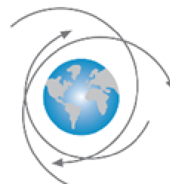
CHEMTRADE LOGISTICS INCOME FUND

# Management's Discussion and Analysis

**For the Year Ended December 31, 2024**

February 28, 2025

2024



CHEMTRADE

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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

This MD&A should be read in conjunction with the audited consolidated financial statements of Chemtrade for the year ended December 31, 2024.

Chemtrade's financial statements are prepared in accordance with IFRS Accounting Standards ("IFRS"). Chemtrade's reporting currency is the CAD. In this MD&A, amounts are presented in thousands of CAD unless otherwise indicated. This MD&A is current as at February 28, 2025 and was approved by the Board on that date.

This MD&A contains certain non-IFRS financial measures and ratios which do not have standard meanings under IFRS. Therefore they may not be comparable to similar measures presented by other issuers. Further information and reconciliations of these measures to the most directly comparable measures under IFRS may be found at **Non-IFRS and Other Financial Measures** on page 59.

This MD&A also contains statements and information about our expectations about the future. Please refer to the cautionary statement in **Caution Regarding Forward - Looking Statements** on page 57.

**Definitions**

*MD&A* means Management's Discussion & Analysis

*Fund* means Chemtrade Logistics Income Fund

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

*IFR*S means International Financial Reporting Standards as issued by the IASB

*SWC* means our Sulphur and Water Chemicals reportable segment

*EC* means our Electrochemicals reportable segment

More terms and definitions are explained on page 66.

## Where to find it


| | | | |
|---|---|---|---|
| About Chemtrade | 2 | Contractual Obligations | 34 |
| Financial Highlights | 3 | Financial Outlook | 36 |
| Recent Developments | 6 | Risks and Uncertainties | 39 |
| Consolidated Operating Results | 7 | Significant Judgments and Sources of Estimation | 51 |
| Results of Operations by Reportable Segment | 11 | Standards and Interpretations | 54 |
| Net Finance Costs and Income Taxes | 19 | Disclosure Controls and Procedures and Internal Controls over Financial Reporting | 56 |
| Distributions | 22 | Caution Regarding Forward-Looking Statements | 57 |
| Cash Flows | 24 | Non-IFRS and other Financial Measures | 59 |
| Liquidity and Capital Resources | 27 | Terms and Definitions | 66 |
| Financial Condition Review | 31 | | |
| Summary of Quarterly Results | 32 | | |
| Outstanding Securities of the Fund | 34 | | |


## About Chemtrade

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

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

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

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

# FINANCIAL HIGHLIGHTS

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

| | Three months ended | | Year ended | | |
|---|---|---|---|---|---|
| *($'000 except per unit amounts)* | **December 31, 2024** | December 31, 2023 | **December 31, 2024** | December 31, 2023 | December 31, 2022 |
| Revenue | $ 446,525 | $ 422,016 | $ 1,787,033 | $ 1,846,766 | $ 1,813,383 |
| Net earnings[1] | $ 10,274 | $ 11,677 | $ 126,908 | $ 249,319 | $ 109,115 |
| Net earnings per unit [1][2] | $ 0.09 | $ 0.10 | $ 1.07 | $ 2.15 | $ 1.01 |
| Diluted net earnings per unit [1][2] | $ 0.09 | $ 0.10 | $ 1.04 | $ 1.52 | $ 0.99 |
| Total assets | $ 2,284,407 | $ 2,109,232 | $ 2,284,407 | $ 2,109,232 | $ 2,157,073 |
| Long-term debt | $ 336,250 | $ 246,545 | $ 336,250 | $ 246,545 | $ 370,024 |
| Convertible unsecured subordinated debentures | $ 356,596 | $ 437,517 | $ 356,596 | $ 437,517 | $ 533,218 |
| Adjusted EBITDA [3] | $ 108,593 | $ 84,648 | $ 470,792 | $ 502,637 | $ 430,868 |
| Cash flows from operating activities | $ 99,991 | $ 98,607 | $ 347,799 | $ 401,463 | $ 369,191 |
| Distributable cash after maintenance capital expenditures [3] | $ 39,516 | $ 13,511 | $ 213,122 | $ 283,012 | $ 215,112 |
| Distributable cash after maintenance capital expenditures per unit [2] [3] | $ 0.33 | $ 0.12 | $ 1.80 | $ 2.44 | $ 1.98 |
| Distributions declared | $ 19,833 | $ 17,631 | $ 78,348 | $ 70,140 | $ 65,760 |
| Distributions declared per unit [4] | $ 0.165 | $ 0.150 | $ 0.660 | $ 0.600 | $ 0.600 |
| Distributions paid, net of distributions reinvested | $ 19,973 | $ 14,381 | $ 76,614 | $ 58,031 | $ 54,753 |

[1] Results for the three months and year ended December 31, 2023 include a gain on sale of the $P_2S_5$ business of $24,337, or $0.21 per unit. Results for the year ended December 31, 2022 include a gain of $17.4 million or $0.16 per unit relating to the sale of an idled acid plant in Augusta, GA.

[2] Based on weighted average number of units outstanding for the period.

[3] See Non-IFRS and Other Financial Measures on page 59.

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

## FOURTH QUARTER 2024 HIGHLIGHTS

- Revenue of $446.5 million, an increase of $24.5 million or 5.8% year-over-year. Excluding $5.7 million in the prior year period related to the $P_2S_5$ business sold in Q4 2023, revenue increased by $30.2 million or 7.3% year-over-year.
- Adjusted EBITDA of $108.6 million, an increase of $23.9 million or 28.3% year-over-year. Excluding $1.8 million in the prior year period related to the $P_2S_5$ business sold in Q4 2023, Adjusted EBITDA increased by $25.7 million or 31.1% year-over-year.
- Net earnings of $10.3 million, a decrease of $1.4 million year-over-year, primarily due to the gain on sale of the $P_2S_5$ business in Q4 2023 offset by higher Adjusted EBITDA.
- Cash flows from operating activities of $100.0 million, an increase of $1.4 million or 1.4% year-over-year.
- Distributable cash after maintenance capital expenditures of $39.5 million, an increase of $26.0 million or 192.5% year-over-year.

## FULL YEAR 2024 HIGHLIGHTS

- Revenue of $1,787.0 million, a decrease of $59.7 million or 3.2% year-over-year. Excluding $40.3 million in the prior year period related to the $P_2S_5$ business sold in Q4 2023 and a $10.5 million negative impact from the biennial maintenance turnaround at the North Vancouver chlor-alkali facility in 2024, revenue was similar to 2023.
- Adjusted EBITDA of $470.8 million, the second highest annual Adjusted EBITDA in Chemtrade's history. Excluding the negative impacts in 2024 from the biennial maintenance turnaround at the North Vancouver chlor-alkali facility ($17.9 million), the work stoppage at the Canadian railways ($5.8 million) and $6.6 million in the prior year period related to the $P_2S_5$ business sold in Q4 2023, Adjusted EBITDA earned during 2024 was similar to the record level of Adjusted EBITDA generated during 2023.
- Net earnings of $126.9 million, a decrease of $122.4 million year-over-year, due to higher net finance costs, unrealized foreign exchange losses, lower Adjusted EBITDA and a gain on sale of the $P_2S_5$ business in 2023, partially offset by lower depreciation and amortization expenses and lower income tax expense.
- Cash flows from operating activities of $347.8 million, a decrease of $53.7 million or 13.4% year-over-year, primarily due to lower Adjusted EBITDA and changes in working capital, partially offset by lower income taxes paid.
- Distributable cash after maintenance capital expenditures of $213.1 million, a decrease of $69.9 million or 24.7% year-over-year, reflecting lower cash flows from operating activities and higher lease payments.
- During 2024, Chemtrade returned $131.1 million of capital to unitholders in the form of unit buybacks under its NCIB and monthly distributions. This represented 61.5% of Distributable cash after maintenance capital expenditures.
- Maintained a strong balance sheet throughout 2024, with a Net debt to LTM Adjusted EBITDA ratio[1] of 1.8x at 2024 year-end. We took several actions during 2024 to optimize our capital structure, including completing an SIB for the Fund 2020 8.50% debentures and redeeming the remaining Fund 2020 8.50% debentures subsequent to the completion of the SIB. Chemtrade also issued Notes with an aggregate principal amount of $250.0 million with a coupon of 6.375% and a due date of August 28, 2029.

- In January 2024, we increased our monthly distribution rate by 10% to $0.055 per unit or $0.660 per unit per year. Our Payout ratio[2] for 2024 was 37%. Subsequent to year-end, in January 2025, we increased our monthly distribution rate by approximately 5% to $0.0575 per unit or $0.690 per unit per year.
- In June 2024, we commenced an NCIB under which the Fund is authorized to purchase up to approximately 11.7 million of its units. As of December 31, 2024, approximately 5.1 million units were purchased as part of the NCIB.
- Chemtrade reaffirms its 2025 Adjusted EBITDA guidance of $430.0 million to $460.0 million. Achieving the midpoint of this range would mark the third-highest annual Adjusted EBITDA in our history.

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[1] Net debt to LTM Adjusted EBITDA is a capital management measure. See **Non-IFRS and Other Financial Measures**

[2] Payout Ratio is a capital management measure. See **Non-IFRS and Other Financial Measures**

## RECENT DEVELOPMENTS

### Normal Course Issuer Bid

We have implemented an NCIB under which we are authorized to purchase up to 11.7 million units over a 12 month period ending June 2, 2025. As of December 31, 2024, approximately 5.1 million units were purchased as part of the NCIB. For the period from January 1, 2025 to February 26, 2025, approximately 2.7 million units were purchased by the Fund under the NCIB's automatic share purchase plan.

### 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$650.0 million to US$600.0 million.

### Senior Unsecured Notes

In January 2025, Chemtrade issued an additional $125.0 million aggregate principal amount of 6.375% Notes due August 28, 2029, resulting in an aggregate principal amount of  $375.0 million outstanding on these Note. The Fund incurred transaction costs of $2.5 million. The Fund will utilize the net proceeds of the issuance to reduce indebtedness and for general corporate purposes.

### Superior Lawsuit

During 2022, Chemtrade was successful in a lawsuit against Superior involving the failed attempt by Superior to acquire Canexus, prior to Chemtrade's 2017 acquisition of Canexus.  Chemtrade received a payment of $28.1 million, representing $25.0 million in respect of the disputed reverse termination fee, plus interest and costs. Superior appealed the judgment, at which time Chemtrade established a provision of $28.1 million due to the uncertainty associated with the outcome of the appeal.  On January  31, 2025, the Alberta Court of Appeal ruled in favour of Superior. Chemtrade has 60 days from January 31, 2025 to commence an application for leave to appeal to the Supreme Court of Canada. Following the appeal decision, Chemtrade paid $28.1 million to Superior, which was recorded against the provision. The Court of Appeal decision is expected to have minimal impact on Chemtrade's financial results.

# CONSOLIDATED OPERATING RESULTS

<table>
<tr><th></th><th>Three months ended December 31, 2024 vs 2023</th><th>Year ended December 31, 2024 vs 2023</th><th>Year ended December 31, 2023 vs 2022</th></tr>
<tr><td>F/X Rate</td><td>US$1.00 = $1.40 in 2024 compared with $1.36 in 2023.<br>The weaker Canadian dollar during 2024 compared with 2023 did not have a significant impact on consolidated revenue, gross profit and Adjusted EBITDA.</td><td>US$1.00 = $1.37 in 2024 compared with US$1.00 = $1.35 in 2023.<br>The weaker Canadian dollar during 2024 compared with 2023 did not have a significant impact on consolidated revenue, gross profit and Adjusted EBITDA.</td><td>US$1.00 = $1.35 in 2023 compared with US$1.00 = $1.30 in 2022.<br>The weaker Canadian dollar during 2023 compared with 2022 had a positive impact on consolidated revenue, gross profit and Adjusted EBITDA of $55.1 million, $24.7 million and $21.3 million, respectively.</td></tr>
<tr><td>General comments</td><td colspan="2">The biennial maintenance turnaround at the North Vancouver chlor-alkali plant during the second quarter of 2024 had a negative impact of approximately $10.5 million on revenue and approximately $17.9 million on gross profit and Adjusted EBITDA. The three months and year ended December 31, 2023 include revenue of $5.7 million and $40.3 million, respectively, and Adjusted EBITDA of $1.8 million and $6.6 million, respectively, related to the $P_2S_5$ business which was sold in the fourth quarter of 2023.</td><td>There were two events that had a negative impact on 2022 results. The biennial maintenance turnaround at the North Vancouver chlor-alkali plant had a negative impact of approximately $15.0 million on revenue and approximately $17.1 million on gross profit and Adjusted EBITDA. Additionally, the closure of our Beauharnois, QC sodium chlorate facility had a negative impact of approximately $3.9 million on gross profit and Adjusted EBITDA in 2022.</td></tr>
</table>

| | Three months ended December 31, 2024 vs 2023 | Year ended December 31, 2024 vs 2023 | Year ended December 31, 2023 vs 2022 |
|---|---|---|---|
| **Revenue** | Consolidated revenue for 2024 was \$446.5 million, which was \$24.5 million higher than revenue for 2023. Excluding revenue related to the $P_2S_5$ business as noted above, revenue was \$30.2 million higher primarily due to:<br>• higher volumes of water solutions products and higher selling prices for Regen and merchant acid in the SWC segment,<br>• higher selling prices for caustic soda, HCl, chlorine and sodium chlorate in the EC segment,<br>partially offset by:<br>• lower sales volumes of sodium chlorate which more than offset higher selling prices for sodium chlorate in the EC segment. | Consolidated revenue for 2024 was \$1,787.0 million, which was \$59.7 million lower than revenue for 2023. Excluding the maintenance turnaround at North Vancouver and revenue related to the $P_2S_5$ business as noted above, revenue was \$8.9 million lower primarily due to:<br>• lower volumes for merchant acid and lower selling prices for sodium nitrite in the SWC segment,<br>• lower selling prices for caustic soda and chlorine in the EC segment,<br>• lower sales volume for Brazil in the EC segment, and<br>• the impact of the work stoppage at the Canadian railways in the EC segment,<br>partially offset by:<br>• significantly higher selling prices for water solutions products in the SWC segment, and<br>• higher selling prices for HCl in the EC segment. | Consolidated revenue for 2023 was \$1,846.8 million, which was \$33.4 million higher than revenue for 2022. Excluding the impact of foreign exchange and the other items noted above, revenue was \$36.7 million lower primarily due to:<br>• a decrease in sales volumes of sodium chlorate and chlor-alkali products as well as lower selling prices of caustic soda in the EC segment, and<br>• lower selling prices for merchant acid and sulphur products due to lower sulphur costs and lower volumes of merchant acid and sodium nitrite in the SWC segment,<br>partially offset by:<br>• higher selling prices for sodium chlorate, chlorine and HCl in the EC segment, and<br>• higher selling prices for water solutions products and Regen acid in the SWC segment. |

| | Three months ended December 31, 2024 vs 2023 | Year ended December 31, 2024 vs 2023 | Year ended December 31, 2023 vs 2022 |
|---|---|---|---|
| **Adjusted EBITDA** | Adjusted EBITDA for 2024 was $108.6 million, which was $23.9 million higher than the Adjusted EBITDA for 2023. Excluding Adjusted EBITDA related to the $P_2S_5$ business, as noted above, Adjusted EBITDA was $25.7 million higher primarily due to:<br>• lower input costs resulting in improved margins for water solutions products, improved margins for sodium nitrite as costs were higher in 2023 and higher pricing for Regen and merchant acid in the SWC segment, and<br>• higher selling prices for caustic soda, HCl, chlorine and sodium chlorate in the EC segment,<br>partially offset by:<br>• lower sales volume of sodium chlorate in the EC segment, and<br>• higher Corporate costs due to realized foreign exchange losses. | Adjusted EBITDA for 2024 was $470.8 million, which was $31.8 million lower than the Adjusted EBITDA for the same period of 2023. Excluding the negative $5.8 million impact of the work stoppage at the Canadian railways, the maintenance turnaround at North Vancouver and Adjusted EBITDA related to the $P_2S_5$ business as noted above, Adjusted EBITDA was similar to 2023. Below are the key factors affecting the comparison:<br>• significantly higher selling prices for water solutions products in the SWC segment,<br>offset by:<br>• lower selling prices for caustic soda and chlorine, partially offset by higher HCl prices resulting in a reduction in realized MECU netbacks of approximately $30 per MECU in the EC segment, and<br>• higher Corporate costs due to compensation related expenses and realized foreign exchange losses. | Adjusted EBITDA for 2023 was $502.6 million, which was $71.8 million higher than the Adjusted EBITDA for the same period of 2022. Excluding the impact of foreign exchange and the other items noted above, Adjusted EBITDA was $29.4 million higher primarily due to:<br>• increased gross profit for sodium chlorate, chlorine and HCl in the EC segment, and<br>• higher gross profit for water solutions products and Regen acid in the SWC segment,<br>partially offset by:<br>• lower sales volumes of sodium chlorate and chlor-alkali products in the EC segment,<br>• lower volumes of sodium nitrite in the SWC segment, and<br>• higher Corporate costs. |

| | Three months ended December 31, 2024 vs 2023 | Year ended December 31, 2024 vs 2023 | Year ended December 31, 2023 vs 2022 |
|---|---|---|---|
| **Net Earnings (loss)** | Net earnings for 2024 were $1.4 million lower than 2023 primarily due to:<br>• unrealized foreign exchange losses during 2024 compared to unrealized foreign exchange gains during 2023, and<br>• a $24.3 million gain on sale of the $P_2S_5$ business during 2023,<br>partially offset by:<br>• higher Adjusted EBITDA,<br>• lower net finance costs during 2024 (see **Net Finance Costs** on page 19),<br>• lower depreciation and amortization expense, and<br>• lower income tax expenses recorded during 2024 (see **Income Taxes** on page 20). | Net earnings for 2024 were $122.4 million lower than 2023 primarily due to:<br>• higher net finance costs during 2024 compared with net finance income during 2023 (see **Net Finance Costs** on page 19),<br>• unrealized foreign exchange losses during 2024 compared to unrealized foreign exchange gains during 2023,<br>• lower Adjusted EBITDA, and<br>• a $24.3 million gain on sale of the $P_2S_5$ business during 2023,<br>partially offset by:<br>• lower depreciation and amortization expense. | Net earnings for 2023 were $140.2 million higher than 2022 primarily due to:<br>• higher Adjusted EBITDA,<br>• lower net finance costs during 2023, and<br>• lower income tax expenses recorded during 2023 compared with the same period of 2022. |

# RESULTS OF OPERATIONS BY REPORTABLE SEGMENT

## SULPHUR AND WATER CHEMICALS (SWC)

| ($'000) | Three months ended December 31, 2024 | Three months ended December 31, 2023 | Year ended December 31, 2024 | Year ended December 31, 2023 |
|---|---|---|---|---|
| Revenue | $ 260,110 | $ 243,835 | $ 1,038,163 | $ 1,077,157 |
| Gross profit | 39,842 | 14,448 | 196,747 | 152,291 |
| Adjusted EBITDA | 62,450 | 40,783 | 270,370 | 253,171 |

<table>
<tr><th></th><th colspan="2">SWC OPERATING RESULTS</th></tr>
<tr><th></th><th>Q4 2024 vs Q4 2023</th><th>YTD 2024 vs YTD 2023</th></tr>
<tr><td>F/X Rate</td><td>US$1.00 = $1.40 in 2024 compared to $1.36 in 2023.<br>The weaker Canadian dollar during 2024 compared with 2023 did not have a significant impact on revenue, gross profit or Adjusted EBITDA.</td><td>US$1.00 = $1.37 in 2024 compared to $1.35 in 2023.<br>The weaker Canadian dollar during 2024 compared with 2023 did not have a significant impact on revenue, gross profit or Adjusted EBITDA.</td></tr>
<tr><td>General comments</td><td colspan="2">The three months and year ended December 31, 2023 include revenue of $5.7 million and $40.3 million, respectively, and Adjusted EBITDA of $1.8 million and $6.6 million, respectively, related to the $P_2S_5$ business which was sold in the fourth quarter of 2023.</td></tr>
<tr><td>Revenue</td><td>Revenue for 2024 was $16.3 million higher than revenue for 2023. Revenue for 2023 includes $5.7 million related to the $P_2S_5$ business which was disposed of in the fourth quarter of 2023. Excluding the impact of the $P_2S_5$ business, revenue was $22.0 million higher primarily due to:<br>• higher volumes of water solutions products, and<br>• higher selling prices and volumes for merchant and Regen acid.</td><td>Revenue for 2024 was $39.0 million lower than revenue for 2023. Revenue for 2023 includes $40.3 million related to the $P_2S_5$ business which was disposed of in the fourth quarter of 2023. Excluding the impact of the $P_2S_5$ business, revenue was $1.3 million higher primarily due to:<br>• higher selling prices for water solutions products, and<br>• higher volumes of Regen acid,<br>partially offset by:<br>• lower volumes for merchant acid,<br>• lower selling prices for Regen acid, and<br>• lower selling prices for sodium nitrite.</td></tr>
</table>

| | SWC OPERATING RESULTS | |
|---|---|---|
| | **Q4 2024 vs Q4 2023** | **YTD 2024 vs YTD 2023** |
| **Adjusted EBITDA** | Adjusted EBITDA for 2024 was $62.5 million which was $21.7 million higher than Adjusted EBITDA for 2023. Excluding the impact of the $P_2S_5$ business, Adjusted EBITDA was $23.5 million higher primarily due to:<br>• lower input costs resulting in an improvement in margins for water solutions products,<br>• an improvement in margins for sodium nitrite relative to 2023, as that period was affected by lower volumes due to an extended turnaround and disposal costs for a related by-product, and<br>• higher selling prices for Regen and merchant acid. | Adjusted EBITDA for 2024 was $270.4 million, which was $17.2 million higher than Adjusted EBITDA for 2023. Excluding the impact of the $P_2S_5$ business, Adjusted EBITDA was $23.8 million higher primarily due to:<br>• significantly higher selling prices resulting in an improvement in margins of water solutions products, and<br>• higher margins for Regen acid. |
| **Gross Profit** | Gross profit for 2024 was $39.8 million, which was $25.4 million higher than gross profit for 2023 primarily due to:<br>• the factors that affected Adjusted EBITDA, and<br>• lower depreciation and amortization expense during 2024. | Gross profit for 2024 was $196.7 million, which was $44.5 million higher than gross profit for 2023 primarily due to:<br>• the factors that affected Adjusted EBITDA, and<br>• lower depreciation and amortization expense during 2024. |

# ELECTROCHEMICALS (EC)

| ($'000) | Three months ended December 31, 2024 | Three months ended December 31, 2023 | Year ended December 31, 2024 | Year ended December 31, 2023 |
|---|---|---|---|---|
| North American sales volumes: | | | | |
| Sodium chlorate sales volumes (000's MT) | 65 | 72 | 270 | 283 |
| Chlor-alkali sales volumes (000's MECU) | 43 | 41 | 172 | 181 |
| Revenue | $ 186,415 | $ 178,181 | $ 748,870 | $ 769,609 |
| Gross profit | 58,808 | 47,690 | 233,804 | 268,355 |
| Adjusted EBITDA | 83,487 | 73,313 | 314,080 | 350,758 |

| | EC OPERATING RESULTS | |
|---|---|---|
| | **Q4 2024 vs Q4 2023** | **YTD 2024 vs YTD 2023** |
| **F/X Rate** | US$1.00 = $1.40 in 2024 compared with US$1.00 = $1.36 in 2023.<br>The weaker Canadian dollar during 2024 compared with 2023 did not have a significant impact on revenue, gross profit or Adjusted EBITDA. | US$1.00 = $1.37 in 2024 compared with US$1.00 = $1.35 in 2023.<br>The weaker Canadian dollar during 2024 compared with 2023 did not have a significant impact on revenue, gross profit or Adjusted EBITDA. |
| **General Comments** | - | The biennial maintenance turnaround at the North Vancouver chlor-alkali plant during the second quarter of 2024 had a negative impact of approximately $10.5 million on revenue and approximately $17.9 million on gross profit and Adjusted EBITDA. |

<table>
<tr><th></th><th colspan="2">EC OPERATING RESULTS</th></tr>
<tr><th></th><th>Q4 2024 vs Q4 2023</th><th>YTD 2024 vs YTD 2023</th></tr>
<tr><td>Revenue</td><td>Revenue for 2024 was $186.4 million, which was $8.2 million higher than revenue for 2023 primarily due to:<br>• higher realized MECU netbacks of approximately $230, with HCl and chlorine accounting for approximately 55% of the improvement,<br>partially offset by:<br>• lower sales volumes of sodium chlorate which more than offset higher selling prices.</td><td>Revenue for 2024 was $748.9 million, which was $20.7 million lower than revenue for 2023. Excluding the impact of the maintenance turnaround at North Vancouver as noted above, revenue was $10.2 million lower primarily due to:<br>• lower selling prices for caustic soda and chlorine partially offset by higher HCl prices resulted in a reduction in realized MECU netbacks of approximately $10. The combined netback for HCl and chlorine helped offset approximately 75% of the reduction in caustic soda netback,<br>• lower revenue in Brazil, and<br>• lower sales volumes of sodium chlorate which were almost fully offset by higher selling prices.</td></tr>
<tr><td>Adjusted EBITDA</td><td>Adjusted EBITDA for 2024 was $83.5 million, which was $10.2 million higher than Adjusted EBITDA for 2023 primarily due to:<br>• realized MECU netback being higher by approximately $230,<br>partially offset by:<br>• lower sales volumes of sodium chlorate which more than offset higher selling prices.</td><td>Adjusted EBITDA for 2024 was $314.1 million, which was $36.7 million lower than Adjusted EBITDA for 2023. Excluding the maintenance turnaround at North Vancouver and the negative $5.8 million impact of the work stoppage at the Canadian railways, Adjusted EBITDA was $13.0 million lower primarily due to:<br>• a reduction in realized MECU netbacks of approximately $10,<br>• lower margins in Brazil, mainly due to lower volumes, and<br>• lower sales volumes of sodium chlorate, largely offset by higher selling prices.</td></tr>
</table>

| | EC OPERATING RESULTS | |
|---|---|---|
| | **Q4 2024 vs Q4 2023** | **YTD 2024 vs YTD 2023** |
| **Gross Profit** | Gross profit for 2024 was $58.8 million, which was $11.1 million higher than gross profit for 2023. The factors that affected Adjusted EBITDA also affected gross profit. | Gross profit for 2024 was $233.8 million, which was $34.6 million lower than gross profit for 2023. Excluding the impact of the maintenance turnaround at North Vancouver and the work stoppage at the Canadian Railways, gross profit was $10.9 million lower than 2023. The factors that affected Adjusted EBITDA also affected gross profit. |

## Corporate Costs

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

| | Three months ended | | Year ended | |
|---|---|---|---|---|
| *($'000)* | December 31, 2024 | December 31, 2023 | December 31, 2024 | December 31, 2023 |
| Corporate costs (Adjusted EBITDA) | $ (37,344) | $ (29,448) | $ (113,658) | $ (101,292) |

| | CORPORATE COSTS | |
|---|---|---|
| | **Q4 2024 vs Q4 2023** | **YTD 2024 vs YTD 2023** |
| **Corporate costs** | Corporate costs for 2024 were $7.9 million higher than 2023. Corporate costs for 2024 include $7.4 million of realized foreign exchange losses compared with $0.2 million of realized foreign exchange gains in 2023. Excluding realized foreign exchange, corporate costs were similar to 2023 primarily due to:<br>• lower legal and other costs,<br>offset by:<br>• $2.1 million of higher incentive compensation costs. | Corporate costs for 2024 were $12.4 million higher than 2023. Corporate costs for 2024 include $4.2 million of realized foreign exchange losses compared with $0.4 million of realized foreign exchange gains in 2023. Excluding realized foreign exchange, corporate costs were $7.6 million higher than 2023 primarily due to:<br>• $8.0 million higher LTIP and incentive compensation costs, and<br>• higher legal and other costs,<br>partially offset by:<br>• provisions recorded for non-income tax related audits during 2023. |

## Foreign Exchange

We have certain operating subsidiaries that use the USD as their functional currency. As we report in CAD, our reported net earnings are exposed to fluctuations in the CAD/USD exchange rate. If the CAD weakened by one-cent (for example, from $1.44 to $1.45 for US$1.00), on an unhedged basis, this would have the impact as below:

| Measure | Impact |
|---|---|
| Annual net earnings | +$3.0 million |
| Adjusted EBITDA | +$3.9 million |
| Annual distributable cash after maintenance capital expenditures | +$2.9 million |

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

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

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

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

All foreign exchange contracts are under ISDA agreements. Contracts in place at December 31, 2024 include future contracts to sell the following amounts for periods through to March 2026:

| Amount ($'000) | Maturity | Exchange rate |
|---|---|---|
| US$57,630 | Q1 2025 | $1.36 |
| US$35,077 | Q2 2025 | $1.37 |
| US$32,177 | Q3 2025 | $1.38 |
| US$16,000 | Q4 2025 | $1.37 |
| US$7,000 | Q1 2026 | $1.37 |

The purpose of these contracts is to manage foreign exchange risk on specific transactions in a foreign currency. The amount of the related derivative is recorded at fair value at the period end and is included with prepaid expense and other assets or trade and other payables on the Consolidated Statements of Financial Position. The resultant non-cash charge or gain is included in selling and administrative expense. The impact of this non-cash charge or gain is excluded from Adjusted EBITDA and Distributable cash after maintenance capital expenditures. See Non-IFRS and Other Financial Measures on page 59.

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

December 31, 2023 and December 31, 2024. For the three months and year ended December 31, 2024, foreign exchange losses of $3.2 million and $8.6 million, respectively, on the revaluation of the USD-denominated debt was recognized in other comprehensive income, compared with foreign exchange gains, before taxes, of $5.6 million and $2.6 million, respectively, during the three months and year ended December 31, 2023.

The rate of exchange used to translate USD-denominated balances has increased from a rate of US$1.00 = $1.32 at December 31, 2023 to US$1.00 = $1.44 at December 31, 2024. See **Risks and Uncertainties** on MD&A on page 39 for additional comments on foreign exchange.

# NET FINANCE COSTS AND INCOME TAXES

### Net Finance Costs

During the three months and year ended December 31, 2024, net finance costs were $11.5 million and $72.6 million, respectively, compared with net finance costs of $33.7 million and $24.0 million, respectively, during the same periods of 2023.

<table>
<tr><th>Q4 2024 vs Q4 2023</th><th>YTD 2024 vs YTD 2023</th></tr>
<tr><td>Net finance costs were $22.2 million lower during 2024 relative to 2023. The decrease was primarily due to:<ul><li>$17.4 million of lower losses related to the change in fair value of Debentures in 2024 compared with 2023,</li><li>$2.9 million of gains related to the change in the fair value of interest rate swaps during 2024 compared with $5.7 million of losses during 2023, and</li><li>$1.8 million lower interest on Debentures in 2024 compared to 2023,</li></ul>partially offset by:<ul><li>$3.0 million of higher interest expense on long term debt.</li></ul></td><td>Net finance costs were $48.6 million higher during 2024 relative to 2023. The increase was primarily due to:<ul><li>$18.6 million of losses related to the change in fair value of Debentures during 2024 compared with $33.8 million of gains for 2023,</li><li>$3.9 million of higher interest expense on long-term debt, and</li><li>$3.4 million lower interest income,</li></ul>partially offset by:<ul><li>$5.0 million lower transaction costs incurred on issuance of Debentures in 2023,</li><li>$5.2 million lower interest on Debentures in 2024 compared to 2023, and</li><li>$6.3 million of lower losses related to the change in the fair value of interest rate swaps during 2024 compared with 2023.</li></ul></td></tr>
</table>

The Debentures are recognized at fair value with changes in fair value due to changes in the risk free interest rate presented in net finance costs and changes in our own credit risk presented in other comprehensive income rather than net earnings. During the three months and year ended December 31, 2024, the fair value of the Fund's Debentures decreased by $0.8 million and increased by $13.1 million, respectively, and increased by $12.3 million and decreased by $3.9 million, respectively, during the same periods of 2023.

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

| | | Three months ended December 31, | | | Year ended December 31, | | |
|---|---|---|---|---|---|---|---|
| ***($ million)*** | **Recorded in** | **2024** | **2023** | **Variance** | **2024** | **2023** | **Variance** |
| Increase (decrease) due to a change in risk free rate and a change in the conversion option fair value | Net finance costs | $ 1.8 | $ 19.2 | $ (17.4) | $ 18.6 | $ (33.8) | $ 52.4 |
| (Decrease) increase due to a change in our credit risk, net of taxes | Other comprehensive income | (2.6) | (5.5) | 2.9 | (4.0) | 28.3 | (32.3) |
| Tax (expense) recovery due to own credit risk | Other comprehensive income | 0.0 | (1.5) | 1.5 | (1.5) | 1.6 | (3.1) |
| (Decrease) increase in fair value of Debentures | | $ (0.8) | $ 12.3 | $ (13.1) | $ 13.1 | $ (3.9) | $ 17.0 |

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

The weighted average effective annual interest rate of the Credit Facilities at December 31, 2024 was 5.4% (December 31, 2023 - 3.5%). See **Liquidity and Capital Resources - Financial Instruments** for information concerning swap arrangements on page 27.

### Income Taxes

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

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

| | Q4 2024 vs Q4 2023 | YTD 2024 vs YTD 2023 |
|---|---|---|
| **Income taxes** | Income tax expense in 2024 was $2.9 million lower than the same period of 2023. The change was primarily due to:<br>• lower operating income in 2024 relative to the same period of 2023,<br>• return-to-provision adjustments related to prior years, and<br>• higher amounts of deferred tax recovery associated with the change in fair value of the Debentures in 2024 relative to 2023,<br>partially offset by:<br>• unfavourable taxable foreign exchange in Brazil. | Income tax expense in 2024 was $1.9 million higher than the same period of 2023. The change was primarily due to:<br>• a lower proportion of operating income offset by available tax losses in 2024 relative to the same period of 2023,<br>• lower amounts of deferred tax recovery associated with the change in fair value of the Debentures in 2024 relative to 2023, as well as the repayment of the Fund 2020 8.50% Debentures in 2024, and<br>• unfavourable taxable foreign exchange in Brazil,<br>partially offset by:<br>• lower operating income in 2024 relative to the same period of 2023,<br>• return-to-provision adjustments related to prior years, and<br>• lower business interest expense carried forward and not recognized as deferred tax assets. |

| | As at December 31, 2024 vs December 31, 2023 |
|---|---|
| **Deferred tax assets and liabilities** | Net deferred tax assets decreased by $3.0 million which was primarily due to:<br>• utilization of loss carryforwards previously recognized as deferred tax assets to offset operating income earned in 2024, and<br>• an increase in deferred tax liabilities related to unrealized foreign exchange,<br>partially offset by:<br>• a decrease in deferred tax liabilities related to depreciation of non-deductible intangible assets and fixed assets, as well as the change in fair value of debentures and the repayment of the 2020 Fund 8.50% Debentures, and<br>• additional deferred tax assets related to other long-term liabilities and employee benefits. |
| **Income taxes receivable** | We made income tax payments of $17.6 million in 2024 to the CRA. As we are disputing the deductibility of certain Canadian tax losses with the CRA which would offset the taxes owed for 2021 to 2024, we have recorded these payments as non-current income taxes receivable in the Consolidated Statements of Financial Position. We have appealed this assessment by the CRA and the resolution of this matter in our favour would result in significant taxes paid on our account to be refunded. We believe that our asserted position is appropriate and would be sustained upon full examination by tax authorities and, if necessary, upon consideration by judicial process. The cumulative amount of taxes paid to CRA related to this matter is $66.0 million. |

Our income tax expense for the year ended December 31, 2024 was $43.9 million and the effective tax rate was 25.7%. The effective tax rate differs from the statutory tax rate of 25.3% primarily due to the net deferred tax impact 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, impact 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.

# DISTRIBUTIONS

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

| Record Date | Payment Date | Distribution Per Unit [(1)] | Total ($'000) |
|---|---|---|---|
| Three months ended December 31: | | | |
| October 31, 2024 | November 29, 2024 | $ 0.055 | $ 6,666 |
| November 29, 2024 | December 31, 2024 | 0.055 | 6,619 |
| December 31, 2024 | January 31, 2025 | 0.055 | 6,548 |
| Sub-total | | 0.165 | 19,833 |
| Three months ended September 30, 2024 | | 0.165 | 19,849 |
| Three months ended June 30, 2024 | | 0.165 | 19,333 |
| Three months ended March 31, 2024 | | 0.165 | 19,333 |
| Total for the year ended December 31, 2024 | | **$ 0.660** | **$ 78,348** |

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

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

| Record Date | Payment Date | | Distribution Per Unit [1] | | Total ($'000) |
|---|---|---|---|---|---|
| Three months ended Dec 31: | | | | | |
| October 31, 2023 | November 27, 2023 | $ | 0.050 | $ | 5,870 |
| November 30, 2023 | December 22, 2023 | | 0.050 | | 5,877 |
| December 29, 2023 | January 26, 2024 | | 0.050 | | 5,884 |
| Sub-total | | | 0.150 | | 17,631 |
| Three months ended September 30, 2023 | | | 0.150 | | 17,566 |
| Three months ended June 30, 2023 | | | 0.150 | | 17,503 |
| Three Months ended March 31, 2023 | | | 0.150 | | 17,440 |
| **Total for the year ended December 31, 2023** | | **$** | **0.600** | **$** | **70,140** |

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

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

| | Other Income | Dividends [1] | Foreign Non-Business Income | Total |
|---|---|---|---|---|
| 2023 | 7.0% | 24.0% | 69.0% | 100% |
| 2024 [2] | 5.3% | 31.4% | 63.3% | 100% |

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

# CASH FLOWS

| ($'000) | Three months ended December 31, 2024 | Three months ended December 31, 2023 | Year ended December 31, 2024 | Year ended December 31, 2023 |
|---|---|---|---|---|
| Net cash flows from (used in): | | | | |
| Operating activities | $ 99,991 | $ 98,607 | $ 347,799 | $ 401,463 |
| Investing activities | (60,718) | (19,459) | (185,803) | (118,456) |
| Financing activities | (30,834) | (92,836) | (159,299) | (333,531) |
| Increase (Decrease) in cash and cash equivalents | 8,439 | (13,688) | 2,697 | (50,524) |
| Effect of exchange rates on cash held in foreign currencies | 723 | (583) | 1,276 | (521) |
| Cash and cash equivalents, beginning of the period | 16,335 | 35,795 | 21,524 | 72,569 |
| Cash and cash equivalents, end of the period | $ 25,497 | $ 21,524 | $ 25,497 | $ 21,524 |

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

| | Q4 2024 vs Q4 2023 | YTD 2024 vs YTD 2023 |
|---|---|---|
| **Operating Activities** | Cash flows from operating activities in 2024 were an inflow of $100.0 million, compared with $98.6 million for the same period of 2023. The increase in cash flows from operating activities of $1.4 million was primarily due to higher Adjusted EBITDA, partially offset by changes in working capital and higher income taxes paid. | Cash flows from operating activities in 2024 were an inflow of $347.8 million, compared with $401.5 million for the same period of 2023. The decrease in cash flows from operating activities of $53.7 million was primarily due to lower Adjusted EBITDA and changes in working capital, partially offset by lower income taxes paid. |
| **Investing Activities** | Capital expenditures were $60.7 million in 2024, compared with $67.4 million for the same period in 2023. These amounts included $36.1 million during 2024 and $43.6 million in 2023 for maintenance capital expenditures[1]. Non-maintenance capital expenditures[2] were $24.7 million in 2024, compared with $23.8 million in 2023. Most of the non-maintenance capital spending during 2024 was for small expansion projects of water solutions products and for the ultrapure sulphuric acid business, primarily for the expansion at our facility in Cairo, OH. | Capital expenditures were $185.8 million in 2024, compared with $166.4 million in 2023. These amounts included $104.5 million in 2024 and $104.2 million in 2023 for maintenance capital expenditures[1]. Non-maintenance capital expenditures[2] were $81.3 million in 2024, compared with $62.1 million in 2023. Most of the non-maintenance capital spending during 2024 was for the ultrapure sulphuric acid business, primarily for the expansion at our facility in Cairo, OH and small expansion projects of water solutions products. |

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

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

During the fourth quarter of 2023, we completed the sale of our $P_2S_5$ business for cash proceeds of $49.8 million (US$36.4 million).

| | Q4 2024 vs Q4 2023 | YTD 2024 vs YTD 2023 |
|---|---|---|
| **Financing Activities** | Cash flows from financing activities in 2024 were an outflow of $30.8 million, compared with an outflow of $92.8 million for the same period of 2023. The decrease in cash used in financing activities of $62.0 million was primarily due to the net increase in borrowings from our Credit Facilities in the fourth quarter of 2024, compared to a decrease in the net borrowings from our Credit Facilities in the fourth quarter of 2023, partially offset by purchase of units under the NCIB and higher distributions to unitholders. | Cash flows from financing activities in 2024 were an outflow of $159.3 million, compared with an outflow of $333.5 million for the same period of 2023. The decrease in cash used in financing activities of $174.2 million was primarily due to the issuance of the Notes in 2024 and lower settlements of Debentures in 2024, partially offset by the issuance of the Fund 2023 7.00% Debentures in 2023, and a higher net decrease in borrowings from our Credit Facilities, purchase of units under the NCIB, and higher distributions to unitholders in 2024. |

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

During the second quarter of 2023, we redeemed $201.0 million principal amount of the outstanding Fund 2017 4.75% Debentures at a total aggregate redemption price of $203.5 million, being equal to the principal amount of debentures redeemed, plus accrued and unpaid interest to, but excluding, the redemption date.

During the third quarter of 2024, the Fund completed an SIB, pursuant to which Chemtrade acquired all of the tendered Fund 2020 8.50% Debentures for total consideration of $37.6 million, ($28.3 million par value), including all accrued and unpaid interest. Also during the third quarter of 2024, the Fund announced its intention to redeem all of the remaining Fund 2020 8.50% Debentures. Pursuant to this, the remaining Fund 2020 8.50% Debentures were retired by the issuance of 7.0 million units to the debenture holders who elected to convert their Debentures and the payment of $6.2 million to those who did not elect to convert.

During the third quarter of 2024, Chemtrade closed a private offering of $250.0 million of aggregate principal amount of Notes and incurred transaction costs of $6.0 million. The net proceeds of the issuance were used to reduce borrowings from our Credit Facilities.

In June 2024, we implemented an NCIB, under which, the Fund is authorized to purchase up to 11.7 million units over a 12 month period ending June 2, 2025. Purchases of units for the fourth quarter and year ended December 31, 2024 were $28.1 million and $54.5 million, respectively, which were funded by cash flows from operations.

There was a net increase in borrowings from our Credit Facilities of $35.8 million and a net decrease in borrowings of $161.8 million during the three months and year ended December 31, 2024 respectively, compared with a net decrease of $63.2 million and $121.1 million, respectively, for the same periods of 2023. The decrease in borrowings for 2024 was a result of using proceeds received from the issuance of the Notes. During 2023, a portion of the proceeds from the Fund 2023 7.00% Debentures were used to reduce borrowings from our Credit Facilities.

Distributions paid to Unitholders, net of distributions reinvested during the three months and year ended December 31, 2024 were $20.0 million and $76.6 million, respectively compared to $14.4 million and $58.0 million for the same periods of 2023. The increase in distributions paid for the three months and year ended December 31, 2024 relative to 2023 was primarily due to an increase in units outstanding as a result of conversions of the Debentures, partially offset by purchases under the NCIB, and an increase in monthly distributions from $0.050 per unit to $0.055 per unit effective with the distribution declared in January 2024.

# LIQUIDITY AND CAPITAL RESOURCES

### Cash and Cash Equivalents

At December 31, 2024, we had cash and cash equivalents of $25.5 million (December 31, 2023 - $21.5 million) and a Net working capital[1] deficit of $106.7 million (December 31, 2023 - $83.8 million). The Net working capital deficiency is sufficiently covered by availability under the Credit Facilities. Cash we generate will be used to fund cash distributions to Unitholders, capital requirements, interest, general trust purposes and other legal obligations.

### Future Liquidity

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

### Capital Resources

| *($'000)* | | **December 31, 2024** | | **December 31, 2023** |
|---|---|---|---|---|
| Long-term debt (1) | $ | 343,295 | $ | 246,545 |
| Debentures (1) | | 340,000 | | 425,552 |
| Total debt (2) | $ | 683,295 | $ | 672,097 |

(1) Principal outstanding amount

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

At December 31, 2024, we had Credit Facilities of approximately $863.0 million (US$600.0 million). At December 31, 2024, we had drawn $93.3 million on our Credit Facilities. Additionally, we had committed a total of $19.6 million of our Credit Facilities towards standby letters of credit. At December 31, 2024, we had undrawn US$521.5 million on our Credit Facilities.

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

In October 2024, Chemtrade amended certain terms of its Credit Facilities by extending the maturity of the facility to October 2028. See **Recent Developments** on page 6.

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

During Q3 2024, Chemtrade closed its private offering of $250.0 million of Notes. The Notes include early redemption options allowing Chemtrade to redeem the Notes at a premium, in cash, any time prior to August 27, 2028 and at principal any time after August 28, 2028. In January 2025, Chemtrade closed its private offering of an additional $125.0 million aggregate principal amount of 6.375% Notes due August 28, 2029, resulting in a total of $375.0 million principal amount of 6.375% Notes due August 28, 2029 outstanding.

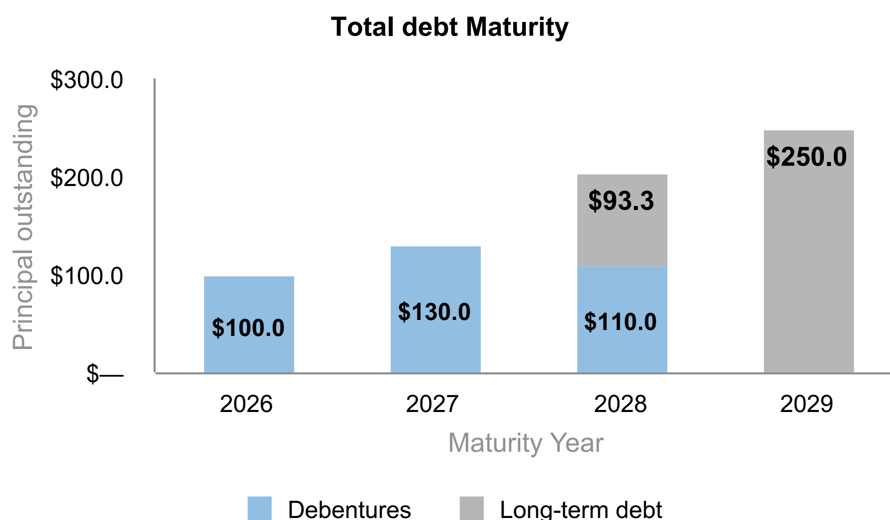
Effective January 1, 2024, we have presented the Debentures as current liabilities in the Consolidated Statements of Financial Position in accordance with amendments to IAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current.* Since the amendments are applicable retrospectively, we have restated the December 31, 2023 Consolidated Statements of Financial Position by re-classifying the Debentures from non-current to current liabilities. While these are presented as current liabilities, Debenture holders do not have the right to demand their repayment prior to their maturity date, which for all the outstanding series of Debentures is more than one year in the future. However, Debenture holders have the right to convert Debentures into units at predetermined prices, thus, the Debentures are classified as current liabilities (see **Recent Developments** on page 6 and **Standards and Interpretations** on page 54).

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

| | Fund 2019 6.50% Debentures | Fund 2021 6.25% Debentures | Fund 2023 7.00% Debentures | **Total** |
|---|---|---|---|---|
| Maturity | October 31, 2026 | August 31, 2027 | June 30, 2028 | |
| Interest Rate | 6.50 % | 6.25 % | 7.00 % | |
| Principal outstanding at December 31, 2024 | $ 100.0 | $ 130.0 | $ 110.0 | $ 340.0 [(1)] |
| Conversion Price per unit | $ 15.80 | $ 10.00 | $ 12.85 | |

(1) At December 31, 2024, the market value of the outstanding Debentures was $356.6 million.

The graph below shows the maturity of our Total debt as at December 31, 2024:



### Debt Covenants

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

### Financial Instruments

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

During the third quarter of 2022, we de-designated our interest rate swaps and hedge accounting on these swaps was discontinued prospectively. The accumulated balance of the change in fair value of the interest rate swaps in other comprehensive income at the time the swaps were de-designated was reclassified to net earnings until October 2024. For the three months and year ended December 31, 2024, we reclassified $0.9 million and $6.1 million, respectively (2023 - $1.8 million and $7.0 million, 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 months and year ended December 31, 2024, we recognized a gain of $2.9 million and a loss of $3.9 million, respectively (2023 - loss of $5.7 million and loss of $10.2 million, respectively) in net earnings relating to the changes in the fair value of the swaps.

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

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

We have entered into cash-settled unit swap arrangements which fix the unit price on a portion of the RSU and PSU components of our LTIP awards and a portion of the deferred units awarded under the DUP. During the first quarter of 2023, we rolled over the hedged units maturing on March 31, 2023, into 2024, 2025 and 2026. During the first quarter of 2024, we rolled over the hedged units maturing on March 31, 2024, into 2025, 2026 and 2027. The RSU component of the LTIP awards is a phantom plan which is payable in cash at the end of the performance period. The PSU component of the LTIP awards gives a right to the participants to receive cash payments upon the achievement of performance goals during the performance periods. As at December 31, 2024, the notional number of units hedged was 2.5 million (December 31, 2023 - 2.4 million) with maturity dates ranging between March 2025

and March 2027. Distributions on the hedged units are notionally reinvested in these swap arrangements. These RSU and PSU swaps are formally designated as cash flow hedges at the date of inception and any changes in the fair value of the unvested portion of the RSU and PSU hedges are recognized in other comprehensive income. However, the swaps which fix the unit price on deferred units are not formally designated as cash flow hedges and any changes in the fair value of the deferred units swaps are recognized in net earnings. As at December 31, 2024, the notional number of units not designated as hedges was 0.7 million (December 31, 2023 - 0.5 million) maturing in March 2025.

# FINANCIAL CONDITION REVIEW

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

| *($'000)* | **December 31, 2024** | **December 31, 2023** | **$ Change** | **% Change** |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Property, plant and equipment | 1,088,145 | 963,813 | 124,332 | 13 |
| Right-of-use assets | 186,036 | 165,043 | 20,993 | 13 |
| Income taxes receivable | 66,000 | 48,381 | 17,619 | 36 |
| **LIABILITIES and UNITHOLDERS' EQUITY** | | | | |
| Convertible unsecured subordinated debentures | 356,596 | 437,517 | (80,921) | (18) |
| Long-term debt | 336,250 | 246,545 | 89,705 | 36 |
| Long-term lease liabilities | 148,268 | 130,583 | 17,685 | 14 |
| Contributed Surplus | 26,384 | 9,720 | 16,664 | 171 |
| Accumulated other comprehensive income | 257,714 | 196,933 | 60,781 | 31 |

| | |
|---|---|
| **Property, plant and equipment** | Increase is primarily due to additions and foreign exchange rate changes, partially offset by depreciation. |
| **Right-of use assets** | Increase is primarily due to ROU asset additions from new leases and renewal of expiring leases, partially offset by depreciation. |
| **Income taxes receivable** | Increase is primarily due to Canadian income taxes paid relating to the 2023 and 2024 taxation years. We are disputing the deductibility of certain Canadian tax losses with the CRA which would offset the taxes owed for 2021 to 2024. We have appealed this assessment by the CRA and the resolution of this matter in our favour would result in significant taxes paid on account to be refunded. |
| **Convertible unsecured subordinated debentures** | Decrease is primarily due to the elimination of the Fund 2020 8.50% Debentures through a combination of a substantial issuer bid, conversions into units followed by a redemption. This was partially offset by an increase in fair value of our Debentures. |
| **Long-term debt** | Increase is primarily due to the issuance of the Notes partially offset by re-payment of our Credit Facilities. |
| **Long-term lease liabilities** | Increase is primarily due to lease liability additions from new leases, renewal of expiring leases and foreign exchange rate changes partially offset by lease re-payments. |
| **Contributed Surplus** | Increase is due to the difference in the book value of our average unit price compared to the price paid under the NCIB. |
| **Accumulated other comprehensive income** | Increase is primarily due to the effect of the change in the foreign exchange rates on our foreign operations, partially offset by changes in the net investment hedge of foreign operations. |

# SUMMARY OF QUARTERLY RESULTS

| ($ millions) | Q4 2024 | Q3 2024 | Q2 2024 | Q1 2024 | Q4 2023 | Q3 2023 | Q2 2023 | Q1 2023 |
|---|---|---|---|---|---|---|---|---|
| Revenue | $ 446.5 | $ 474.1 | $ 448.1 | $ 418.2 | $ 422.0 | $ 483.5 | $ 470.0 | $ 471.3 |
| Cost of sales and services | (347.9) | (348.9) | (339.5) | (320.2) | (359.9) | (354.9) | (350.0) | (361.4) |
| Gross profit | 98.6 | 125.2 | 108.6 | 98.0 | 62.1 | 128.6 | 120.0 | 109.9 |
| Selling and administrative expenses: | | | | | | | | |
| Unrealized foreign exchange gain (loss) | (21.4) | 1.3 | (2.1) | (5.2) | 8.2 | (5.3) | 4.3 | 3.8 |
| Realized foreign exchange gain (loss) | (5.0) | 2.2 | (3.5) | (1.4) | 0.7 | (1.2) | 2.5 | (0.4) |
| LTIP | (4.5) | (9.3) | (6.0) | (3.6) | (5.2) | (4.0) | (4.0) | (4.1) |
| Lawsuit settlement | — | — | — | — | — | — | — | — |
| Other | (34.9) | (29.4) | (32.5) | (28.0) | (34.6) | (33.1) | (28.0) | (27.8) |
| Total selling and administrative expenses | (65.8) | (35.2) | (44.1) | (38.2) | (30.9) | (43.6) | (25.2) | (28.5) |
| Gain on disposal of assets | — | — | — | — | 24.3 | — | — | — |
| Impairment of Joint Venture | (3.8) | — | — | — | — | — | — | — |
| Share of loss from joint venture | — | — | — | — | — | (0.1) | (0.6) | (0.7) |
| Operating income | 29.0 | 90.0 | 64.5 | 59.8 | 55.5 | 85.0 | 94.2 | 80.7 |
| Net finance costs: | | | | | | | | |
| Change in fair value of Debentures | (1.8) | 2.7 | (26.0) | 6.6 | (19.2) | 14.5 | 5.3 | 33.2 |
| Transaction costs on issuance of Debentures | — | — | — | — | — | — | — | (5.0) |
| Income reclassified from other comprehensive income | 0.9 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 |
| Change in the fair value of interest rate swaps | 2.9 | (6.0) | (0.1) | (0.7) | (5.7) | (2.1) | 1.6 | (3.9) |
| Other | (13.5) | (14.6) | (15.0) | (13.3) | (10.6) | (11.8) | (14.2) | (13.4) |
| Total net finance (costs) income | (11.5) | (16.1) | (39.3) | (5.6) | (33.7) | 2.4 | (5.5) | 12.7 |
| Income tax expense | (7.2) | (13.8) | (10.6) | (12.2) | (10.1) | (16.7) | (1.4) | (13.9) |
| Net earnings | $ 10.3 | $ 60.1 | $ 14.6 | $ 42.0 | $ 11.7 | $ 70.8 | $ 87.3 | $ 79.5 |
| Adjusted EBITDA | $ 108.6 | $ 137.2 | $ 115.1 | $ 109.9 | $ 84.6 | $ 142.1 | $ 144.2 | $ 131.7 |
| Net earnings per unit | $ 0.09 | $ 0.51 | $ 0.12 | $ 0.36 | $ 0.10 | $ 0.61 | $ 0.75 | $ 0.69 |
| Diluted net earnings per unit | $ 0.09 | $ 0.40 | $ 0.12 | $ 0.25 | $ 0.10 | $ 0.41 | $ 0.57 | $ 0.32 |

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

### Revenue and Gross Profit

Gross profit for the last six months of 2024 was higher relative to the same period of 2023 due to an improvement in margins for water solutions products and sodium nitrite as well as higher selling prices for caustic soda, sodium chlorate and HCl, partially offset by lower sales volumes of sodium chlorate. Gross profit for the third quarter of 2024 was negatively affected by the work stoppage at Canadian railways. Excluding this, gross profit for the third quarter of 2024 is similar to the third quarter of 2023. Gross profit for the first six months of 2024 was lower relative to the same period of 2023 due to significantly lower selling prices for caustic soda and lower margins for Brazil, sodium nitrite and merchant acid partially offset by an improvement in margins for water solutions products, sodium chlorate, HCL and chlorine. Gross profit for the second quarter of 2024 was also negatively affected by the impact of the maintenance turnaround at North Vancouver.

### Selling and Administrative Expenses

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

### Net Finance Costs

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

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

## OUTSTANDING SECURITIES OF THE FUND

As at February 26, 2025 and December 31, 2024, the following units and securities convertible into our units were issued and outstanding:

| | | February 26, 2025 | | December 31, 2024 | |
|---|---|---|---|---|---|
| | Maturity | Convertible Securities | Units | Convertible Securities | Units |
| **Units outstanding** | | | **116,282,132** | | **119,010,732** |
| **6.50% Debentures [(1)]** | **October 31, 2026** | **100,000** | **6,329,114** | **100,000** | **6,329,114** |
| **6.25% Debentures [(2)]** | **August 31, 2027** | **130,000** | **13,000,000** | **130,000** | **13,000,000** |
| **7.00% Debentures [(3)]** | **June 30, 2028** | **110,000** | **8,560,311** | **110,000** | **8,560,311** |
| **Units outstanding and issuable upon conversion of Debentures** | | | **144,171,557** | | **146,900,157** |
| **Deferred units plan [(4)(5)]** | | **$ 8,249** | **832,431** | **$ 9,059** | **828,080** |
| **Units outstanding and issuable upon conversion of Debentures and Deferred units** | | | **145,003,988** | | **147,728,237** |

(1) Convertible at $15.80 per unit

(2) Convertible at $10.00 per unit

(3) Convertible at $12.85 per unit

(4) Based on $9.91 and $10.94, the closing price of a unit on the TSX on February 26, 2025 and December 31, 2024, respectively

(5) 167,569 and 171,920 deferred units were available for future grants as at February 26, 2025 and December 31, 2024, respectively

## CONTRACTUAL OBLIGATIONS

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

| **Contractual Obligations *($'000)*** | **Total** | **Less Than 1 Year** | **2-3 Years** | **4-5 Years** | **After 5 Years** |
|---|---|---|---|---|---|
| Long-term debt | $ 343,295 | $ — | $ — | $ 343,295 | $ — |
| Debentures | 340,000 | — | 230,000 | 110,000 | — |
| Purchase commitments | 62,730 | 39,918 | 22,812 | — | — |
| Interest on Debentures | 60,491 | 22,325 | 34,348 | 3,818 | — |
| Interest on long-term debt | 93,890 | 20,981 | 42,213 | 30,696 | — |
| Lease payments | 218,005 | 66,274 | 103,562 | 38,523 | 9,646 |
| Trade and other payables | 318,131 | 318,131 | — | — | — |
| Distributions payable | 6,548 | 6,548 | — | — | — |
| Total contractual obligations | $ 1,443,090 | $ 474,177 | $ 432,935 | $ 526,332 | $ 9,646 |

# RELATED PARTIES

### Key Management Personnel Compensation

Key management personnel is comprised of our trustees and the senior leadership team. Trustees receive compensation in the form of an annual retainer. In addition to their salaries, we also provide other benefits to the senior leadership team. One such benefit is the contribution to a post-employment defined contribution plan on their behalf. Once the contribution reaches the limit allowed under the Income Tax Act (Canada), additional contributions are made to a non-registered account. We provide a basic contribution of 4% of base salary for plan participants. They can make additional voluntary contributions up to 2% of their base salary, and we match each dollar contributed up to 2% for a total of 6% of base salary. Contributions to the defined contribution plan vest immediately. These plans for the senior leadership team are identical to the plans offered to all employees in the same jurisdiction.

We offer a 401(k) plan to employees in the U.S. including key management personnel. The plan is a qualified retirement 401(k) plan, and is self-directed. Participants choose from a range of investment options offered by The Standard, who administers the plan. The interest and earnings on the investments held in the 401(k) plan account vary, and depend on the terms and of the investments chosen. Employees make voluntary contributions on each pay, and we match employee contributions up to 6% of eligible earnings subject to legislated government maximums. Our contributions to the 401(k) plan vest immediately.

The Annual Incentive Compensation ("Annual IC") plan entitles the senior leadership team to annual cash awards based on (i) our success in achieving financial objectives (financial achievement is weighted at 65% of the total annual IC award) and (ii) their individual success in accomplishing personal objectives (weighted at 35% of the total annual IC award) as set out in their objectives for the fiscal year.

The LTIP as described in our annual consolidated financial statements is designed to align the interests of the participants with the interests of Unitholders. It is a cash plan where payment is triggered upon the successful achievement of pre-defined performance criteria. Each year the Human Capital and Compensation Committee determines the performance period over which performance will be measured. The annual LTIP awards granted have been based on a three-year performance period and the awards vest at the end of the three-year period. The value of this compensation is re-measured at each reporting period based upon changes in the fair value of the awards.

Certain members of the senior leadership team are subject to a mutual term of notice upon termination of employment without cause; they are entitled to termination benefits of 12 to 18 months' gross salary. In addition they are entitled to either their target annual IC or a value based on the most recently completed financial year.

We have in place a deferred unit compensation plan for our non-management trustees, pursuant to which the trustees can elect to take all or a portion of their compensation in the form of our deferred units, with the remainder as a cash payment. Currently, the trustees must take at least 50% of their compensation in the form of our deferred

units. As at December 31, 2024, the market value of these deferred units, which is included in trade and other payables was $9.1 million (2023 - $5.8 million).

The key management personnel compensation expense including retirements costs, which is recorded in comprehensive income, is as follows:

| | 2024 | 2023 |
|---|---|---|
| Short-term compensation | $ 9,736 | $ 10,449 |
| LTIP | 17,434 | 10,999 |
| | $ 27,170 | $ 21,448 |

# FINANCIAL OUTLOOK

Chemtrade expects Adjusted EBITDA for 2025 to range between $430.0 million and $460.0 million. Based on the mid-point of guidance, including the anticipated spending on Growth capital expenditures and the changes in capital allocation, Chemtrade expects to end 2025 with a Net debt to LTM Adjusted EBITDA ratio close to 2x with an implied Payout ratio of approximately 48%.

Chemtrade's Adjusted EBITDA for 2024 was $470.8 million, marking the second-highest annual Adjusted EBITDA in Chemtrade's history. Achieving the midpoint of 2025 guidance would mark the third highest annual Adjusted EBITDA in Chemtrade's history. This level of Adjusted EBITDA reinforces the significant step-change in Chemtrade's Adjusted EBITDA and cashflow generation compared to pre-pandemic levels as it would be the fourth consecutive year at the higher level of earnings.

| | | Year end Actual | |
|---|---|---|---|
| ***($ million)*** | **2025 Guidance** | **December 31, 2024** | **December 31, 2023** |
| Adjusted EBITDA | $430.0 - $460.0 | $470.8 | $502.6 |
| Maintenance capital expenditures [(1)] | $100.0 - $120.0 | $104.5 | $104.2 |
| Growth capital expenditures [(1)] | $40.0 - $60.0 | $81.3 | $62.1 |
| Lease payments | $65.0 - $75.0 | $65.4 | $58.3 |
| Cash interest[(1)] | $45.0 - $55.0 | $45.7 | $42.4 |
| Cash tax [(1)] | $45.0 - $55.0 | $42.1 | $14.7 |

[(1)] Maintenance capital expenditures, Cash interest and Cash tax are supplementary financial measures. Growth capital expenditures is a non-IFRS financial measure. See **Non-IFRS and Other Financial Measures** on page 59.

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

- None of the principal manufacturing facilities (as set out in our AIF) incurs significant unplanned downtime.
- No labour disruptions at any of our principal manufacturing facilities (as set out in our AIF).

The current US administration has stated its intention to levy a 25% tariff on Canadian products being exported to the US effective March 1, 2025. It is difficult to estimate the impact of potential tariffs. This guidance does not take into account the impact of potential tariffs.

| Key Assumptions | 2025 Assumptions | 2024 Actual | 2023 Actual |
|---|---|---|---|
| Approximate North American MECU sales volumes | 180,000 | 172,000 | 181,000 |
| 2025 realized MECU netback being lower than 2024 (per MECU) | CAD ($115) | N/A | N/A |
| Average CMA NE Asia Caustic spot price index per tonne [(1)] | US$395 | US$385 | US$455 |
| Approximate North American production volumes of sodium chlorate | 250,000 | 270,000 | 283,000 |
| USD to CAD average foreign exchange rate | 1.360 | 1.370 | 1.349 |
| LTIP costs (in millions) | $15.0 - $20.0 | $23.3 | $17.3 |

[(1)] The average CMA NE Asia Caustic spot price for 2025, 2024 and 2023 is the average spot price of the four quarters ending with the third quarter of that year as the majority of our pricing is based on a one quarter lag.

### Update on Organic Growth Projects

We remain focused on our long-term objective of delivering sustained earnings growth and generating value for investors. To achieve this, we have identified various organic growth initiatives. In 2025, we plan to invest between $40.0 million and $60.0 million in growth capital expenditures, which includes expansions of water treatment chemicals, upgrades to ultrapure sulphuric acid production and other organic growth projects.

The Cairo project construction is complete, and the project is now in the startup process. The commercial ramp up will begin to take place in 2025. This will be one of the first ultrapure sulphuric acid plants in North America that is expected to meet the quality requirements for next generation semiconductor nodes. This project will further bolster our position as a leading North American supplier of ultrapure sulphuric acid to the semiconductor industry.

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

### Capital Allocation Update

We have implemented an NCIB, under which, we are authorized to purchase up to 11.7 million of our units over a 12 month period ending June 2, 2025. As of December 31, 2024, we purchased 5.1 million units as part of the NCIB. For the period from January 1, 2025 to February 26, 2025, 2.7 million units were purchased by the Fund under the NCIB's automatic share purchase plan.

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

In January 2025, Chemtrade issued an additional $125.0 million aggregate principal amount of 6.375% Notes due August 28, 2029, resulting in an aggregate principal amount of $375.0 million outstanding on these Notes. The Fund

incurred transaction costs of $2.5 million. The Fund will utilize the net proceeds of the issuance to reduce indebtedness and for general corporate purposes.

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

# RISKS AND UNCERTAINTIES

We operate a diversified business providing industrial chemicals and services to customers in North America and around the world. We are 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. We are a leading regional supplier of sulphur, chlor-alkali products, and zinc oxide. Additionally, we provide industrial services such as processing by-products and waste streams. We face various risks associated with our business. These risks include, amongst others, a general reduction in demand for our products, the loss of a portion of our customer base, the interruption of the supply of products or raw materials, price fluctuations in the products sold and/or raw materials purchased, industry capacity, capital project execution, acquisition integration and operational, transportation and product hazard risks associated with the nature of our business. We import key raw materials and products from overseas and as such have additional risks associated with the sourcing activity. We make extensive use of the railway system to transport material within North America. Certain locations are serviced by a sole carrier and thus a disruption in service or changes to the regulatory environment relating to transportation could have a significant negative impact on results. In addition, we sell a significant portion of our major products to large customers. While many of these customers are under contract, there can be no assurance that these contracts will be renewed. As our business is international in nature, we are exposed to foreign exchange risks related to the payment of dividends and other transactions by our foreign subsidiaries. For a more detailed discussion of our risks, please refer to the **RISK FACTORS** section of the most recently filed AIF.

We manage the risks associated with our customer base and sales prices by seeking to obtain contractual protection to mitigate these risks. We also seek to differentiate our products and services with customers to mitigate price fluctuations and use our scale to obtain beneficial raw material contracts.

Our Board of Trustees annually reviews a framework identifying the principal risks of our business, and ensures the implementation of appropriate systems to manage these risks. The Audit Committee reviews major financial risks, the systems implemented to monitor those risks and the strategies in place to manage those risks. Our Responsible Care Committee reviews major operational risks, the systems implemented to monitor those risks and the strategies in place to manage those risks. The Human Capital and Compensation Committee reviews our executive compensation programs to ensure they do not incentivize excessive risk-taking. The Governance and Nominating Committee oversees the allocation of risk oversight amongst the Board and its committees. In addition, we maintain an extensive insurance program which includes general liability and environmental coverage.

### Principal manufacturing facilities

Our EC segment relies on the following key facilities for a significant amount of its production:

Brandon, Manitoba: for all of our North American sodium chlorate production. Brandon is also our lowest cost source of production

North Vancouver, British Columbia: for all of our North American chlor-alkali production

Prince George, British Columbia: for sodium chlorate dissolving

Two plants at one site in Brazil: for all of our sodium chlorate and chlor-alkali production in South America.

The SWC segment's Anacortes, Washington, Beaumont, Texas, Celina, Texas, East St. Louis, Illinois, Fort McMurray, Alberta, Fort Saskatchewan, Alberta, Richmond, California, Syracuse, New York, Toledo, Ohio and Tulsa, Oklahoma facilities are also principal manufacturing facilities.

Significant unscheduled downtime at any of our principal manufacturing facilities could have a material adverse effect on our business, financial condition, and/or results of operations. Many things can result in unanticipated downtime, including equipment breakdowns, interruptions in the supply of raw materials or energy, power failures, sabotage, natural forces (including seismic activity), impacts of a pandemic or epidemic, or other normal hazards associated with the production of chemicals. We cannot provide any assurance that a significant interruption in the operation of any of our principal manufacturing facilities would be covered by insurance or would not otherwise have a material adverse effect on our business, financial condition, and/or results of operations.

North Vancouver, British Columbia

A portion of the land that the EC segment's North Vancouver, British Columbia facility is situated on is leased from the Vancouver Fraser Port Authority (the Port). After June 30, 2030, the lease restricts us from using the leased premises to receive, manufacture, store, and distribute liquid chlorine. We are assessing alternatives to address this restriction, but not finding a viable alternative could have a material adverse effect on our business, financial condition, and/or results of operations.

The lease terminates on June 30, 2032. At that time, the Port has the right to exercise an option to purchase the part of the land we own. We have entered into discussions with the Port regarding a renewal of the lease, but not finding a satisfactory outcome could have a material adverse effect on our business, financial condition, and/or results of operations.

The remainder of our North Vancouver, British Columbia facility is situated on land owned by Chemtrade. These lands are subject to the jurisdiction of the District of North Vancouver. Changes to the facility which are required or desirable for safety, operational or other reasons may require a development variance permit, rezoning, or other authorization or approval by the District of North Vancouver. Further to this, we intend to submit an application for rezoning with the District of North Vancouver. If Chemtrade is unable to obtain such authorization(s) or approval(s), including for our rezoning application, it could have a material adverse effect on our business, financial condition, and/or result of our operations.

### Raw materials - cost and access

Having an adequate supply of raw materials at reasonable prices and on acceptable terms is critical to our success. In particular:

- our EC segment requires electrical power for our operations. Electricity accounts for between two-thirds and three-quarters of the EC segment's total variable production costs.

- our EC segment requires significant quantities of salt brine for chlor-alkali and sodium chlorate production. Salt accounts for almost a quarter of the EC segment's total variable production costs.
- our SWC segment relies on an alumina source it uses as a raw material for the production of water treatment chemicals and zinc dust supply for the production of SHS
- some of our plants have access to only one rail carrier for the delivery of raw materials
- some of our raw materials are shipped from overseas, including Asian markets.

We try to mitigate the effect and unpredictability of the cost of power by locating facilities in regions that have relatively low-cost, regulated, hydroelectric power markets. We are, however, susceptible to changes in power prices in any of the markets we operate in. While this risk is greater in deregulated electricity markets like that in which we purchase electricity in Brazil, there is always a risk of regulatory or governmental changes in jurisdictions that are regulated. Electricity prices are generally influenced by regional or domestic factors, so we may pay more for electricity than competitors in other regions of North America or in other parts of the world, which could make us less competitive and reduce our financial performance. Failure to obtain electricity at reasonable prices and on acceptable terms could have a material adverse effect on our business, financial condition, and/or results of operations.

All of our salt is supplied by third parties and prices are subject to change for many reasons beyond our control. Management can give no assurances that we can secure adequate supplies of salt at competitive prices. If one of our suppliers fails to perform or ceases production of salt, its availability could be limited. Failure to obtain salt at reasonable prices and on acceptable terms could have a material adverse effect on our business, financial condition, and/or results of operations.

Industrial chemicals that we sell, and those we buy as raw materials, are both subject to market price fluctuations beyond our control. There can be no assurance that the price of the raw materials will not increase in the future, or that we will be able to pass an increase on to our customers. There is generally a lag time before we can pass increases and decreases in the price of raw materials on to our customers. If one of our suppliers fails to perform or ceases production of one of our raw materials, their availability could be limited. Some of our raw materials come from overseas, which bears supply chain risk. A disruption in the supply of any of our raw materials, or not being able to acquire raw materials at a reasonable price on acceptable terms, could have a material adverse effect on our business, financial condition, and/or results of operations.

Our SWC segment generally enters into contracts where we share or eliminate the risk of changes in the selling price of products we obtain as by-products from industrial producers. There can be no assurance, however, that we will be able to enter into these contracts, and do not have them for all of the products we sell. Whether or not we have entered into these contracts, fluctuations in the market price of any of our by-product supply could have a material adverse effect on our business, financial condition, and/or results of operations.

Below are sensitivities to sales prices, and where applicable, sales volumes for some of our significant finished products:

### Sales price and volumes for sodium chlorate and chlor-alkali

Every $50 change in the price per MT of North American produced sodium chlorate would have an impact on earnings before income taxes of approximately $13.5 million per annum. Every $100 change in the price per MECU of chlor-alkali products produced in North America would have an impact on earnings before income taxes of approximately $17.2 million per annum. These sensitivities to changes in prices are based on approximately 270,000 MT of North American sodium chlorate sales and 172,000 MECU of North American chlor-alkali sales for the year ended December 31, 2024.

A change in sales volumes for North American sodium chlorate of 10,000 MT would have an impact on earnings before income taxes of approximately $5.1 million per annum. A change in sales volumes for North American chlor-alkali products of 5,000 MECU would have an impact on earnings before income taxes of approximately $7.5 million per annum.

### Sulphuric Acid Pricing

A change in sulphuric acid pricing, net of freight, of $10 per tonne would have an impact on annual revenues in North America of approximately $8.9 million. In any specific period, the exact impact would depend upon the volumes that is subject to sales contracts where pricing has been fixed for a period of time. The magnitude of realized price changes also depends upon regional market dynamics. It is difficult to reliably estimate the impact of price changes on earnings as this depends upon the volumes subject to risk-sharing supply contracts and changes in sulphur costs for manufactured sulphuric acid. These factors lessen the impact of price changes on earnings relative to revenue.

Below are sensitivities to changes in key raw material and input costs:

### Electricity Price

Every four percent change in the price of electricity in North America would have an impact on earnings before income taxes of approximately $3.5 million per annum. This sensitivity to changes in electricity prices is based on North American electricity consumption of approximately 1,804,000 megawatt hours for the year ended December 31, 2024. A four percent change in the price of electricity in North America is considered reasonable given historical price changes and market expectations for future movement.

### Salt Costs

We use salt in the manufacturing of our sodium chlorate and chlor-alkali products. At current operating levels, an increase of $2 per tonne of salt prices in North America would have an impact of approximately $0.9 million per annum on earnings before income taxes.

### Sulphur Costs

We use sulphur in the manufacturing of several of our products, including sulphuric acid. At current operating levels, an increase of $10 per tonne would have an impact of approximately $1.2 million per annum on cost of sales and services. It is important to note that a change in the cost of sulphur is likely to lead to a change in the price for sulphuric acid as this is a key input cost in the manufacturing of sulphuric acid. Thus, the net impact on earnings of changes in sulphur costs would depend upon changes in sulphuric acid pricing.

### Market for chlor-alkali

The global market for the EC segment's chlor-alkali products is cyclical, and particularly sensitive to general economic trends, and to trends in the construction, pulp and paper, and oil and gas industries. A disruption or downturn in the general economy or in any of these industries, or additional chlor-alkali production capacity in the market, could have a material adverse effect on our business, financial condition, and/or results of operations. The selling prices of chlor-alkali products have been cyclical, depending on the price for imported caustic soda and the level of activity in the fracking industry. A downturn in chlor-alkali pricing, among other things, could have a material adverse effect on our business, financial condition, and/or results of operations.

### Tariffs, trade restrictions and disputes

We depend on the free flow of goods across the Canada-U.S. border and have significant exposure to disruptions in Canadian-U.S. trade relations. Trade restrictions, including tariffs, quotas, embargoes, safeguards, and customs restrictions, could increase the cost or reduce the supply of products available to us and our customers, or could require us to modify our current business practices. In particular, the current government administration in the United States has stated its intention to impose tariffs on goods imported into the United States from Canada. Chemtrade exports a number of products from Canada into the United States including chlor-alkali, sulphuric acid and sodium chlorate. If tariffs were imposed, we intend to pass any additional costs owing to tariffs on to customers; however, it is possible we may be unsuccessful in fully recovering such costs. Further, the effect of a blanket or far reaching tariff scheme or other broad trade restriction may have widespread effects across our entire supply chain and could decrease U.S. demand for our products, which could cause us to have to change our business operations and/or strategy. The Canadian government has stated its intention to introduce retaliatory tariffs on goods imported into Canada from the United States if the United States tariffs on Canadian imported goods go into effect. While the U.S. administration recently deferred the implementation of certain tariffs pending negotiations between Canada and the U.S., there is no assurance that these negotiations will result in a successful withdrawal of the tariff proposals or a reduction in tariff rates. It remains unclear the extent to which additional duties, tariffs, and/or other trade restrictions or other similar measures may be imposed by the United States or other countries, whether and if any changes to the currently announced tariffs will be applied, how long they may be in effect, the extent to which further retaliatory measures will be imposed, and whether other factors will support a pass through of all or a part of the tariffs to the market. While retaliatory tariffs, if implemented, are expected to have a minor direct impact on our business, it is difficult to predict the general impact of such tariffs across Chemtrade's value chain. The disruptions caused by the threat or imposition of trade restrictions including tariffs (or increases in the rate and/or scope thereof) could have a material adverse effect on our business, financial condition, and/or results of operations.

### Reliance on specific industries

Current global economic conditions have been characterized by increased volatility and uncertainty, making demand forecasts for our products uncertain. Many of the products we sell significantly depend on the pulp, paper, petroleum refineries, semiconductor, and base metals industries. For example, the EC segment is particularly reliant on the pulp industry, on both a regional and global scale and a decline in the pulp industry would result in decreased demand for sodium chlorate and caustic soda. Further, our ultrapure sulphuric acid, including organic growth projects related to this product, relies on the semiconductor industry. A significant reduction in demand or throughput in any of these industries could have a material adverse effect on our business, financial condition, and/or results of operations.

### Competition

We operate in competitive markets, and some of our competitors have greater economic resources and are well established as suppliers to the markets we serve. These competitors may be better able to withstand volatility within industries and throughout the economy as a whole while retaining significantly greater operating and financial flexibility.

Reduced demand for products, the stabilization of European energy prices, and increased competition in the North American sodium chlorate market are all factors that could materially impact the financial condition, operations and strategy of our existing sodium chlorate business.

Some of our water treatment products in the SWC segment are sold in regional markets with competitors that may have lower costs, including less of a commitment to environmental, health, safety, security and transportation compliance, and operating excellence. There can be no assurance that competition will not continue or increase, and this may have a material adverse effect on our business, financial condition, and/or results of operations.

Several of our niche water treatment products and services in the SWC segment are sold in select markets. There can be no assurance that these markets will not attract additional competitors that could have greater financial, technological, manufacturing, and/or marketing resources.

### Execution of growth strategy

Our strategy involves growing our size and scale and expanding our diversity of earnings. To do this, we seek to improve the businesses we own by pursuing organic growth opportunities from: key new products, additional capacity for existing products, and driving increased productivity across the organization. When it makes economic and strategic sense, we also grow by acquiring new businesses.

There are several risks inherent in this growth strategy. There can be no assurance that the organic growth projects we choose to pursue will result in increased earnings, or that we will be successful in realizing the full potential of organic growth opportunities we pursue. The decision to pursue certain projects relies on projected capital expenditures. Actual capital expenditures may be higher than anticipated, projects may be delayed due to lack of or delays in materials, lack of skilled personnel, weather, or other reasons. There is also a risk that the capital could be used ineffectively in the execution of these capital projects. The anticipated market for a growth opportunity may not

materialize or competition may be greater than expected.  Some of our organic growth projects rely on us or our partners obtaining government funding or some form of subsidy, credit or offset. There can be no assurance that such funding, subsidy, credit or offset will be obtained or continued. The  proposed project for our joint venture KPCT Advanced Chemicals LLC (KPCT) to build an ultrapure sulphuric acid facility in Arizona is an example of an organic growth project subject to such risks. The failure to achieve the anticipated potential of any growth opportunity could have a material adverse effect on our business, financial condition, and/or results of operations.

Similarly, there can be no assurance that we will identify attractive acquisition candidates, that acquisitions will improve earnings to the extent expected, or that we will be successful in integrating an acquired business. There may also be liabilities that are not or cannot be discovered in our due diligence before closing an acquisition. In particular, to the extent that previous owners of businesses failed to comply with or otherwise violated environmental, anti-trust or any other laws, we, as a successor owner, may be financially responsible for these violations. The discovery of any material liabilities or the occurrence of any of the aforementioned concerns related to acquisitions could have a material adverse effect on our business, financial condition, and/or results of operations.

### Physical risks from extreme weather and climate change

Many of our facilities are in areas that are at risk of extreme weather events, including hurricanes, tornadoes, tropical storms, floods, drought, wildfires, extreme cold, winter storms, or other severe weather conditions or seismic events. Further, the effects of climate change, such as more extreme temperatures, drought, flooding and extreme weather events, pose a risk to the operation of our facilities. There is also a risk that our customers, industrial producers, suppliers, and transportation networks could also be impacted by these factors.

Specifically, several of our facilities and customers are in the Gulf Region of the southern U.S., which is susceptible to hurricanes and other extreme weather events. Our Tulsa, OK facility is located in a tornado-prone area. Our sites have experienced hurricanes on the east and west coasts of the United States, flooding in BC affecting rail transportation and wild fires affecting our Fort McMurray, AB site and more generally, the east and west coasts of Canada and the U.S. We have several facilities on the west coast of North America (two facilities in CA, two in WA and three in BC), which is susceptible to earthquakes. The Richmond, CA facility conducts seismic surveys of the entire site every five years.

Investors are increasingly concerned about climate risk and may determine that our business' exposure to climate change is greater than that of other businesses, or that management is not reacting to climate change risks with sufficient timeliness or effectiveness and choose to divest of their Chemtrade holdings.

While we have insurance that covers certain extreme weather events, there can be no assurance that it will compensate for losses related to severe weather conditions or seismic events, including but not limited to the above events. The occurrence of any of these events could have a material adverse effect on our business, financial condition, and/or results of operations.

## Transportation

We rely heavily on rail and truck transportation to ship raw materials to our manufacturing facilities and to deliver finished products to our customers. This exposes us to a number of risks, including the risk of loss of life or property caused by product release during an accident, higher costs due in part to changes in regulations, and service slowdowns, delay, and/or interruptions that can affect our operations.

### Contracts and insurance

We enter into contracts with truck carriers that require appropriate safety standards and levels of insurance. Rail carriers require us to provide additional insurance and accept certain mandated or contractual liabilities. We have insurance in place to cover certain transportation-related risks, like accidental spills or releases during transit. There can be no assurance, however, that the coverage will respond or be adequate to compensate for a catastrophic loss, which could have a material adverse effect on our business, financial condition, and/or results of operations.

### Transportation costs

The cost of rail and truck transportation has been increasing for a number of years for several reasons:

- there has been a shortage of truck drivers across North America for a number of years which is expected to continue or increase
- railroads have either chosen to or have been required to make changes in their operations that have increased their costs, and they have passed these costs through to shippers
- TIH (Toxic Inhalation Hazard) and HHM (Highly Hazardous Materials) transportation regulations result in higher costs for Chemtrade, reduced service and potential restrictions. These shipments require special consideration and higher levels of security, which may result in constraints in transportation and higher costs to Chemtrade. Chemtrade's products that are classified as TIHs are chlorine, and hydrogen sulfide ($H_2S$). We also purchase and are responsible for safe transportation of sulphur dioxide ($SO_2$) which is used as a raw material.
- our insurance costs have also increased, both directly and indirectly (i) as railway companies shift liability (including third party liability) to us for shipping TIHs under both tariffs and contracts, and (ii) as truck carriers pass on their own increased insurance costs.

These costs could have a material adverse effect on our business, financial condition, and/or results of operations.

### Regulations

There is a continued and increasing regulatory focus on the shipment of hazardous products by rail. A large majority of Chemtrade's products are classified as hazardous products. In conjunction with many shipper organizations (American Chemistry Council & Chemistry Industry Association of Canada), we continue to lobby and educate the Canadian and American governments regarding the criticality of a reliable, efficient, and cost effective transportation

network across North America. We cannot predict the additional requirements and costs that may result from increasing regulation. These costs could have a material adverse effect on our business, financial condition, and/or results of operations.

### Accessibility of Facilities

To maintain ongoing operations, it is imperative to have free flow of inbound raw material and outbound finished goods at our manufacturing sites. We make extensive use of the railway system to transport our products and raw materials within North America. A majority of our locations are serviced by a single rail carrier, which means a disruption in service could have a significant negative impact on our business, financial condition, and/or results of operations. Inbound raw material to our North Vancouver, British Columbia site arrives by ship. These ships must meet strict draft requirements in order to navigate the Burrard Inlet to reach our site berth. Our Valleyfield, Quebec site is located on an island with only one rail and road connection to the facility which, if damaged, would impact access.

### Cybersecurity

We rely on management information and computer control systems to run our business and operate our facilities. With our increasing dependence on these systems, the risks associated with cybersecurity also escalate. The advent of Artificial Intelligence (AI) offers substantial benefits for enhancing our business operations. However, it also introduces new complexities in our cybersecurity defenses. We are actively integrating advanced security measures and governance controls to address these challenges, demonstrating our commitment to both technological advancement and robust cybersecurity. More detail about our cybersecurity and information security risk identification and management practices can be found in our most recent management information circular, which is available on our website (www.chemtradelogistics.com) and SEDAR+ (www.sedarplus.com). These measures and technologies may not adequately prevent security breaches, including ransomware attacks. Business, transportation and supply chain disruptions, plant and utility outages and information technology system interruptions, compromises to our information and control systems, and network disruptions resulting from cyber-attacks could have a material adverse effect on our business, financial condition, results of operations, and/or reputation. The risk exists of Chemtrade personnel acting upon disinformation or misinformation, whether arising from hacking, malice or ignorance on the part of the source of information. Actions or decisions based on misinformation or disinformation could have a material adverse effect on our business, financial condition, results of operations, and/or reputation.

### Exchange Rates

We have certain operating subsidiaries that use the USD as their functional currency. As we report in CAD, our reported net earnings are exposed to fluctuations in the CAD/USD exchange rate. If the USD strengthens by one-cent, on an unhedged basis, this would have a positive impact of approximately $3.0 million on our net earnings because of our USD-denominated term debt and vice-versa. See Foreign Exchange on page 17 for additional comments on exchange rates related risks. We hedge our investment in foreign operations that use the USD as their functional currency with our USD-denominated bank debt. See **Liquidity and Capital Resources - Financial Instruments** on page 27 for information concerning hedges.

### Significant customers and shared services

Several facilities are connected to suppliers or customers by pipeline, and some share services or facilities with an adjacent facility. These include:

SWC segment
- Anacortes, Washington
- Beaumont, Texas
- Fort McMurray, Alberta
- Fort Saskatchewan, Alberta
- Richmond, California
- Toledo, Ohio (sulphuric acid)

EC segment
- Espirito Santo, Brazil
- Prince George, British Columbia (sodium chlorate)

There can be no assurance that we will maintain our relationship with an adjacent facility or continue to obtain supply from, or serve, a customer or supplier at current levels. In addition, there is no assurance that any new agreement we enter into to supply, purchase, or share services or facilities will have terms as favourable as those contained in current arrangements.

Currently, 15 of our customers represent a significant portion (just over a quarter) of our revenue and operate in the pulp and paper and oil refining industries. A loss of one or more of these customers could have a material adverse effect on our business, financial condition, and/or results of operations. Many of our customer contracts are multi-year agreements, but there can be no assurance that notice of termination will not be given or that these contracts will be renewed at the end of the term.

Less favourable contract terms and conditions under any customer contract or contract for supply, purchase, or shared services or facilities, could have a material adverse effect on our business, financial condition, and/or results of operations.

### General Economic Conditions and Recession

Our business, financial condition and results from operations are affected by the general economic conditions prevailing in Canada, the United States and other jurisdictions in which we conduct business. Support for protectionism and rising anti-global sentiment in the United States and other countries may slow global growth. In recent years, across North America, growth has been slowing due to aggressive monetary tightening, weaker global demand, rising interest rates, supply constraints, labour shortages and high inflation rates.More recently, some of these pressures such as high inflation and interest rates have been abating. However, the recovery faces headwinds generated by, among other issues, ongoing disruptions to global supply chains, the war in Ukraine and conflict in the Middle-East, volatile oil and natural gas prices, price and wage inflation and labour market challenges. Rising geopolitical tensions are expected to contribute to a decline in growth rates in North American economies through the coming year. Any one or more of these conditions could have a material adverse effect on our business, financial condition, and/or results of operations.

### Geopolitical Risk

In 2024, geopolitical tensions continued with the ongoing war in Ukraine, conflict in the Middle East, and increasing U.S.-China tensions, all having significant global effects, including high energy prices and the erosion of business confidence. Since 2022, increased energy prices in Europe are benefiting our EC segment, but this effect may reverse at any time. Sanctions imposed on Russia by Ukraine's allies have also aggravated supply shortages, particularly energy, across the global economy. Other conflicts, such as in the Middle East and Africa, could also have negative effects on supply chains and North American prices. Trade tensions between China and the United States remain elevated, as the competition for technology dominance intensifies and both the United States and China seek to lessen economic dependence on each other. This could adversely affect business investment. It is difficult to predict and mitigate the potential economic and financial effects of trade-related events on the Canadian and U.S. economies. We actively monitor global and North American trends and continually assess our business in the context of these trends.

Any of these concerns could have a material adverse effect on our business, financial condition, and/or results of operations.

### Uncertainty regarding tax treatment

We are 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 us in our 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. We accrue and account for any probable assessments of tax; however, there can be no assurance as to the final resolution of any tax authority positions.

### Credit risk

Credit risk arises from the non-performance by counter-parties of their contractual financial obligations. We manage credit risk for trade and other receivables through established credit monitoring activities. We do not have a significant concentration of credit risk with any single counter-party. The primary counter-parties related to the foreign exchange forward contracts and interest rate swaps carry investment grade ratings. We believe our credit risk of counter-party nonperformance continues to be relatively low. We are in regular contact with our customers, suppliers and logistics providers, and to date have not experienced significant counter-party non-performance. However, if a key supplier or customer experiences financial difficulties or fails to comply with their contractual obligations, this could result in a significant financial loss to us. Our maximum exposure to credit risk at the reporting date is the carrying value of our receivables and derivative assets.

### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. We manage liquidity risk by maintaining adequate cash and cash equivalent balances, and by appropriately utilizing our lines of credit. We believe that cash flows from operating activities, together with cash on hand, cash from

receivables and borrowings available under the revolving credit facility are sufficient to fund our currently anticipated financial obligations, and will remain available in the current environment.

### Unit price risk

Unit price risk is the risk that changes in our own unit price affect earnings and cash flows. Earnings and cash flows from operating activities are affected when outstanding cash-settled RSUs and PSUs, issued under our LTIP awards and deferred units under DUP are revalued each period based on our unit price. Net cash flows from operating activities are affected when these cash-settled RSUs and PSUs and deferred units are ultimately settled. We enter into cash-settled unit swap arrangements to fix the unit price on a portion of the RSU and PSU components of our LTIP awards and deferred units to mitigate a portion of the unit price risk.

### Interest rate risk

We have a credit facility with long-term debt which bears variable rates of interest. As at December 31, 2024, on an unhedged basis, a change in interest rates of 1% per annum would have an impact of approximately $0.9 million on our net earnings per annum. As at December 31, 2024, we have fixed interest rates on 100% of our senior debt until December 2026 and 0% thereafter until October 2028.

# SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

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

### Significant judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements are:

(i) Income taxes - In the normal course of operations, judgment is required in assessing tax interpretations, regulations and legislation and in determining the provision for income taxes, deferred tax assets and liabilities, and the timing of reversals. We make judgments to evaluate whether we can recover a deferred tax asset based on our assessment of many factors, including interpretations of tax laws, expectation about the future taxable profit level, and the timing and reversal of temporary differences. To the extent that a recognition or de-recognition of a deferred tax asset is required, current period earnings or other comprehensive income will be affected.

(ii) Leases - We estimate the lease term by considering the facts and circumstances that can create an economic incentive to exercise an extension option, or not exercise a termination option. We make certain qualitative and quantitative assumptions when deriving the value of the economic incentive.

(iii) Intangible assets - Judgment is applied in determining CGUs for the purpose of impairment testing.

(iv) Provisions - We recognize provisions for the present value of anticipated costs. We apply judgment in determining whether we have a present obligation (legal or constructive) as a result of a past event, whether it is probable ("more likely than not") that an outflow of economic resources would be required to settle the obligation and whether the amount can be estimated reliably.

We are subject to litigation in the normal course of business. We have made judgments as to the likelihood of any claim succeeding in recording provisions.

### Key sources of estimation uncertainty

Information about assumptions and estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year are:

(i) Property, plant and equipment - Parts of an item of PPE may have different useful lives. We make significant estimates when determining depreciation rates and asset useful lives, which require taking into account company-specific factors, such as our past experience and expected use, and industry trends, such as technological advancements. Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(ii) Leases - ROU assets are measured at the initial amount of the lease liabilities plus any initial direct costs, lease payments made at or before the commencement date net of lease incentives received, and decommissioning costs. We estimate the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, our incremental borrowing rate, to measure the lease liability.

(iii) Intangible assets - When determining the value in use of goodwill and intangible assets during impairment testing, we use the following significant estimates: forecast operating margins, maintenance and other capital expenditures, terminal growth rates and discount rates. If actual results differ or a change in expectation arises, an impairment charge may be required.

We make significant estimates when determining the estimated useful lives of intangible assets, which require taking into account company-specific factors, such as our past experience and expected use, and industry trends, such as technological advancements. Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(iv) Provisions - Provisions have been recorded based on the present value of anticipated costs for future decommissioning and environmental liabilities. Decommissioning liabilities include future cost estimates of statutory, contractual, constructive or legal obligations associated with the decommissioning of our plants. Environmental liabilities are recorded based on the current interpretation of environmental laws and regulations when it is probable that a liability has been incurred and the amount of such a liability can be reliably estimated.

Cash outflows associated with these provisions are generally expected to occur at future dates and are long-term in nature. The calculation of these provisions require assumptions such as the discount rate and cost estimates. The provisions recognized are periodically reviewed and updated based on the facts and circumstances available at the time.

Provisions for legal claims are recognized when a past event creates a legal or constructive obligation that can be reasonably estimated and is more likely than not to result in an outflow of economic resources. Significant estimates are involved in estimating the present value of the expenditure expected to settle obligations.

The time of concluding legal claims is uncertain, as is the amount of possible outflow of economic resources. Timing and cost ultimately depends on the due process in respective legal jurisdictions. Provisions recognized by us are periodically reviewed based on facts and circumstances available at the time.

(v) Employee Benefits - Significant estimates are involved in determining defined benefit obligations. The calculation of the liabilities related to pension plans is based upon statistical and actuarial assumptions. Certain pension plans are frozen for future benefit accruals and the pension benefits are not indexed to inflation. These pension plans are comprised primarily of inactive and retired participants and the actuarial estimates of pension benefits are affected by the amount of time retirees are expected to receive their pensions (mortality assumptions) and the interest rate used to discount the expected future benefit payments (discount rate assumption). The actuarial estimates of other pension plans are also based on projections of employees' compensation levels at their expected time of retirement. These retirement benefits are primarily based on final average earnings, subject to certain adjustments.

The actuarial assumptions used might differ materially from actual results due to changes in market and economic conditions, higher or lower employee turnover, longer or shorter life spans of participants, and other changes in the factors being assessed. These differences could impact the assets or liabilities recognized in the consolidated statements of financial position in future periods.

We obtain actuarial valuations for our post employment benefit plans.

(vi) Share-based payments - We make significant estimates to determine the fair value of cash settled share-based payments, LTIP and deferred unit plan. Determining the fair value of the cash settled share-based payments, including performance based options, requires significant estimates related to the estimation of unit price, volatility, and the expected market conditions and future financial performance of the Fund.

(vii) Financial instruments - Fair value estimates related to our derivatives and Debentures are made at each reporting period based on relevant market information and information about the underlying financial instruments. These estimates require assessment of the credit risk of the parties to the instruments and the instruments' discount rates and volatility of the unit price.

# STANDARDS AND INTERPRETATIONS

### (a) Standards and interpretations adopted during the period:

We adopted the following accounting amendments that were effective for our 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 Consolidated Statements of Financial Position effective January 1, 2024, we re-classified from non-current to current liabilities, $437.5 million, being the fair value of Debentures as of January 1, 2024. Since, the amendments are applicable retrospectively, we have restated December 31, 2023 Consolidated Statements of Financial Position by re-classifying the Debentures from non-current to current liabilities. While these are presented as current liabilities, Debenture holders do not have the right to demand their repayment prior to maturity, which for all the outstanding series is more than twelve months in the future. However, the Debenture holders have the right to convert Debentures into units at predetermined prices, thus, the Debentures are classified as current liabilities.

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

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

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

**(b) Standards and interpretations not yet adopted:**

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

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

- IFRS 18, *Presentation and Disclosure in Financial Statements,* specifying the requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements, would supersede IAS 1, “Presentation of Financial Statements” and increase the comparability of financial statements by enhancing principles on aggregation and disaggregation (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).

# DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

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

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

# CAUTION REGARDING FORWARD-LOOKING STATEMENTS

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

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

- It typically includes words about the future, such as anticipate, continue, estimate, expect, expected, intend, may, will, intend, project, plan, should, believe and others (see examples below).
- It represents our current views, and can change significantly.
- It is based on a number of material assumptions, including those we have listed below, which may prove to be incorrect.
- Actual results and events may be significantly different from what we expect, due to the risks associated with our business. We recommend you review other parts of this document, including **Risks and Uncertainties**, which starts on page 39, which includes a discussion of material risks that could cause actual results to differ significantly from our current expectations.

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

### Examples of forward-looking information in this MD&A

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

- our expectation that 2025 Adjusted EBITDA will be in the range of $430.0 million to $460.0 million;
- whether Chemtrade will apply for leave to appeal the Superior decision and whether that will be granted; and our expectation that the decision will have a minimal impact on our financial results;
- the effect of changes in exchange rates and our ability to offset U.S.-dollar denominated debt;
- our ability to access tax losses and tax attributes;
- the deductibility of certain tax losses and outcome of our appeal;
- the tax characterization of planned distributions;
- sources, use, availability and sufficiency of cash flows;
- statements in the Financial Outlook section, including:
  - our expected Adjusted EBITDA range for 2025 of between $430.0 million and $460.0 million,
  - our expectation to end 2025 with the stated Net debt to LTM Adjusted EBITDA ratio and stated implied Payout ratio,
  - the expected stated range of maintenance capital and growth capital expenditures, lease payments, cash interest, and cash tax,
- our intention to invest between $40.0 million and $60.0 million in growth capital expenditures in 2025 and its allocation among water treatment chemicals expansions, ultrapure sulphuric acid production upgrades, and other organic growth projects;
- the expected timing of commercial ramp-up of the Cairo project;

- our ability to be one of the first North American UPA plants to meet the quality requirements of the next generation semiconductor nodes;
- our ability to retain our position as the top North American supplier to the semiconductor industry;
- the ability of the KPCT joint venture Arizona planned project to generate an acceptable level of return and the timing thereof;
- our intended use of the net proceeds of the Notes offering;
- our intention to adjust and optimize Chemtrade's capital structure and capital allocation by M&A;
- our ability to find and execute on M&A projects that fit strategically in our portfolio, that have synergistic value and that fit within the stated targeted amount of Adjusted EBITDA;
- the effect on our business, financial condition and/or results of operations of any of the risks set out in the Risks and Uncertainties section;
- the effectiveness of disclosure controls procedures and of their design and implementation; and
- long-term incentive compensation amounts.

## Material assumptions

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

- certain key elements as set out in the Financial Outlook section, including:
  - there being no significant unplanned downtime nor labour disruptions affecting Chemtrade's principal manufacturing facilities,
  - the stated North American MECU sales volumes and sodium chlorate production volumes,
  - 2025 realized MECU netback being lower than 2024 by the stated amount,
  - the stated average CMA NE Asia caustic spot price index,
  - the stated U.S. dollar foreign exchange rate, and
  - the stated range of LTIP costs.

# NON-IFRS AND OTHER FINANCIAL MEASURES

## Non-IFRS financial measures and non-IFRS ratios

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

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

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

### Distributable cash after maintenance capital expenditures

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

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

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

### Distributable cash after maintenance capital expenditures per unit

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

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

### Payout ratio

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

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

| | Three months ended | | Year ended | | |
|---|---|---|---|---|---|
| ***($'000)*** | **December 31, 2024** | **December 31, 2023** | **December 31, 2024** | **December 31, 2023** | **December 31, 2022** |
| Cash flows from operating activities | $ 99,991 | $ 98,607 | $ 347,799 | $ 401,463 | $ 369,191 |
| (Less) Add: | | | | | |
| Lease payments net of sub-lease receipts | (17,142) | (15,231) | (65,379) | (58,256) | (52,360) |
| (Decrease) Increase in working capital | (17,434) | (34,305) | 25,549 | 16 | (5,989) |
| Changes in other items [1] | 10,156 | 8,075 | 9,627 | 44,038 | 4,036 |
| Maintenance capital expenditures | (36,055) | (43,635) | (104,474) | (104,249) | (99,766) |
| Distributable cash after maintenance capital expenditures | **$ 39,516** | **$ 13,511** | **$ 213,122** | **$ 283,012** | **$ 215,112** |
| Divided by: | | | | | |
| Weighted average number of units outstanding | 120,590,348 | 116,811,269 | 118,424,190 | 116,212,199 | 108,445,732 |
| Distributable cash after maintenance capital expenditures per unit | $ 0.33 | $ 0.12 | $ 1.80 | $ 2.44 | $ 1.98 |
| Distributions declared per unit | $ 0.165 | $ 0.150 | $ 0.660 | $ 0.600 | $ 0.600 |
| Payout ratio (%) | 50 % | 125 % | 37 % | 25 % | 30 % |

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

### Excess cash flows and net earnings over distributions paid

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

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

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

| | Three months ended | | Year ended | | |
|---|---|---|---|---|---|
| *($'000)* | **December 31, 2024** | **December 31, 2023** | **December 31, 2024** | **December 31, 2023** | **December 31, 2022** |
| Cash flows from operating activities | $ 99,991 | $ 98,607 | $ 347,799 | $ 401,463 | $ 369,191 |
| Net earnings | $ 10,274 | $ 11,677 | $ 126,908 | $ 249,319 | $ 109,115 |
| Cash distributions paid during period | $ 19,973 | $ 14,381 | $ 76,614 | $ 58,031 | $ 54,753 |
| Excess of cash flows from operating activities over cash distributions paid | $ 80,018 | $ 84,226 | $ 271,185 | $ 343,432 | $ 314,438 |
| (Shortfall) Excess of net earnings over cash distributions paid | $ (9,699) | $ (2,704) | $ 50,294 | $ 191,288 | $ 54,362 |

### Total debt

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

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

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

### Net debt

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

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

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

| *($'000)* | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Long-term debt [1] | $ 343,295 | $ 246,545 |
| Add (Less): | | |
| Debentures [1] | 340,000 | 425,552 |
| Long-term lease liabilities | 148,268 | 130,583 |
| Lease liabilities [2] | 58,145 | 49,304 |
| Cash and cash equivalents | (25,497) | (21,524) |
| Net debt | $ 864,211 | $ 830,460 |

[1] Principal outstanding amount

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

### Growth capital expenditures

**Most directly comparable IFRS financial measure:** Capital expenditures

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

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

| | Three months ended | | Year ended | |
|---|---|---|---|---|
| *($'000)* | December 31, 2024 | December 31, 2023 | December 31, 2024 | December 31, 2023 |
| Capital expenditures | $ 60,718 | $ 67,398 | $ 185,803 | $ 166,395 |
| Maintenance capital expenditures | (36,055) | (43,635) | (104,474) | (104,249) |
| Non-maintenance capital expenditures | 24,663 | 23,763 | 81,329 | 62,146 |
| Growth capital expenditures | $ 24,663 | $ 23,763 | $ 81,329 | $ 62,146 |

### Net working capital

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

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

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

| *($'000)* | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Current assets | $ 334,701 | $ 326,022 |
| Less: Current liabilities | (798,002) | (847,341) |
| Working capital deficit | (463,301) | (521,319) |
| Add: Debentures | 356,596 | 437,517 |
| Net working capital deficit | $ (106,705) | $ (83,802) |

### Total of segments measures

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

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

#### Adjusted EBITDA

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

| *($'000)* | Q4 2024 | Q3 2024 | Q2 2024 | Q1 2024 | Q4 2023 | Q3 2023 | Q2 2023 | Q1 2023 |
|---|---|---|---|---|---|---|---|---|
| Net earnings | $ 10,274 | $ 60,080 | $ 14,599 | $ 41,955 | $ 11,677 | $ 70,784 | $ 87,325 | $ 79,533 |
| Add (less): | | | | | | | | |
| Depreciation and amortization | 49,929 | 45,503 | 48,223 | 44,890 | 57,423 | 54,741 | 53,186 | 52,140 |
| Net finance costs (income) | 11,501 | 16,149 | 39,268 | 5,642 | 33,716 | (2,429) | 5,457 | (12,736) |
| Income tax expense | 7,250 | 13,809 | 10,619 | 12,244 | 10,121 | 16,669 | 1,388 | 13,875 |
| Impairment of joint venture | 3,834 | — | — | — | — | — | — | — |
| Change in environmental and decommissioning liability | (1,116) | 2,410 | (1,494) | (730) | 9,842 | (3,504) | — | 894 |
| Net loss (gain) on disposal and write-down of PPE | 5,488 | 521 | 1,782 | 711 | (5,547) | 606 | 1,152 | 1,787 |
| Gain on disposal of assets | — | — | — | — | (24,337) | — | — | — |
| Unrealized foreign exchange loss (gain) | 21,433 | (1,319) | 2,115 | 5,222 | (8,247) | 5,251 | (4,306) | (3,824) |
| Adjusted EBITDA | $ 108,593 | $137,153 | $115,112 | $109,934 | $ 84,648 | $142,118 | $144,202 | $131,669 |

### Capital management measures

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

#### Net debt to LTM Adjusted EBITDA

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

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

## Supplementary financial measures

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

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

### Maintenance capital expenditures

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

### Non-maintenance capital expenditures

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

### Cash interest

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

### Cash tax

Represents current income tax expense.

# TERMS AND DEFINITIONS

## Terms

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

| | |
|---|---|
| PPE | Property, Plant and Equipment |
| PSU | Performance Share Unit |
| Q1 | First Quarter or three months ended March 31 |
| Q2 | Second Quarter or three months ended June 30 |
| Q3 | Third Quarter or three months ended September 30 |
| Q4 | Fourth Quarter or three months ended December 31 |
| QC | Quebec |
| Regen | Regenerated Acid Services |
| ROU | Right-of-use |
| RSU | Restricted Share Unit |
| SIB | Substantial Issuer Bid |
| SOFR | Secured Overnight Financing Rate |
| SIFT | Specified investment flow-through trust |
| SUPERIOR | Superior Plus Corporation |
| TSX | Toronto Stock Exchange |
| TX | Texas |
| USD | U.S. Dollar |
| WA | Washington |

### Definitions

| | |
|---|---|
| **Credit Facilities** | Revolving credit facilities |
| **Debentures** | We have $100.0 million principal amount of 6.50% of convertible unsecured subordinated debentures outstanding (the "Fund 2019 6.50% Debentures"), $130.0 million principal amount of 6.25% of convertible unsecured subordinated debentures outstanding (the "Fund 2021 6.25% Debentures") and $110.0 million principal amount of 7.00% of convertible unsecured subordinated debentures outstanding (the "Fund 2023 7.00% Debentures"). |
| **KPCT joint venture** | KPCT Holdings LLC, a joint venture between Chemtrade Advanced Chemicals LLC and KPPC Advanced Chemicals Inc. and/or its operating subsidiary, KPCT Advanced Chemicals LLC. |
| **LTIP costs** | Corporate costs include LTIP expense, which relate to the 2022 - 2024, 2023 - 2025 and 2024 - 2026 LTIPs which we operate and pursuant to which we grant cash awards based on certain criteria. The 2022 - 2024 LTIP payout is payable in the first quarter of 2025. The 2023 - 2025 LTIP payout is payable in the first quarter of 2026. The 2024 - 2026 LTIP payout is payable in the first quarter of 2027. The LTIP awards have a performance based PSU component and a RSU component. The performance based PSU component of 2022 – 2024 and 2023 – 2025 LTIP awards is based on return on investment capital improvement and total return to Chemtrade's Unitholders relative to the total return of companies comprising the S&P/TSX Dividend Composite Index. The performance based PSU component of 2024 – 2026 LTIP awards is based on return on investment capital improvement and total return to our Unitholders relative to two peer groups which are S&P/TSX Dividend Composite Index and a group of peer companies selected by us. Total Unitholder return consists of changes in unit price and distributions paid to Unitholders over the course of the performance periods. The performance based PSU component under these LTIP awards is also adjusted for achievement of ESG goals to be achieved by the end of the performance periods. The RSU component of the LTIP awards is a phantom plan which is payable in cash at the end of the performance period. The nature of these calculations makes it difficult to forecast the amount of LTIP expense that will be recorded in any period, as it is based upon a valuation model which considers several variables. |
| **Notes** | At December 31, 2024 we had $250.0 million principal amount of 6.375% senior unsecured notes (the "Notes") outstanding. In January 2025, we issued an additional $125.0 million principal amount of 6.375% senior unsecured notes. As of February 26, 2025 we had a total of $375.0 million principal amount of Notes outstanding. |
| **$P_2S_5$** | The phosphorus pentasulphide business was part of the SWC segment until it was sold in November 2023. |

### OTHER

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

February 28, 2025