, 2024.

# CHEMTRADE LOGISTICS INCOME FUND

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

Three and nine months ended September 30, 2024 and 2023

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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).

# CHEMTRADE LOGISTICS INCOME FUND

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

Three and nine months ended September 30, 2024 and 2023

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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).
- Amendments to IFRS 9 and IFRS 7, *Classification and measurement of financial instruments*, specifying how an entity should classify some financial assets, especially on the recognition of financial assets and liabilities when settled using electronic payments (effective for annual periods beginning on or after January 1, 2026).



# CHEMTRADE LOGISTICS INCOME FUND

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

Three and nine months ended September 30, 2024 and 2023

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## 17. SUBSEQUENT EVENTS:

### **Credit Facilities Amendment**

In October 2024, Chemtrade amended its Credit Facilities by extending the maturity of the facility to October 2028. Certain terms of the facility including leverage covenants were changed to accommodate the addition of the Notes. The facility was also reduced in size from US\$650,000 to US\$600,000.

### **Normal Course Issuer Bid**

For the period from October 1, 2024 to November 13, 2024, 585,800 units were purchased by the Fund.