

CHEMTRADE

Chemtrade Logistics Income Fund

ANNUAL
REPORT
2024

March 17, 2025

CORPORATE PROFILE

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

VISIT OUR WEBSITE

Chemtrade's website – chemtradelogistics.com – is our primary medium for communicating with our unitholders. The site is regularly updated with news releases concerning distributions, financial results and other important developments and presentations.

An electronic copy of this report is available on our website.

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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

IFRS 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

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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.

(\$'000 except per unit amounts)	<u>Three months ended</u>		<u>Year ended</u>		
	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 P₂S₅ 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 P₂S₅ 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 P₂S₅ 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 P₂S₅ 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 P₂S₅ 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 P₂S₅ 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 P₂S₅ 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.

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

	Three months ended December 31, 2024 vs 2023	Year ended December 31, 2024 vs 2023	Year ended December 31, 2023 vs 2022
F/X Rate	<p>US\$1.00 = \$1.40 in 2024 compared with \$1.36 in 2023.</p> <p>The weaker Canadian dollar during 2024 compared with 2023 did not have a significant impact on consolidated revenue, gross profit and Adjusted EBITDA.</p>	<p>US\$1.00 = \$1.37 in 2024 compared with US\$1.00 = \$1.35 in 2023.</p> <p>The weaker Canadian dollar during 2024 compared with 2023 did not have a significant impact on consolidated revenue, gross profit and Adjusted EBITDA.</p>	<p>US\$1.00 = \$1.35 in 2023 compared with US\$1.00 = \$1.30 in 2022.</p> <p>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.</p>
General comments	<p>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 P₂S₅ business which was sold in the fourth quarter of 2023.</p>	<p>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.</p>	

	Three months ended December 31, 2024 vs 2023	Year ended December 31, 2024 vs 2023	Year ended December 31, 2023 vs 2022
Revenue	<p>Consolidated revenue for 2024 was \$446.5 million, which was \$24.5 million higher than revenue for 2023. Excluding revenue related to the P₂S₅ business as noted above, revenue was \$30.2 million higher primarily due to:</p> <ul style="list-style-type: none"> • higher volumes of water solutions products and higher selling prices for Regen and merchant acid in the SWC segment, • higher selling prices for caustic soda, HCl, chlorine and sodium chlorate in the EC segment, <p>partially offset by:</p> <ul style="list-style-type: none"> • lower sales volumes of sodium chlorate which more than offset higher selling prices for sodium chlorate in the EC segment. 	<p>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 P₂S₅ business as noted above, revenue was \$8.9 million lower primarily due to:</p> <ul style="list-style-type: none"> • lower volumes for merchant acid and lower selling prices for sodium nitrite in the SWC segment, • lower selling prices for caustic soda and chlorine in the EC segment, • lower sales volume for Brazil in the EC segment, and • the impact of the work stoppage at the Canadian railways in the EC segment, <p>partially offset by:</p> <ul style="list-style-type: none"> • significantly higher selling prices for water solutions products in the SWC segment, and • higher selling prices for HCl in the EC segment. 	<p>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:</p> <ul style="list-style-type: none"> • 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 • 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, <p>partially offset by:</p> <ul style="list-style-type: none"> • higher selling prices for sodium chlorate, chlorine and HCl in the EC segment, and • 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	<p>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 P₂S₅ business, as noted above, Adjusted EBITDA was \$25.7 million higher primarily due to:</p> <ul style="list-style-type: none"> • 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 • higher selling prices for caustic soda, HCl, chlorine and sodium chlorate in the EC segment, partially offset by: • lower sales volume of sodium chlorate in the EC segment, and • higher Corporate costs due to realized foreign exchange losses. 	<p>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 P₂S₅ business as noted above, Adjusted EBITDA was similar to 2023. Below are the key factors affecting the comparison:</p> <ul style="list-style-type: none"> • significantly higher selling prices for water solutions products in the SWC segment, offset by: • 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 • higher Corporate costs due to compensation related expenses and realized foreign exchange losses. 	<p>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:</p> <ul style="list-style-type: none"> • increased gross profit for sodium chlorate, chlorine and HCl in the EC segment, and • higher gross profit for water solutions products and Regen acid in the SWC segment, partially offset by: • lower sales volumes of sodium chlorate and chlor-alkali products in the EC segment, • lower volumes of sodium nitrite in the SWC segment, and • 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)	<p>Net earnings for 2024 were \$1.4 million lower than 2023 primarily due to:</p> <ul style="list-style-type: none"> • unrealized foreign exchange losses during 2024 compared to unrealized foreign exchange gains during 2023, and • a \$24.3 million gain on sale of the P₂S₅ business during 2023, partially offset by: <ul style="list-style-type: none"> • higher Adjusted EBITDA, • lower net finance costs during 2024 (see Net Finance Costs on page 19), • lower depreciation and amortization expense, and • lower income tax expenses recorded during 2024 (see Income Taxes on page 20). 	<p>Net earnings for 2024 were \$122.4 million lower than 2023 primarily due to:</p> <ul style="list-style-type: none"> • higher net finance costs during 2024 compared with net finance income during 2023 (see Net Finance Costs on page 19), • unrealized foreign exchange losses during 2024 compared to unrealized foreign exchange gains during 2023, • lower Adjusted EBITDA, and • a \$24.3 million gain on sale of the P₂S₅ business during 2023, partially offset by: <ul style="list-style-type: none"> • lower depreciation and amortization expense. 	<p>Net earnings for 2023 were \$140.2 million higher than 2022 primarily due to:</p> <ul style="list-style-type: none"> • higher Adjusted EBITDA, • lower net finance costs during 2023, and • 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		Year ended	
	December 31, 2024	December 31, 2023	December 31, 2024	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

SWC OPERATING RESULTS		
	Q4 2024 vs Q4 2023	YTD 2024 vs YTD 2023
F/X Rate	<p>US\$1.00 = \$1.40 in 2024 compared to \$1.36 in 2023.</p> <p>The weaker Canadian dollar during 2024 compared with 2023 did not have a significant impact on revenue, gross profit or Adjusted EBITDA.</p>	<p>US\$1.00 = \$1.37 in 2024 compared to \$1.35 in 2023.</p> <p>The weaker Canadian dollar during 2024 compared with 2023 did not have a significant impact on revenue, gross profit or Adjusted EBITDA.</p>
General comments	<p>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 P₂S₅ business which was sold in the fourth quarter of 2023.</p>	
Revenue	<p>Revenue for 2024 was \$16.3 million higher than revenue for 2023. Revenue for 2023 includes \$5.7 million related to the P₂S₅ business which was disposed of in the fourth quarter of 2023. Excluding the impact of the P₂S₅ business, revenue was \$22.0 million higher primarily due to:</p> <ul style="list-style-type: none"> • higher volumes of water solutions products, and • higher selling prices and volumes for merchant and Regen acid. 	<p>Revenue for 2024 was \$39.0 million lower than revenue for 2023. Revenue for 2023 includes \$40.3 million related to the P₂S₅ business which was disposed of in the fourth quarter of 2023. Excluding the impact of the P₂S₅ business, revenue was \$1.3 million higher primarily due to:</p> <ul style="list-style-type: none"> • higher selling prices for water solutions products, and • higher volumes of Regen acid, <p>partially offset by:</p> <ul style="list-style-type: none"> • lower volumes for merchant acid, • lower selling prices for Regen acid, and • lower selling prices for sodium nitrite.

SWC OPERATING RESULTS		
	Q4 2024 vs Q4 2023	YTD 2024 vs YTD 2023
Adjusted EBITDA	<p>Adjusted EBITDA for 2024 was \$62.5 million which was \$21.7 million higher than Adjusted EBITDA for 2023. Excluding the impact of the P₂S₅ business, Adjusted EBITDA was \$23.5 million higher primarily due to:</p> <ul style="list-style-type: none"> • lower input costs resulting in an improvement in margins for water solutions products, • 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 • higher selling prices for Regen and merchant acid. 	<p>Adjusted EBITDA for 2024 was \$270.4 million, which was \$17.2 million higher than Adjusted EBITDA for 2023. Excluding the impact of the P₂S₅ business, Adjusted EBITDA was \$23.8 million higher primarily due to:</p> <ul style="list-style-type: none"> • significantly higher selling prices resulting in an improvement in margins of water solutions products, and • higher margins for Regen acid.
Gross Profit	<p>Gross profit for 2024 was \$39.8 million, which was \$25.4 million higher than gross profit for 2023 primarily due to:</p> <ul style="list-style-type: none"> • the factors that affected Adjusted EBITDA, and • lower depreciation and amortization expense during 2024. 	<p>Gross profit for 2024 was \$196.7 million, which was \$44.5 million higher than gross profit for 2023 primarily due to:</p> <ul style="list-style-type: none"> • the factors that affected Adjusted EBITDA, and • lower depreciation and amortization expense during 2024.

ELECTROCHEMICALS (EC)

(\$'000)	<u>Three months ended</u>		<u>Year ended</u>	
	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
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. 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. 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.

EC OPERATING RESULTS		
	Q4 2024 vs Q4 2023	YTD 2024 vs YTD 2023
Revenue	<p>Revenue for 2024 was \$186.4 million, which was \$8.2 million higher than revenue for 2023 primarily due to:</p> <ul style="list-style-type: none"> higher realized MECU netbacks of approximately \$230, with HCl and chlorine accounting for approximately 55% of the improvement, <p>partially offset by:</p> <ul style="list-style-type: none"> lower sales volumes of sodium chlorate which more than offset higher selling prices. 	<p>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:</p> <ul style="list-style-type: none"> 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, lower revenue in Brazil, and lower sales volumes of sodium chlorate which were almost fully offset by higher selling prices.
Adjusted EBITDA	<p>Adjusted EBITDA for 2024 was \$83.5 million, which was \$10.2 million higher than Adjusted EBITDA for 2023 primarily due to:</p> <ul style="list-style-type: none"> realized MECU netback being higher by approximately \$230, <p>partially offset by:</p> <ul style="list-style-type: none"> lower sales volumes of sodium chlorate which more than offset higher selling prices. 	<p>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:</p> <ul style="list-style-type: none"> a reduction in realized MECU netbacks of approximately \$10, lower margins in Brazil, mainly due to lower volumes, and lower sales volumes of sodium chlorate, largely offset by higher selling prices.

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.

(\$'000)	<u>Three months ended</u>		<u>Year ended</u>	
	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
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	<p>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:</p> <ul style="list-style-type: none"> • lower legal and other costs, <p>offset by:</p> <ul style="list-style-type: none"> • \$2.1 million of higher incentive compensation costs. 	<p>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:</p> <ul style="list-style-type: none"> • \$8.0 million higher LTIP and incentive compensation costs, and • higher legal and other costs, <p>partially offset by:</p> <ul style="list-style-type: none"> • 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.

Q4 2024 vs Q4 2023	YTD 2024 vs YTD 2023
<p>Net finance costs were \$22.2 million lower during 2024 relative to 2023. The decrease was primarily due to:</p> <ul style="list-style-type: none"> • \$17.4 million of lower losses related to the change in fair value of Debentures in 2024 compared with 2023, • \$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 • \$1.8 million lower interest on Debentures in 2024 compared to 2023, <p>partially offset by:</p> <ul style="list-style-type: none"> • \$3.0 million of higher interest expense on long term debt. 	<p>Net finance costs were \$48.6 million higher during 2024 relative to 2023. The increase was primarily due to:</p> <ul style="list-style-type: none"> • \$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, • \$3.9 million of higher interest expense on long-term debt, and • \$3.4 million lower interest income, <p>partially offset by:</p> <ul style="list-style-type: none"> • \$5.0 million lower transaction costs incurred on issuance of Debentures in 2023, • \$5.2 million lower interest on Debentures in 2024 compared to 2023, and • \$6.3 million of lower losses related to the change in the fair value of interest rate swaps during 2024 compared with 2023.

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:

(\$ million)	Recorded in	Three months ended December 31,			Year ended December 31,		
		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	<p>Income tax expense in 2024 was \$2.9 million lower than the same period of 2023. The change was primarily due to:</p> <ul style="list-style-type: none"> • lower operating income in 2024 relative to the same period of 2023, • return-to-provision adjustments related to prior years, and • higher amounts of deferred tax recovery associated with the change in fair value of the Debentures in 2024 relative to 2023, <p>partially offset by:</p> <ul style="list-style-type: none"> • unfavourable taxable foreign exchange in Brazil. 	<p>Income tax expense in 2024 was \$1.9 million higher than the same period of 2023. The change was primarily due to:</p> <ul style="list-style-type: none"> • a lower proportion of operating income offset by available tax losses in 2024 relative to the same period of 2023, • 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 • unfavourable taxable foreign exchange in Brazil, <p>partially offset by:</p> <ul style="list-style-type: none"> • lower operating income in 2024 relative to the same period of 2023, • return-to-provision adjustments related to prior years, and • 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	<p>Net deferred tax assets decreased by \$3.0 million which was primarily due to:</p> <ul style="list-style-type: none"> utilization of loss carryforwards previously recognized as deferred tax assets to offset operating income earned in 2024, and an increase in deferred tax liabilities related to unrealized foreign exchange, <p>partially offset by:</p> <ul style="list-style-type: none"> 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 additional deferred tax assets related to other long-term liabilities and employee benefits.
Income taxes receivable	<p>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.</p>

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		Year ended	
	December 31, 2024	December 31, 2023	December 31, 2024	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 P₂S₅ 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 capital¹ 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.

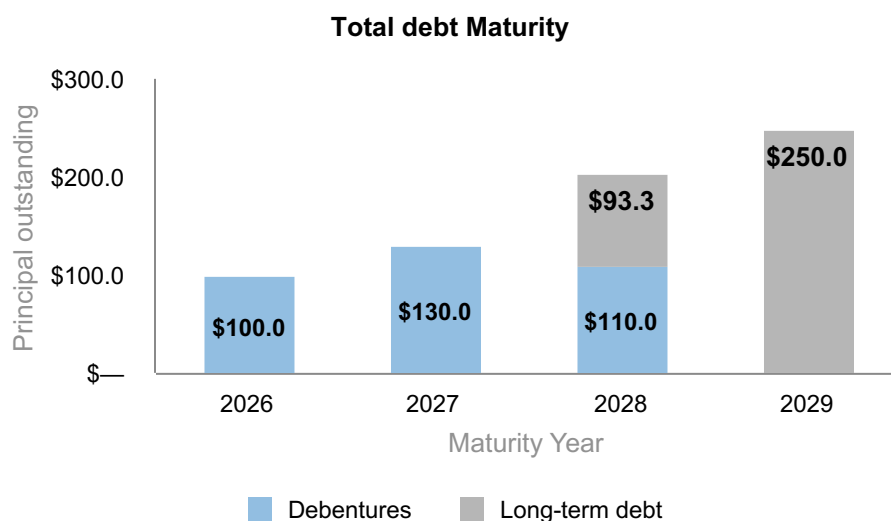
Effective January 1, 2024, we have presented the Debentures as current liabilities in the Consolidated Statements of Financial Position in accordance with amendments to IAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current*. Since the amendments are applicable 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 reclassified 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:

	Maturity	February 26, 2025		December 31, 2024	
		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.

(\$ million)	2025 Guidance	Year end Actual	
		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 (H₂S). We also purchase and are responsible for safe transportation of sulphur dioxide (SO₂) 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.

(\$'000)	Three months ended		December 31, 2024	Year ended	
	December 31, 2024	December 31, 2023		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.

(\$'000)	<u>Three months ended</u>		<u>Year ended</u>		
	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.

(\$'000)	Three months ended		Year ended	
	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
HCl	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.
P₂S₅	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


MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Chemtrade Logistics Income Fund (the "Fund") and all the information in this annual report are the responsibility of the management of the Fund. The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and where appropriate include management's best estimates and judgments. Management has reviewed the financial information presented throughout this report and has ensured it is consistent with the consolidated financial statements.

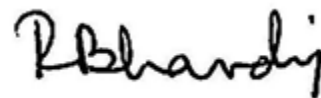
Management has developed and maintains a system of internal control over financial reporting. These controls are designed to provide reasonable assurance that assets are safeguarded, transactions are accurately recorded and financial information is timely and reliable.

The Trustees of the Fund are responsible for ensuring that management fulfills its financial reporting responsibilities and are ultimately responsible for reviewing and approving the consolidated financial statements. The Trustees carry out this responsibility principally through the Audit Committee. The Audit Committee is comprised entirely of independent Trustees.

The Audit Committee meets periodically with management and the external auditors to discuss internal controls over financial reporting, policies and procedures, and financial reporting issues. Acting on the recommendation of the Audit Committee, the Trustees approve the consolidated financial statements. KPMG LLP, an independent firm of Chartered Professional Accountants, has been appointed by the Unitholders to express an independent professional opinion on the fairness of the consolidated financial statements. KPMG LLP has full and free access to the Audit Committee.



Scott Rook
President & Chief Executive Officer



Rohit Bhardwaj
Chief Financial Officer

Toronto, Canada
February 28, 2025



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INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Chemtrade Logistics Income Fund

Opinion

We have audited the consolidated financial statements of Chemtrade Logistics Income Fund (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2024, December 31, 2023, and January 1, 2023
- the consolidated statements of comprehensive income for the years ended December 31, 2024, and December 31, 2023
- the consolidated statements of changes in unitholders' equity for the years ended December 31, 2024, and December 31, 2023
- the consolidated statements of cash flows for the years ended December 31, 2024, and December 31, 2023
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2024, December 31, 2023, and January 1, 2023 and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2024 and December 31, 2023 in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditor's Responsibilities for the Audit of the Financial Statements*" section of our auditor's report.



We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Evaluation of impairment of goodwill

Description of matter

We draw attention to Notes 2(d)(ii), 19 and 32(i)(ii) to the financial statements. The Entity has recorded a goodwill balance of \$494,264 thousand. The Entity performs a goodwill impairment test on an annual basis or more frequently when events or changes in the circumstances indicate that the carrying amount of a cash generating unit (CGU) or CGU group likely exceeds its recoverable amount. The recoverable amount of each CGU or CGU group is based on the higher of its value in use and its fair value less costs to sell. The Entity's significant estimates in determining its value in use include forecast operating margins, maintenance and other capital expenditures, terminal growth rates and discount rates.

Why the matter is a key audit matter

We identified the evaluation of impairment of goodwill as a key audit matter. This matter represented an area of significant risk of material misstatement due to the magnitude of the balance and the high degree of estimation uncertainty in determining the value in use. Significant auditor judgment and the involvement of those with specialized skills and knowledge were required in performing and evaluating the results of our procedures due to the sensitivity of the value in use to minor changes in certain significant estimates.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following on certain CGUs or CGU groups with goodwill:

- We assessed the Entity's ability to accurately forecast by comparing the Entity's forecast operating margins and maintenance and other capital expenditures used in the prior year impairment test to actual results



- We compared the Entity's forecast operating margins and maintenance and other capital expenditures to the actual operating margins and maintenance and other capital expenditures. We took into account changes in conditions and events affecting each cash generating unit group with goodwill to assess the adjustments, or lack of adjustments, made in arriving at those forecast operating margins and maintenance and other capital expenditures.

We involved valuation professionals with specialized skills and knowledge, who assisted in:

- Comparing the Entity's terminal growth rates against long-term estimates of inflation in North America
- Comparing the Entity's discount rates against a discount rate that was independently developed using publicly available market data for comparable entities.

Emphasis of Matter – Comparative Information

We draw attention to Note 2 to the financial statements ("Note 2"), which explains that certain comparative information presented:

- for the year ended December 31, 2023 has been restated.
- as at January 1, 2023 has been derived from the financial statements for the year ended December 31, 2022 which has been restated.

Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report 2024".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this



auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report 2024" is expected to be made available to us after the date of this auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of



the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor's report is Laura Price.

Vaughan, Canada

February 28, 2025

CHEMTRADE LOGISTICS INCOME FUND

Consolidated Statements of Comprehensive Income
(In thousands of Canadian dollars, except per unit amounts)

	Notes	Year ended December 31,	
		2024	2023
Revenue	4	\$ 1,787,033	\$ 1,846,766
Cost of sales and services	6, 12	(1,356,482)	(1,426,120)
Gross profit		430,551	420,646
Selling and administrative expenses	5	(183,286)	(128,190)
Gain on disposal of assets	14,15	—	24,337
Impairment of joint venture	17	(3,834)	—
Share of loss from joint venture	17	(41)	(1,413)
Operating income		243,390	315,380
Net finance costs	7	(72,560)	(24,008)
Income before income tax		170,830	291,372
Income tax expense	8		
Current		(42,130)	(14,689)
Deferred		(1,792)	(27,364)
		(43,922)	(42,053)
Net earnings		\$ 126,908	\$ 249,319
Other comprehensive income (loss)			
Items that may subsequently be reclassified to earnings:			
Net investment hedge of foreign operations, net of tax of \$nil (2023 - net of tax \$(3,955))	23,29	(8,632)	(1,371)
Foreign currency translation differences for foreign operations, net of tax of \$nil (2023 - \$nil)		69,417	(23,523)
Effective portion of change in the fair value of cash flow hedges, net of tax of (\$215) (2023 - net of tax of \$(20))		640	59
Cash flow hedges reclassified to earnings, net of tax of \$1,542 (2023 - net of tax of \$1,786)	7	(4,597)	(5,231)
Items that will not be reclassified to earnings:			
Defined benefit plan adjustments, net of tax of (\$1,058) (2023 - net of tax of (\$2,103))	25	4,046	7,422
Change in fair value of convertible debentures due to own credit risk, net of tax of (\$1,512) (2023 - net of tax \$1,621)	22	\$ 3,953	(28,329)
Other comprehensive income (loss)		64,827	(50,973)
Total comprehensive income		\$ 191,735	\$ 198,346
Net earnings per unit	9		
Basic net earnings per unit		\$ 1.07	\$ 2.15
Diluted net earnings per unit		\$ 1.04	\$ 1.52

CHEMTRADE LOGISTICS INCOME FUND

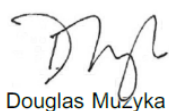
Consolidated Statements of Financial Position
(In thousands of Canadian dollars)

	Notes	December 31, 2024	December 31, 2023 ⁽¹⁾	January 1, 2023 ⁽¹⁾
ASSETS				
Current assets				
Cash and cash equivalents	10	\$ 25,497	\$ 21,524	\$ 72,569
Trade and other receivables	11	148,085	146,686	123,214
Inventories	12	134,932	124,906	147,380
Income taxes receivable		5,498	7,925	5,434
Prepaid expenses and other assets	13	20,689	24,981	12,272
Total current assets		334,701	326,022	360,869
Non-current assets				
Property, plant and equipment	15	1,088,145	963,813	957,606
Right-of-use assets	16	186,036	165,043	127,603
Investment in a joint venture	17	707	4,082	5,495
Income taxes receivable	8	66,000	48,381	—
Other assets	18	18,870	13,572	36,334
Intangible assets	19	541,952	538,615	586,455
Deferred tax assets	8	47,996	49,704	82,711
Total non-current assets		1,949,706	1,783,210	1,796,204
Total assets		\$ 2,284,407	\$ 2,109,232	\$ 2,157,073
LIABILITIES AND UNITHOLDERS' EQUITY				
Current liabilities				
Trade and other payables	20	\$ 327,448	\$ 299,351	\$ 316,437
Distributions payable	26	6,548	5,884	5,805
Provisions	21	49,265	55,285	22,822
Lease liabilities	16	58,145	49,304	45,571
Convertible unsecured subordinated debentures ⁽²⁾	22	356,596	437,517	533,218
Total current liabilities		798,002	847,341	923,853
Non-current liabilities				
Long-term debt	23	336,250	246,545	370,024
Other long-term liabilities	24	26,316	23,228	21,571
Long-term lease liabilities	16	148,268	130,583	94,071
Employee benefits	25	19,576	20,491	27,555
Provisions	21	121,130	118,681	135,626
Deferred tax liabilities	8	16,508	15,222	18,166
Total non-current liabilities		668,048	554,750	667,013
Total liabilities		1,466,050	1,402,091	1,590,866
Unitholders' equity				
Units	26	1,629,576	1,648,411	1,635,683
Contributed surplus		26,384	9,720	9,720
Deficit		(1,095,317)	(1,147,923)	(1,334,524)
Accumulated other comprehensive income		257,714	196,933	255,328
Total unitholders' equity		818,357	707,141	566,207
Total liabilities and unitholders' equity		\$ 2,284,407	\$ 2,109,232	\$ 2,157,073

⁽¹⁾ As restated, see note 2.

⁽²⁾ Maturities ranging from October 2026 to June 2028.

On behalf of the Board of Trustee



Douglas Muzyka



Daniella Dimitrov

CHEMTRADE LOGISTICS INCOME FUND

Consolidated Statements of Changes in Unitholders' Equity
(In thousands of Canadian dollars, except per unit amounts)

	Notes	Units	Contributed surplus	Deficit	Cumulative translation account*	Unrealized losses on cash flow and net investment hedges*	Change in fair value of convertible debentures due to own credit risk*	Total unitholders' equity
Balance at January 1, 2023		\$ 1,635,683	\$ 9,720	\$ (1,334,524)	\$ 217,970	\$ (4,262)	\$ 41,620	\$ 566,207
Issuance of units upon conversion of unsecured subordinated convertible debentures	22, 26	698	—	—	—	—	—	698
Issuance of units under the Distribution Reinvestment Plan ("DRIP")	26	12,030	—	—	—	—	—	12,030
Net earnings		—	—	249,319	—	—	—	249,319
Other comprehensive income (loss)		—	—	7,422	(23,523)	(6,543)	(28,329)	(50,973)
Distributions	26	—	—	(70,140)	—	—	—	(70,140)
Balance at December 31, 2023		\$ 1,648,411	\$ 9,720	\$ (1,147,923)	\$ 194,447	\$ (10,805)	\$ 13,291	\$ 707,141
Issuance of units upon conversion of unsecured subordinated convertible debentures	22, 26	51,290	—	—	—	—	—	51,290
Issuance of units under the DRIP	26	1,070	—	—	—	—	—	1,070
Units repurchased under the Normal Course Issuer Bid ("NCIB")	26	(71,195)	16,664	—	—	—	—	(54,531)
Net earnings		—	—	126,908	—	—	—	126,908
Other comprehensive income (loss)		—	—	4,046	69,417	(12,589)	3,953	64,827
Distributions	26	—	—	(78,348)	—	—	—	(78,348)
Balance at December 31, 2024		\$ 1,629,576	\$ 26,384	\$ (1,095,317)	\$ 263,864	\$ (23,394)	\$ 17,244	\$ 818,357

* Accumulated other comprehensive income.

CHEMTRADE LOGISTICS INCOME FUND

Consolidated Statements of Cash Flows
(In thousands of Canadian dollars)

	Notes	Year ended December 31,	
		2024	2023
Cash flows from operating activities:			
Net earnings		\$ 126,908	\$ 249,319
Adjustments for:			
Depreciation and amortization	6	188,545	217,490
Net loss (gain) on disposal and write-down of property, plant and equipment ("PPE")		8,502	(2,002)
Gain on disposal of assets	14	—	(24,337)
Impairment of joint venture	17	3,834	—
Change in environmental and decommissioning liability	21	(930)	7,232
Income tax expense	8	43,922	42,053
Net finance costs	7	72,560	24,008
Unrealized foreign exchange loss (gain)	5	27,451	(11,126)
		470,792	502,637
Increase in working capital		(25,549)	(16)
Interest paid		(48,041)	(44,294)
Interest received		2,998	6,352
Income tax paid		(52,401)	(63,216)
Net cash flows from operating activities		347,799	401,463
Cash flows from investing activities:			
Capital expenditures	15	(185,803)	(166,395)
Net proceeds from disposal of business	14	—	47,939
Net cash flows used in investing activities		(185,803)	(118,456)
Cash flows from financing activities:			
Distributions to unitholders, net of distributions reinvested	26	(76,614)	(58,031)
Repayment of convertible debentures	22	(42,748)	(201,115)
Issuance of convertible debentures	22	—	110,000
Transaction costs related to the issuance of convertible debentures	7,22	—	(4,980)
Repayment of lease liability	16	(65,379)	(58,256)
Net change in revolving credit facility	23	(161,801)	(121,149)
Proceeds from issuance of senior unsecured notes	23	250,000	—
Transaction costs related to the issuance of senior unsecured notes	23	(6,092)	—
Transaction costs related to credit facility extension	23	(1,271)	—
Debt extinguishment costs	22	(863)	—
Repurchase of units under NCIB	26	(54,531)	—
Net cash flows used in financing activities		(159,299)	(333,531)
Increase (decrease) in cash and cash equivalents		2,697	(50,524)
Cash and cash equivalents, beginning of the period		21,524	72,569
Effect of exchange rates on cash held in foreign currencies		1,276	(521)
Cash and cash equivalents, end of the period	10	\$ 25,497	\$ 21,524

CHEMTRADE LOGISTICS INCOME FUND

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

Year ended December 31, 2024 and 2023

1. CORPORATE INFORMATION:

Chemtrade Logistics Income Fund (the "Fund") is a publicly listed Income Trust formed in Ontario, Canada and its units are listed on the Toronto Stock Exchange ("TSX"). The term "Chemtrade" refers to the Fund, its consolidated subsidiaries and equity accounted investments, including joint ventures. Chemtrade commenced operations on July 18, 2001 when it completed an initial public offering. Chemtrade operates a diversified business providing industrial chemicals and services to customers in North America and around the world. Chemtrade is one of North America's largest suppliers of sulphuric acid, spent acid processing services, inorganic coagulants for water treatment, sodium chlorate, sodium nitrite and sodium hydrosulphite. Chemtrade is a leading regional supplier of sulphur, chlor-alkali products and zinc oxide. Additionally, Chemtrade provides industrial services such as processing by-products and waste streams. Chemtrade operates in two reportable segments: Sulphur and Water Chemicals ("SWC") and Electrochemicals ("EC"). In addition to the above two reportable segments, Chemtrade discloses results of corporate activities separately. For additional information regarding Chemtrade's reportable segments, see note 3.

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

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

2. BASIS OF PREPARATION:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements were authorized for issue by the Board of Trustees ("Board") on February 28, 2025.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the consolidated statements of financial position:

CHEMTRADE LOGISTICS INCOME FUND

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

Year ended December 31, 2024 and 2023

2. BASIS OF PREPARATION (continued):

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

(c) Presentation currency

These consolidated financial statements are presented in thousands of Canadian dollars, except for net earnings per unit information, per metric electrochemical unit ("MECU") information and per tonne information which is presented in Canadian dollars.

(d) 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.

(i) 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 is included in the following notes:

Income taxes (note 8):

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. Chemtrade makes judgments to evaluate whether it can recover a deferred tax asset based on its assessment of many factors, including interpretations of tax laws,

CHEMTRADE LOGISTICS INCOME FUND

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

Year ended December 31, 2024 and 2023

2. BASIS OF PREPARATION (continued):

expectation about the future taxable profit probability 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.

Leases (note 16):

Chemtrade estimates 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. Chemtrade makes certain qualitative and quantitative assumptions when deriving the value of the economic incentive.

Intangible assets (note 19):

Judgment is applied in determining cash-generating units ("CGUs") for the purpose of impairment testing.

Provisions (note 21):

Chemtrade recognizes provisions for the present value of anticipated costs of future decommissioning and environmental liabilities. Chemtrade applies judgment in determining whether it has 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.

Chemtrade is subject to litigation in the normal course of business. Chemtrade has made judgments as to the likelihood of any claim succeeding in recording provisions.

(ii) 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 included in the following notes:

Property, plant and equipment (note 15):

Parts of an item of PPE may have different useful lives. Chemtrade makes significant estimates when determining depreciation rates and asset useful lives, which require taking into account company-specific factors, such as its past experience and expected use, and industry trends, such as technological advancements.

CHEMTRADE LOGISTICS INCOME FUND

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

Year ended December 31, 2024 and 2023

2. BASIS OF PREPARATION (continued):

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Leases (note 16):

Right-of-use ("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. Chemtrade estimates 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, Chemtrade's incremental borrowing rate, to measure the lease liability.

Intangible assets (note 19):

When determining the value in use of goodwill and intangible assets during impairment testing, Chemtrade uses 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.

Chemtrade makes significant estimates when determining the estimated useful lives of intangible assets, which require taking into account company-specific factors, such as its 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.

Provisions (note 21):

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 Chemtrade's 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 requires 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.

CHEMTRADE LOGISTICS INCOME FUND

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

Year ended December 31, 2024 and 2023

2. BASIS OF PREPARATION (continued):

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 Chemtrade are periodically reviewed based on facts and circumstances available at the time.

Employee Benefits (note 25):

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.

Chemtrade obtains actuarial valuations for its post employment benefit plans.

Share-based payments (note 27):

Chemtrade makes significant estimates to determine the fair value of cash settled share-based payments, Long-Term Incentive Plan ("LTIP") and deferred unit plan ("DUP"). 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, expected market conditions and future financial performance of the Fund.

CHEMTRADE LOGISTICS INCOME FUND

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

Year ended December 31, 2024 and 2023

2. BASIS OF PREPARATION (continued):

Financial instruments (note 29):

Fair value estimates related to Chemtrade's derivatives and convertible unsecured subordinated 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.

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

Effective January 1, 2024, Chemtrade has presented the Debentures (as defined in note 22) as current liabilities in the Consolidated Statement of Financial Position in accordance with the amendments to IAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current*. Since the amendments are applicable retrospectively, Chemtrade has restated the comparative figures. See note 32 for details of the amendments to IAS 1. The following table outlines the impact of the restatements.

As at	January 1, 2023 (derived from Dec 31, 2022)			December 31, 2023		
	As reported	Restatement	As restated	As reported	Restatement	As restated
Non-current liabilities	\$ 533,218	\$ (533,218)	—	\$ 437,517	\$ (437,517)	—
Current liabilities	—	\$ 533,218	\$ 533,218	—	\$ 437,517	\$ 437,517

CHEMTRADE LOGISTICS INCOME FUND

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

Year ended December 31, 2024 and 2023

3. REPORTABLE SEGMENTS:

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

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

Year ended December 31, 2024

	SWC	EC	Corporate items and eliminations	Total
Revenue - third party	\$1,038,163	\$ 748,870	\$ —	\$ 1,787,033
- inter-segment	201	6,632	(6,833)	—
Revenue - total	1,038,364	755,502	(6,833)	1,787,033
Cost of sales and services	(841,617)	(521,698)	6,833	(1,356,482)
Gross profit	196,747	233,804	—	430,551
Selling and administrative expenses	(29,040)	(13,137)	(141,109)	(183,286)
Impairment of joint venture	(3,834)	—	—	(3,834)
Share of loss from joint venture	(41)	—	—	(41)
Operating income (loss)	163,832	220,667	(141,109)	243,390
Depreciation and amortization	94,951	93,594	—	188,545
Net loss (gain) on disposal and write-down of PPE	8,572	(70)	—	8,502
Change in environmental and decommissioning liability	(819)	(111)	—	(930)
Impairment of joint venture	3,834	—	—	3,834
Unrealized foreign exchange loss	—	—	27,451	27,451
Adjusted EBITDA	270,370	314,080	(113,658)	470,792
Capital expenditures	129,583	54,584	1,636	185,803

CHEMTRADE LOGISTICS INCOME FUND

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

Year ended December 31, 2024 and 2023

3. REPORTABLE SEGMENTS (continued):

Year ended December 31, 2023

	SWC	EC	Corporate items and eliminations	Total
Revenue - third party	\$1,077,157	\$ 769,609	\$ —	\$ 1,846,766
- inter-segment	196	7,735	(7,931)	—
Revenue - total	1,077,353	777,344	(7,931)	1,846,766
Cost of sales and services	(925,062)	(508,989)	7,931	(1,426,120)
Gross profit	152,291	268,355	—	420,646
Selling and administrative expenses	(25,227)	(12,797)	(90,166)	(128,190)
Gain on disposal of assets ⁽¹⁾	24,337	—	—	24,337
Share of loss from joint venture	(1,413)	—	—	(1,413)
Operating income (loss)	149,988	255,558	(90,166)	315,380
Depreciation and amortization	123,563	93,927	—	217,490
Net gain on disposal and write-down of PPE	(1,972)	(30)	—	(2,002)
Change in environmental and decommissioning liability	5,929	1,303	—	7,232
Gain on disposal of assets ⁽¹⁾	(24,337)	—	—	(24,337)
Unrealized foreign exchange gain	—	—	(11,126)	(11,126)
Adjusted EBITDA	253,171	350,758	(101,292)	502,637
Capital expenditures	120,859	43,889	1,647	166,395

⁽¹⁾ For additional information, see note 14.

CHEMTRADE LOGISTICS INCOME FUND

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

Year ended December 31, 2024 and 2023

3. REPORTABLE SEGMENTS (continued):

Geographic segments:

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

Revenue	2024	2023
Canada	\$ 566,347	\$ 582,073
United States	1,123,089	1,158,846
South America	97,597	105,847
	\$1,787,033	\$1,846,766

PPE, Right-of-use ("ROU") assets and intangible assets	2024	2023
Canada	\$ 751,859	\$ 740,495
United States	979,101	840,051
South America	85,173	86,925
	\$1,816,133	\$1,667,471

CHEMTRADE LOGISTICS INCOME FUND

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

Year ended December 31, 2024 and 2023

4. REVENUE:

The components of revenue are as follows:

	2024	2023
Sale of products	\$1,567,154	\$1,620,896
Processing services	219,879	225,870
Revenue	\$1,787,033	\$1,846,766

5. SELLING AND ADMINISTRATIVE EXPENSES:

The components of selling and administrative expenses are as follows:

	2024	2023
Wages, salaries, benefits and bonuses	\$ 82,267	\$ 74,527
Share-based payments (note 27)	23,323	17,332
Other selling and administrative expenses	41,734	44,334
Realized foreign exchange loss (gain)	7,763	(1,629)
Unrealized foreign exchange loss (gain)	27,451	(11,126)
Net (reversal) reserve for legal proceedings	(1,599)	3,182
Depreciation (note 6)	2,347	1,570
Selling and administrative expenses	\$ 183,286	\$ 128,190

6. DEPRECIATION AND AMORTIZATION:

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

	2024	2023
Cost of sales and services:		
Depreciation expense on PPE (note 15)	\$ 107,421	\$ 128,745
Depreciation expense on ROU assets (note 16)	55,764	48,647
Amortization expense (note 19)	23,013	38,528
Selling and administrative expenses (note 5):		
Depreciation expense on PPE (note 15)	956	554
Depreciation expense on ROU assets (note 16)	1,391	1,016
Total depreciation and amortization expense	\$ 188,545	\$ 217,490

CHEMTRADE LOGISTICS INCOME FUND

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

Year ended December 31, 2024 and 2023

7. NET FINANCE COSTS:

The components of net finance costs are as follows:

	2024	2023
Interest expense on long-term debt	\$ 16,003	\$ 12,085
Debt extinguishment costs (note 22)	863	—
Interest expense on convertible debentures (note 22)	26,979	32,200
Transaction costs on issuance of convertible debentures (note 22)	—	4,980
Change in the fair value of convertible debentures (note 22)	18,582	(33,838)
Interest expense on lease liabilities (note 16)	9,561	7,771
Income reclassified from other comprehensive income relating to the fair value of the interest rate swaps (note 29)	(6,139)	(7,017)
Change in the fair value of interest rate swaps (note 29)	3,885	10,181
Accretion of provisions (note 21)	4,356	2,483
Accretion of transaction costs on issuance of long-term debt (note 23)	318	—
Pension net interest cost	1,150	1,515
Interest income	(2,998)	(6,352)
Net finance costs	\$ 72,560	\$ 24,008

CHEMTRADE LOGISTICS INCOME FUND

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

Year ended December 31, 2024 and 2023

8. INCOME TAXES:

The Fund is a mutual fund trust and a specified investment flow-through trust (“SIFT”) for income tax purposes. The Fund is subject to current income taxes at the top marginal tax rate applicable to individuals of approximately 53.5% on all taxable income not distributed to Unitholders.

The Fund is also subject to current income taxes on all taxable income, other than dividends, earned from Canadian corporate and flow-through subsidiaries (other than Canadian subsidiaries that earn certain investment income) at a tax rate similar to the corporate tax rate.

The Fund will not be subject to tax on income received from non-Canadian subsidiaries, provided that the income is distributed to Unitholders during the year. Based on the current organization of Chemtrade, the Fund expects that its income distributed to Unitholders will not be subject to SIFT tax.

(a) Income tax expense

	2024	2023
Taxes recognized in net earnings	42,130	14,689
Current tax expense	42,130	14,689
Deferred tax expense (recovery):		
Origination and reversal of temporary differences	(5,483)	48,359
Changes in recognition of tax losses and deductible temporary differences	7,275	(20,995)
Deferred tax expense	1,792	27,364
Total tax expense	43,922	42,053

CHEMTRADE LOGISTICS INCOME FUND

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

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8. INCOME TAXES (continued):

(b) Reconciliation of the effective tax rate

The provision for income taxes in comprehensive income represents an effective rate different than the Canadian corporate statutory rate of 25.30% (2023 - 25.15%). The differences are as follows:

	2024	2023
Net income before income tax	\$ 170,830	\$ 291,372
Computed income tax expense at Canadian statutory rate	43,220	73,280
Difference resulting from:		
Income of trust taxed directly to unitholders	(28,786)	(28,299)
Difference in applicable domestic tax rate	9,851	16,987
International income tax differences	2,835	2,665
Tax adjustments related to prior years	(752)	2,238
Impact of tax incentives	(4,277)	(4,994)
Disposal of assets (note 14)	—	(694)
Changes in recognition of tax losses and deductible temporary differences ⁽¹⁾	7,275	(20,995)
Other, including non-taxable and non-deductible items ⁽²⁾	14,556	1,865
Total income tax expense	\$ 43,922	\$ 42,053

⁽¹⁾ For 2024, this amount primarily related to the derecognition of deferred tax assets related to certain carryforward amounts of business interest expense. For 2023, this amount primarily related to utilization of previously unrecognized tax losses.

⁽²⁾ For 2024, this amount included \$4,543 tax impact related to the premium paid in connection with the substantial issuer bid to repurchase \$28,288 aggregate principal amount of Fund 2020 8.50% Debentures for a total purchase value of \$36,774, which is not deductible for tax purposes. This amount also included \$2,702 tax impact related to the non-deductible portion of the loss on the change in fair value of the Fund's convertible debentures. The remainder of this amount primarily relates to various realized and unrealized taxable foreign exchange impacts associated with our Brazilian subsidiary.

CHEMTRADE LOGISTICS INCOME FUND

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

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8. INCOME TAXES (continued):

(c) Recognized deferred tax assets and liabilities

Recognized deferred tax assets and liabilities are attributed to the following:

	2024	2023
Deferred tax assets:		
Other assets	\$ 56,850	\$ 49,208
Losses available for carryforward	4,849	25,072
Long-term debt and deferred interest	22,537	23,947
Other long-term liabilities and employee benefits	49,187	45,434
	133,423	143,661
Reclassification from deferred tax liabilities	(85,427)	(93,957)
Total deferred tax assets	\$ 47,996	\$ 49,704
Deferred tax liabilities:		
PPE	75,875	96,670
Intangible assets	19,069	8,743
Other liabilities	6,991	3,766
	101,935	109,179
Reclassification to deferred tax assets	(85,427)	(93,957)
Total deferred tax liabilities	\$ 16,508	\$ 15,222

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8. INCOME TAXES (continued):

(d) Movements in deferred tax balances

Movements in deferred tax balances during the year are as follows:

	Balance January 1, 2024	Recognized in net earnings	Foreign exchange rate changes	Recognized in other comprehensive income	Balance December 31, 2024
PPE	\$ (96,670)	\$ 27,031	\$ (6,236)	\$ —	\$ (75,875)
Intangible assets	(8,743)	(10,224)	(102)	—	(19,069)
Net other assets and liabilities	45,442	2,844	2,943	(1,370)	49,859
Losses available for carryforward	25,072	(20,285)	214	(152)	4,849
Long-term debt and deferred interest	23,947	(2,962)	1,552	—	22,537
Other long-term liabilities and employee benefits	45,434	1,804	1,670	279	49,187
	\$ 34,482	\$ (1,792)	\$ 41	\$ (1,243)	\$ 31,488

	Balance January 1, 2023	Recognized in net earnings	Foreign exchange rate changes	Recognized in other comprehensive income	Balance December 31, 2023
PPE	\$ (109,430)	\$ 10,872	\$ 1,888	\$ —	\$ (96,670)
Intangible assets	(14,200)	5,195	262	—	(8,743)
Net other assets and liabilities	50,068	(2,488)	(1,520)	(618)	45,442
Losses available for carryforward	70,153	(44,905)	(176)	—	25,072
Long-term debt and deferred interest	27,273	(2,930)	(396)	—	23,947
Other long-term liabilities and employee benefits	40,681	6,892	(86)	(2,053)	45,434
	\$ 64,545	\$ (27,364)	\$ (28)	\$ (2,671)	\$ 34,482

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8. INCOME TAXES (continued):

(e) Unrecognized deferred tax assets

For the year ended December 31, 2024, Chemtrade did not recognize \$53,696 (2023 - \$42,764) of deferred tax assets primarily related to deductible temporary differences on certain carryforward amounts of business interest expense deductions and unused tax losses that are capital in nature. Chemtrade did not recognize the deferred tax assets as management did not believe it is probable that sufficient future taxable profit will be available against which these unused tax losses and deductible temporary differences can be utilized. The unused tax losses can be carried forward indefinitely. The deductible temporary differences do not expire under current applicable tax legislation.

(f) Tax examinations and disputes

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

Chemtrade is disputing the deductibility of certain Canadian tax losses with the Canada Revenue Agency ("CRA") which would offset the taxes owed for 2021 to 2024. Chemtrade has appealed this assessment by the CRA and the resolution of this matter in Chemtrade's favour would result in significant taxes paid on its account to be refunded. Chemtrade made Canadian income tax payments of \$17,619 during 2024 and \$48,381 in previous years. Chemtrade believes that its asserted position is appropriate and would be sustained upon full examination by tax authorities and, if necessary, upon consideration by judicial process. These payments have been presented as income taxes receivable under non-current assets in the Consolidated Statements of Financial Position.

(g) Pillar Two Top-up Tax - Global Minimum Tax

Chemtrade has key operations in Canada, US, and Brazil. On June 20, 2024, the Global Minimum Tax Act ("GMTA") was enacted in Canada. The GMTA implements the Organization for Economic Co-operation and Development's ("OECD") Pillar Two 15% global minimum tax regime in Canada and applies to Chemtrade for taxation years beginning January 1, 2024. Chemtrade has reviewed the application of the GMTA rules and determined that the impact on Chemtrade during 2024 was not material.

CHEMTRADE LOGISTICS INCOME FUND

Notes to Consolidated Financial Statements

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8. INCOME TAXES (continued):

Brazil is also in the process of adopting a domestic minimum top-up tax which could apply to Chemtrade's subsidiary in Brazil effective January 1, 2025. Currently, it is still uncertain whether the US will adopt the Pillar Two rules. Chemtrade will continue to monitor the implementation of, and changes in, Pillar Two Global Minimum Tax legislation in jurisdictions relevant to Chemtrade, and will assess additional impacts, if any.

While Chemtrade does not expect any significant tax impact from Pillar Two Global Minimum Tax, a temporary mandatory relief from deferred tax accounting for the future tax impacts of top-up tax is currently applicable. Accordingly, Chemtrade would account for top-up tax as a current tax when it is incurred.

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9. NET EARNINGS PER UNIT:

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

	Year ended December 31,	
	2024	2023
Numerator		
Net earnings	\$ 126,908	\$ 249,319
Net interest and fair value adjustment on the Debentures	33,630	(9,072)
Net fair value adjustment on deferred unit plan ⁽¹⁾	—	154
Diluted net earnings	\$ 160,538	\$ 240,401

⁽¹⁾ For the year ended December 31, 2024, the potential conversion of the deferred units have not been included as the effect on net earnings per unit would be anti-dilutive.

	Year ended December 31,	
	2024	2023
Denominator		
Weighted average number of units	118,424,190	116,212,199
Weighted average Debentures dilutive units	35,313,607	41,146,814
Weighted average deferred unit plan dilutive units ⁽¹⁾	—	589,567
Weighted average number of diluted units	153,737,797	157,948,580

⁽¹⁾ For the year ended December 31, 2024, the potential conversion of the deferred units have not been included as the effect on net earnings per unit would be anti-dilutive.

CHEMTRADE LOGISTICS INCOME FUND

Notes to Consolidated Financial Statements
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10. CASH AND CASH EQUIVALENTS:

The components of cash and cash equivalents are as follows:

	2024	2023
Cash	\$ 14,876	\$ 1,985
Certificate of deposits	10,621	19,539
Total cash and cash equivalents	\$ 25,497	\$ 21,524

11. TRADE AND OTHER RECEIVABLES:

	2024	2023
Trade and other receivables before expected credit losses	\$ 148,904	\$ 147,670
Less: expected credit losses	(819)	(984)
Trade and other receivables	\$ 148,085	\$ 146,686

As disclosed in note 29, Chemtrade is exposed to normal credit and currency risks with respect to its accounts receivable. At December 31, 2024, 95.7% (2023 - 95.8%) of accounts receivable are less than 30 days past due, and less than 1% (2023 - less than 1%) of accounts receivable are greater than 120 days past due that are not provided for.

While Chemtrade evaluates a customer's credit worthiness before credit is extended, provisions for expected credit losses are also maintained. The change in allowance for expected credit losses are as follows:

	2024	2023
Balance at beginning of year	\$ 984	\$ 984
Adjustments made during the year	(165)	—
Balance at end of year	\$ 819	\$ 984

CHEMTRADE LOGISTICS INCOME FUND

Notes to Consolidated Financial Statements
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11. TRADE AND OTHER RECEIVABLES (continued):

Receivables Purchase Facility

Chemtrade has a factoring facility of up to \$100,000 (the "A/R Facility") with RBC Bank Canada (previously HSBC Bank Canada). The A/R Facility is an uncommitted receivables purchase facility for the purchase of eligible receivables owed to Chemtrade from trade debtors on an undisclosed basis with no recourse. As at December 31, 2024, trade receivables sold under the A/R Facility were \$27,386 (2023 - \$33,865).

12. INVENTORIES:

Chemtrade's inventories are as follows:

	2024	2023
Raw materials	\$ 45,823	\$ 48,429
Finished goods	49,150	41,328
Operating supplies	39,959	35,149
Total inventories	\$ 134,932	\$ 124,906

The amount of inventories recognized as an expense in cost of sales and services during the year ended December 31, 2024 was \$1,042,048 (2023 - \$1,094,197).

13. PREPAID EXPENSES AND OTHER ASSETS:

Chemtrade's prepaid expenses and other assets are as follows:

	2024	2023
Prepaid expenses	\$ 8,608	\$ 8,418
Interest rate swaps (note 29)	—	10,886
Cash-settled unit swaps (note 29)	12,081	3,194
Foreign exchange contracts (note 29)	—	2,483
Total prepaid expenses and other assets	\$ 20,689	\$ 24,981

CHEMTRADE LOGISTICS INCOME FUND

Notes to Consolidated Financial Statements

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14. DISPOSAL OF BUSINESS:

On November 8, 2023, Chemtrade completed the sale of its P₂S₅ business which was previously included in the SWC segment, for gross proceeds of US\$43,018 (\$58,862), which consisted of cash of approximately US\$39,418 (\$53,936) and the assumption of Indebtedness (as defined in the sales agreement) of approximately US\$3,600 (\$4,926). After deducting a net working capital adjustment of approximately US\$1,020 (\$1,352), Chemtrade recorded a gain of US\$14,620 (\$20,082). Chemtrade also reclassified the cumulative amount of foreign exchange difference of \$4,255 recognized from AOCI to net earnings. Combined, the total gain on disposal recorded was \$24,337. Chemtrade recorded total taxes of \$4,021 on the sale of its P₂S₅ business.

CHEMTRADE LOGISTICS INCOME FUND

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15. PROPERTY, PLANT AND EQUIPMENT:

Chemtrade's property, plant and equipment are as follows:

	Land	Plant and equipment	Facilities and equipment under construction	Total
Cost				
Balance at January 1, 2023	\$ 90,916	\$ 2,004,873	\$ 144,618	\$ 2,240,407
Additions	—	—	166,395	166,395
Disposals (note 14)	—	(36,368)	(2,068)	(38,436)
Decommissioning provisions	—	(8,532)	—	(8,532)
Transfers	—	124,506	(124,506)	—
Asset retirements and write-downs	—	(33,388)	—	(33,388)
Foreign exchange rate changes	(2,102)	(21,061)	(2,965)	(26,128)
Balance at December 31, 2023	\$ 88,814	\$ 2,030,030	\$ 181,474	\$ 2,300,318
Additions	—	—	185,803	185,803
Decommissioning provisions	—	(1,356)	—	(1,356)
Transfers	—	121,650	(121,650)	—
Asset retirements and write-downs	—	(39,137)	—	(39,137)
Foreign exchange rate changes	2,826	106,751	14,293	123,870
Balance at December 31, 2024	\$ 91,640	\$ 2,217,938	\$ 259,920	\$ 2,569,498
Accumulated depreciation				
Balance at January 1, 2023	\$ —	\$ (1,282,801)	\$ —	\$ (1,282,801)
Depreciation	—	(129,299)	—	(129,299)
Asset retirements and write-downs	—	30,156	—	30,156
Disposals (note 14)	—	28,738	—	28,738
Foreign exchange rate changes	—	16,923	—	16,923
Depreciation allocated to inventory	—	(222)	—	(222)
Balance at December 31, 2023	\$ —	\$ (1,336,505)	\$ —	\$ (1,336,505)
Depreciation	—	(108,377)	—	(108,377)
Asset retirements and write-downs	—	32,039	—	32,039
Foreign exchange rate changes	—	(68,948)	—	(68,948)
Depreciation allocated to inventory	—	438	—	438
Balance at December 31, 2024	\$ —	\$ (1,481,353)	\$ —	\$ (1,481,353)
Net carrying amount				
December 31, 2023	\$ 88,814	\$ 693,525	\$ 181,474	\$ 963,813
December 31, 2024	\$ 91,640	\$ 736,585	\$ 259,920	\$ 1,088,145

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16. LEASES:

(i) ROU assets

Chemtrade leases various assets that include rail cars, private fleet, real estate, vehicles and other heavy-duty machinery and equipment. Chemtrade's ROU assets are presented below:

	Rail cars	Private Fleet	Real Estate	Vehicles	Other ⁽¹⁾	Total
Balance at January 1, 2023	\$ 96,232	\$ 6,432	\$ 22,024	\$ 211	\$ 2,704	\$ 127,603
Depreciation	(38,567)	(3,984)	(3,420)	(583)	(3,109)	(49,663)
Additions	83,891	14,341	—	1,205	7,665	107,102
Early terminations and others ⁽²⁾	(13,435)	—	—	(133)	—	(13,568)
Disposals (note 14)	—	—	—	—	(5,293)	(5,293)
Foreign exchange rate changes	(667)	(281)	(196)	7	(1)	(1,138)
Balance at December 31, 2023	127,454	16,508	18,408	707	1,966	165,043
Depreciation	(45,562)	(4,858)	(3,773)	(734)	(2,228)	(57,155)
Additions	54,262	2,979	8,445	661	1,398	67,745
Early terminations and others ⁽²⁾	6,003	—	—	(100)	51	5,954
Foreign exchange rate changes	1,838	1,338	1,008	90	175	4,449
Balance at December 31, 2024	143,995	15,967	24,088	624	1,362	186,036

⁽¹⁾ Other includes leased assets such as heavy-duty forklifts, trucks and storage tanks.

⁽²⁾ Includes early terminations, reclassifications and other adjustments.

(ii) Lease liabilities

Chemtrade's lease liabilities are composed of the following:

	2024	2023
Balance at beginning of year	\$ 179,887	\$ 139,642
Renewals and additions	67,745	107,102
Interest expense	9,561	7,771
Principal and interest repayment ⁽¹⁾	(65,379)	(64,277)
Disposals of assets (note 14)	—	(5,293)
Other disposals ⁽²⁾	(2,922)	(1,030)
Foreign exchange rate changes	17,521	(4,028)
Total	206,413	179,887
Less: Current portion	58,145	49,304
Balance at end of year	\$ 148,268	\$ 130,583

⁽¹⁾ Excludes sub-lease receipts of \$nil (2023 - \$4,386).

⁽²⁾ Includes early terminations, reclassifications and other adjustments.

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16. LEASES (continued):

The maturity analysis of Chemtrade's contractual undiscounted lease liabilities is presented below:

	December 31, 2024	December 31, 2023
Less than one year	\$ 66,274	\$ 57,597
One to five years	142,085	129,730
More than five years	9,646	8,846
Total undiscounted lease liabilities	\$ 218,005	\$ 196,173

(iii) Amounts recognized in profit or loss

	December 31, 2024	December 31, 2023
Depreciation	\$ 57,155	\$ 49,663
Interest expense (note 7)	9,561	7,771
Income from sub-leasing ROU assets	—	(557)
Expenses relating to short-term leases	3,334	4,581
Expenses relating to leases of low value assets, excluding short-term leases of low value assets	313	378

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17. INVESTMENT IN A JOINT VENTURE:

Chemtrade owns a 49% interest in KPCT Holdings LLC ("KPCT Holdings"), a joint venture for the greenfield construction of a high purity sulphuric acid plant in Casa Grande, AZ which has been put on hold. Privately held KPPC Advanced Chemicals Inc. ("KPPC") owns the remaining 51% interest in the joint venture. During the third quarter of 2022, Chemtrade made a capital contribution of \$5,931 (US\$4,550) towards its interest in KPCT Holdings. Chemtrade's interest in KPCT Holdings is accounted for using the equity method in the consolidated financial statements. During 2024, due to the uncertainty of the timing of the project due to market and economic conditions, Chemtrade recognized an impairment loss of \$3,834 (US\$ 2,646) to write down the carrying value of the investment to its recoverable amount. The carrying amount of the investment as of December 31, 2024 was \$707 (US\$492) (2023 - \$4,082 (US\$3,168)) which includes Chemtrade's share of loss of \$41 (US\$29) (2023 - \$1,413 (US\$1,047)) from the joint venture.

18. OTHER ASSETS:

Chemtrade's other assets are as follows:

	December 31, 2024	December 31, 2023
Interest rate swaps (note 29)	\$ 7,000	\$ —
Non-cash proceeds from sale of PPE	2,681	5,117
Cash-settled unit swaps (note 29)	5,242	4,390
Long-term receivables	3,545	3,675
Other	402	390
	\$ 18,870	\$ 13,572

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19. INTANGIBLE ASSETS:

Chemtrade's intangible assets and goodwill are as follows:

	Goodwill	Customer Relationships	Other	Total
Cost				
Balance at January 1, 2023	\$ 477,189	\$ 735,704	\$ 2,828	\$ 1,215,721
Additions	—	—	33	33
Disposals (note 14)	(2,017)	—	—	(2,017)
Foreign exchange rate changes	(7,218)	(5,868)	(78)	(13,164)
Balance at December 31, 2023	\$ 467,954	\$ 729,836	\$ 2,783	\$ 1,200,573
Write off	—	—	(571)	(571)
Foreign exchange rate changes	26,310	21,519	291	48,120
Balance at December 31, 2024	\$ 494,264	\$ 751,355	\$ 2,503	\$ 1,248,122
Accumulated Amortization				
Balance at January 1, 2023	\$ —	\$ (626,885)	\$ (2,381)	\$ (629,266)
Amortization	—	(38,321)	(207)	(38,528)
Foreign exchange rate changes	—	5,764	72	5,836
Balance at December 31, 2023	\$ —	\$ (659,442)	\$ (2,516)	\$ (661,958)
Amortization	—	(22,926)	(87)	(23,013)
Write off	—	—	571	571
Foreign exchange rate changes	—	(21,505)	(265)	(21,770)
Balance at December 31, 2024	\$ —	\$ (703,873)	\$ (2,297)	\$ (706,170)
Net carrying amount				
December 31, 2023	\$ 467,954	\$ 70,394	\$ 267	\$ 538,615
December 31, 2024	\$ 494,264	\$ 47,482	\$ 206	\$ 541,952

Impairment testing for cash-generating units containing goodwill

Chemtrade performed its annual test for goodwill impairment in the fourth quarter of 2024 and 2023 in accordance with its policy described in note 32. The recoverable amount of all CGUs and CGU groups exceeded their carrying values. The test was performed using a pre-tax discount rate of 12.3% to 12.8% (2023 – 13.1% to 13.4%) and a terminal growth rate of 2.5% (2023 – 3.0%). Assumptions used in the forecast operating margins and maintenance and other expenditures consider financial budgets, past experience, future growth trends such as GDP growth and inflation, associated economic risk assumptions and estimates of achieving key operating initiatives, covering a five year period.

The carrying value of goodwill entirely relates to the SWC segment and is \$494,264 (2023 - \$467,954).

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20. TRADE AND OTHER PAYABLES:

Chemtrade's payables are as follows:

	2024	2023
Trade payables	\$ 161,468	\$ 159,800
Foreign exchange contracts (note 29)	9,317	—
Non-trade payables and accrued expenses	156,663	139,551
	\$ 327,448	\$ 299,351

21. PROVISIONS:

	Onerous Contracts	Environmental and Decommissioning liability	Legal Provision	Total
Balance at January 1, 2023	\$ 3,941	\$ 152,788	\$ 1,719	\$ 158,448
Adjustments included in PPE ⁽¹⁾	—	(8,532)	—	(8,532)
Adjustments included in net earnings	(3,941)	7,232	(396)	2,895
Additions	—	—	31,301	31,301
Accretion	—	2,483	—	2,483
Payments	—	(9,995)	(1,033)	(11,028)
Foreign exchange rate changes	—	(1,530)	(71)	(1,601)
	—	142,446	31,520	173,966
Less: Current portion	—	23,765	31,520	55,285
Balance at December 31, 2023	\$ —	\$ 118,681	\$ —	\$ 118,681
Balance at January 1, 2024	—	142,446	31,520	173,966
Adjustments included in PPE ⁽¹⁾	—	(1,356)	—	(1,356)
Adjustments included in net earnings	—	(930)	(2,157)	(3,087)
Additions	—	—	558	558
Accretion	—	4,356	—	4,356
Payments	—	(9,848)	(138)	(9,986)
Foreign exchange rate changes	—	5,797	147	5,944
	—	140,465	29,930	170,395
Less: Current portion	—	19,335	29,930	49,265
Balance at December 31, 2024	\$ —	\$ 121,130	\$ —	\$ 121,130

⁽¹⁾ Includes adjustments due to change in discount rates in 2024 and 2023.

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21. PROVISIONS (continued):

(a) Environmental and Decommissioning liability

Chemtrade has estimated a provision for its environmental liability in association with its sites. Expenditures are expected to occur on dates ranging from 2025 to 2054. Chemtrade has estimated a decommissioning liability for its plants and has accrued for this obligation. Decommissioning is expected to occur on dates ranging from 2025 to 2050.

(b) Legal provision

Chemtrade has estimated an overall provision for litigation. Provisions are calculated based on a current estimate of the amounts that will be incurred in settling outstanding legal matters.

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 \$28,119 representing \$25,000 in respect of the disputed reverse termination fee, plus interest and costs. Superior appealed the judgment, at which time Chemtrade established a provision of \$28,119 due to the uncertainty associated with the outcome of the appeal. See note 33 for more details.

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22. CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES:

Changes in convertible unsecured subordinated debentures are as follows:

	Convertible unsecured subordinated debentures ⁽¹⁾					Total
	Fund 2017 4.75% Debentures	Fund 2019 6.50% Debentures	Fund 2020 8.50% Debentures	Fund 2021 6.25% Debentures	Fund 2023 7.00% Debentures	
Maturity	May 31, 2024	October 31, 2026	September 30, 2025	August 31, 2027	June 30, 2028	
Interest rate	4.75 %	6.50 %	8.50 %	6.25 %	7.00 %	
Conversion price	\$ 26.70	\$ 15.80	\$ 7.35	\$ 10.00	\$ 12.85	
Principal outstanding at December 31, 2023	—	100,000	85,552	130,000	110,000	425,552
Principal outstanding at December 31, 2024	—	100,000	—	130,000	110,000	340,000
Balance at January 1, 2023	195,283	97,510	107,812	132,613	—	533,218
Issuance ⁽²⁾	—	—	—	—	110,000	110,000
Redemption ⁽³⁾	(201,115)	—	—	—	—	(201,115)
Conversion	—	—	(698)	—	—	(698)
Change in fair value recognized in profit or loss	4,992	(1,928)	(22,988)	(8,231)	(5,683)	(33,838)
Change in fair value due to own credit risk ⁽⁴⁾	840	2,668	17,681	6,268	2,493	29,950
Balance at January 1, 2024	—	98,250	101,807	130,650	106,810	437,517
Repurchase/Redemption ⁽⁵⁾	—	—	(42,748)	—	—	(42,748)
Conversions	—	—	(51,290)	—	—	(51,290)
Change in fair value recognized in profit or loss	—	10,673	(2,989)	3,679	7,219	18,582
Change in fair value due to own credit risk ⁽⁴⁾	—	(5,923)	(4,780)	5,681	(443)	(5,465)
Balance at December 31, 2024	—	103,000	—	140,010	113,586	356,596

⁽¹⁾ The Fund 2019 6.50% Debentures, the Fund 2021 6.25% Debentures, the Fund 2023 7.00% Debentures, the Fund 2020 8.50% Debentures (which were redeemed in the third quarter of 2024) and the Fund 2017 4.75% Debentures (which were redeemed during the second quarter of 2023) are collectively referred to as the "Debentures". Chemtrade has designated the Debentures as financial liabilities at fair value through profit or loss.

⁽²⁾ During the first quarter of 2023, Chemtrade completed a public offering of the Fund 2023 7.00% Debentures, at a price of \$1,000 per debenture. The Fund 2023 7.00% Debentures are convertible, at the option of the holder, into trust units of the Fund at a conversion price of \$12.85 per unit. Chemtrade incurred transaction costs of \$4,980 which included underwriters' fees and other expenses relating to the offering.

⁽³⁾ During the second quarter of 2023, Chemtrade redeemed all of the outstanding Fund 2017 4.75% Debentures for their par value, including accrued interest for a total of \$203,527. Chemtrade used the net proceeds from the Fund 2023 7.00% Debentures offering, a portion of its Credit Facilities and cash on hand to fund the redemption.

⁽⁴⁾ The change in fair value of the Debentures due to Chemtrade's own credit risk has been presented in other comprehensive income, net of taxes, rather than net earnings.

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

CHEMTRADE LOGISTICS INCOME FUND

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22. CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES (continued):

For the year ended December 31, 2024, interest expense of \$26,979, (2023 - \$32,200) and transaction and extinguishment costs of \$863, (2023 - \$4,980) relating to the Debentures were recognized in net finance costs.

Effective January 1, 2024, Chemtrade has presented the Debentures as current liabilities in the 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, Chemtrade has 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, the Debenture holders have the right to convert Debentures into units at predetermined prices, thus, the Debentures are classified as current liabilities.

CHEMTRADE LOGISTICS INCOME FUND

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23. LONG-TERM DEBT:

Changes in long-term debt are as follows:

Maturity	Revolving credit ⁽¹⁾⁽²⁾		Senior Unsecured Notes ⁽³⁾	Embedded Derivative Asset ⁽³⁾	Transaction costs ⁽³⁾⁽⁴⁾	Total
	(US\$ denominated)	(Cdn\$ denominated)				
	October 24, 2028	October 24, 2028	August 28, 2029			
Balance at January 1, 2023	\$ 370,024	\$ —	\$ —	\$ —	\$ —	\$ 370,024
Net change	(121,547)	398	—	—	—	(121,149)
Gain on net investment hedge of foreign operations	(2,585)	—	—	—	—	(2,585)
Foreign exchange rate changes	255	—	—	—	—	255
Balance at December 31, 2023	\$ 246,147	\$ 398	\$ —	\$ —	\$ —	\$ 246,545
Net change	(176,403)	14,602	—	—	—	(161,801)
Proceeds from issuance of senior unsecured notes	—	—	250,000	—	—	250,000
Redemption option derivative asset ⁽³⁾	—	—	2,207	(2,207)	—	—
Loss on net investment hedge of foreign operations	8,632	—	—	—	—	8,632
Foreign exchange rate changes	(81)	—	—	—	—	(81)
Financing transaction costs on senior unsecured notes ⁽³⁾	—	—	—	—	(6,092)	(6,092)
Accretion	—	—	—	—	318	318
Financing transaction costs on revolving credit facility ⁽⁴⁾	—	—	—	—	(1,271)	(1,271)
Balance at December 31, 2024	\$ 78,295	\$ 15,000	\$ 252,207	\$ (2,207)	\$ (7,045)	\$ 336,250

⁽¹⁾ At December 31, 2024 and 2023, Chemtrade had committed a total of \$19,605 and \$18,594, respectively of the revolving credit facilities ("Credit Facilities") towards standby letters of credit.

⁽²⁾ At December 31, 2024 and 2023, Cdn\$ limit of the Credit Facilities was \$863,040 (US\$600,000) and \$860,795 (US\$650,000), respectively, and Chemtrade had drawn US\$54,432 and Cdn\$15,000 and US\$185,870 and Cdn\$398, respectively, on the Credit Facilities.

⁽³⁾ During Q3 2024, Chemtrade issued senior unsecured notes, for proceeds of \$250,000, net of transaction costs of \$6,092. A derivative asset of \$2,207 was recognized against the proceeds of issuance.

⁽⁴⁾ During Q4 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. Chemtrade incurred transaction costs of \$1,271 to execute the extension.

Revolving Credit Facilities

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

In the fourth quarter of 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 senior unsecured notes (the "Notes"). The facility was also reduced in size from US\$650,000 to US\$600,000.

CHEMTRADE LOGISTICS INCOME FUND

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23. LONG-TERM DEBT (continued):

The Credit Facilities are secured by substantially all of Chemtrade's assets. At December 31, 2024, the weighted average effective interest rate of the facilities was 5.4% (December 31, 2023 - 3.5%). Interest rates on the Credit Facilities are based on Secured Overnight Financing Rate ("SOFR") and CORRA, adjusted by Chemtrade's credit spread.

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

Senior unsecured notes

During the third quarter of 2024, Chemtrade closed its private offering of \$250,000 of aggregate principal amount of 6.375% Notes due August 28, 2029. Chemtrade recognized transaction costs of \$6,092 related to the issuance against the proceeds of the offering. The Notes include early redemption options allowing Chemtrade to redeem the Notes at a premium, in cash, any time prior to August 27, 2028 and at principal any time after August 28, 2028. Chemtrade recognized a derivative asset of \$2,207 to reflect the redemption features of the Notes. Chemtrade utilized proceeds of the issuance to pay down its Credit Facilities.

The Notes are subject to customary terms, conditions and covenants. Chemtrade is in compliance with these as at December 31, 2024.

In January 2025, Chemtrade issued an additional \$125,000 aggregate principal amount of 6.375% Notes due August 28, 2029, resulting in an aggregate principal amount of \$375,000 outstanding on these Notes. See note 33.

CHEMTRADE LOGISTICS INCOME FUND

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24. OTHER LONG-TERM LIABILITIES:

Chemtrade's other long-term liabilities are as follows:

	2024	2023
Long-term portion of LTIP liability (note 27)	\$ 20,938	\$ 18,434
Other	5,378	4,794
	\$ 26,316	\$ 23,228

CHEMTRADE LOGISTICS INCOME FUND

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25. EMPLOYEE BENEFITS:

Chemtrade provides certain health care and pension benefits for certain employees upon retirement.

Generally, under the pension plans, Chemtrade provides retirement benefits based on an employee's years of service and average annual earnings over a period of time prior to retirement. Chemtrade is responsible for meeting its statutory obligations for funding of the pension plans.

Certain hourly employees participate in the Pulp and Paper Industry Pension Trust Fund, a multi-employer, negotiated costs defined benefit plan. The plan is funded by employer and employee contributions. The employer-related expense under this plan in 2024 was \$309 (2023 - \$299).

All eligible Canadian employees participate in a defined contribution pension ("DC") plan. The DC plan is self-directed. Participants choose from a range of investment options offered by the plan administrator. Chemtrade provides a basic contribution of 4% of base salary for participants. Participants can make additional voluntary contributions up to 2% of their base salary, and Chemtrade matches each dollar contributed up to 2% for a total of 6% of base salary. Chemtrade's contributions to the DC plan vest immediately. The employer-related expense under this plan in 2024 was \$3,424 (2023 - \$3,045).

Chemtrade also provides other employee future benefits, including health and dental care benefits and life insurance, for retired employees.

Short-term employee benefits for current employees, such as salaries, paid absences, bonuses and other benefits, are accounted for on an accrual basis over the period in which the employees provide the related services. In 2024, \$203,425 (2023 - \$195,230) of short-term employee benefits were recognized in cost of sales and services, and \$82,267 (2023 - \$74,523) were recognized in selling and administrative expenses.

Chemtrade expects \$3,547 in contributions to be paid to its defined benefit plans in 2025.

CHEMTRADE LOGISTICS INCOME FUND

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25. EMPLOYEE BENEFITS (continued):

	2024	2023
Present value of unfunded obligations	\$ 6,568	\$ 6,701
Present value of funded obligations	259,349	261,265
Total present value of obligations	265,917	267,966
Fair value of plan assets	(248,864)	(248,649)
Recognized liability for defined benefit obligations prior to asset ceiling	17,053	19,317
Effect of asset ceiling	2,523	1,174
Recognized liability for defined benefit obligations	\$ 19,576	\$ 20,491
	2024	2023
Components of net periodic benefit cost		
Current service cost	\$ 1,449	\$ 1,276
Past service cost	—	(117)
Net interest cost	1,150	1,515
Administration costs	1,900	1,905
Plan settlements	—	172
Net periodic benefit cost recognized	\$ 4,499	\$ 4,751
	2024	2023
Net periodic benefit cost allocation		
Cost of sales and services	\$ 1,411	\$ 1,191
Selling and administrative expenses	1,938	2,045
Net finance costs	1,150	1,515
Net periodic benefit cost recognized	\$ 4,499	\$ 4,751
	2024	2023
Other comprehensive income		
Return on plan assets, excluding interest income	\$ (150)	\$ (14,351)
Actuarial loss (gain)	(6,248)	5,290
Effect of asset ceiling	1,294	(464)
Gain recognized in OCI during the year	\$ (5,104)	\$ (9,525)

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25. EMPLOYEE BENEFITS (continued):

	2024	2023
Weighted average assumptions		
Discount rate	5.14 %	4.80 %
Ultimate other medical trend rate	4.50 %	4.50 %
Salary escalation	3.00 %	3.00 %
	2024	2023
Change in accrued benefit obligation		
Accrued benefit obligation at beginning of year	\$ 267,966	\$ 278,032
Current service cost	1,449	1,276
Interest cost	12,596	13,571
Employee contributions	203	212
Benefits paid	(20,807)	(19,063)
Plan settlements	(909)	(7,866)
Foreign exchange rate changes	11,667	(3,369)
Past service cost	—	(117)
Actuarial (gain) loss from changes in demographic assumptions	(201)	175
Actuarial (gain) loss from changes in financial assumptions	(6,874)	7,280
Actuarial loss (gain) from experience adjustments	827	(2,165)
Accrued benefit obligation at end of year	\$ 265,917	\$ 267,966
	2024	2023
Change in plan assets		
Plan assets at beginning of year	\$ 248,649	\$ 252,036
Administration fee	(1,900)	(1,905)
Interest income	11,501	12,135
Employer contributions	1,608	1,857
Employee contributions	203	212
Benefits paid	(20,807)	(19,063)
Foreign exchange rate changes	10,369	(2,936)
Plan settlements	(909)	(8,038)
Return on plan assets, excluding interest income	150	14,351
Plan assets at end of year	\$ 248,864	\$ 248,649
	2024	2023
Change in asset ceiling		
Asset ceiling at beginning of year	\$ 1,174	\$ 1,559
Change in asset ceiling	1,294	(464)
Interest on asset ceiling	55	79
Asset ceiling at end of year	\$ 2,523	\$ 1,174

CHEMTRADE LOGISTICS INCOME FUND

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25. EMPLOYEE BENEFITS (continued):

In 2024 and 2023, Chemtrade completed annuity purchases with respect to former employees. These activities are designed to reduce Chemtrade's defined benefit plan obligations and decrease future risks and volatility associated with these obligations. Chemtrade paid \$909 (2023 - \$8,038) from the impacted plans' assets to settle \$909 (2023 - \$7,866) of pension obligations and recorded a \$nil (2023 - \$172) settlement charge in selling and administrative expenses. The settlement charges resulted from the difference between the amount paid for the annuity purchases and the value of Chemtrade's defined benefit plan obligations related to these annuity purchases at the time of the settlement.

The asset mix in the plan is approximately 71.1% bonds (2023 - 68.1%), approximately 21.1% equity securities (2023 - 23.0%) and approximately 7.8% other investments (2023 - 8.9%).

Assumed discount rates, inflation rates and mortality rates have an effect on the amounts recognized on the consolidated statement of financial position. Holding other assumptions constant, changes in key assumptions that are reasonably possible would have affected the defined benefit obligation by the amounts shown below:

	Defined benefit obligation	
	Increase	Decrease
Discount rate (1% movement)	\$ (22,799)	\$ 27,007
Inflation rate (1% movement)	\$ 8,391	\$ (2,573)
Mortality rate (10% movement)	\$ (6,630)	\$ 7,249

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26. UNITS AND OTHER COMPONENTS OF EQUITY:

(a) Units:

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

	2024		2023	
	Number of Units	Amount	Number of Units	Amount
Balance - January 1	117,048,304	\$ 1,648,411	115,536,668	\$ 1,635,683
Units repurchased under NCIB	(5,134,000)	(71,195)	—	—
Conversion of unsecured subordinated convertible debentures (note 22)	6,978,225	51,290	94,964	698
Issuance of units under the DRIP	118,203	1,070	1,416,672	12,030
Balance – December 31	119,010,732	\$ 1,629,576	117,048,304	\$ 1,648,411

On June 3, 2024, the Fund commenced an NCIB, under which, the Fund is authorized to purchase up to 11,672,524 of its units over a 12 month period ending June 2, 2025. In connection with the NCIB, Chemtrade entered into an automatic share purchase plan ("ASPP") with its designated broker for the purpose of allowing the Fund to purchase its units under the NCIB during self-imposed trading backout periods. Under the ASPP, the broker is authorized to purchase units during blackout periods, without consultation with Chemtrade, on predefined terms, including unit price, time period and subject to other limitations imposed in advance by Chemtrade and subject to the rules and policies of the TSX and applicable securities laws, such as daily purchase restrictions.

During the year ended December 31, 2024, the Fund purchased 5,134,000 units as part of the NCIB and recorded a reduction in the book value of units of \$71,195. The difference between the book value and purchase cost of \$16,664 was recognized in contributed surplus. Chemtrade did not recognize a liability under the ASPP at December 31, 2024 as the latest blackout period did not start until after December 31, 2024.

(b) Contributed surplus:

Chemtrade's contributed surplus relates to the purchase of units under a normal course issuer bid.

(c) Accumulated other comprehensive income ("AOCI"):

AOCI is comprised of the following separate components of equity:

Cumulative translation account

The cumulative translation account comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

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26. UNITS AND OTHER COMPONENTS OF EQUITY (continued):

Unrealized gains/losses on cash flow and net investment hedges

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. The reserve also comprises the cumulative foreign currency differences arising on the translation of Chemtrade's U.S. dollar-denominated long-term debt, which is designated as the hedge of the net investment in foreign operations that use the U.S. dollar.

Change in fair value of convertible debentures due to credit risk

The Debentures are recognized initially at fair value. Subsequent to initial recognition, the Debentures are measured at fair value at each period end date with the changes recorded in comprehensive income. Any changes in the fair value due to Chemtrade's own credit risk are presented in other comprehensive income rather than net earnings.

(d) Distributions:

Effective with the distributions declared in January 2024 and paid in February 2024, Chemtrade suspended its DRIP and increased the monthly distributions from \$0.050 per unit to \$0.055 per unit. Effective with the distributions declared in January 2025 and paid in February 2025, Chemtrade increased the monthly distributions from \$0.055 per unit to \$0.0575 per unit.

Distributions paid for the year ended December 31, 2024 were \$77,684 (2023 - \$70,061) or \$0.655 per unit (2023 - \$0.600 per unit). Of the distributions paid for the year ended December 31, 2024 \$76,614 (2023 - \$58,031) were in cash and \$1,070 (2023 - \$12,030) were reinvested in additional units pursuant to the DRIP. All of Chemtrade's distributions are discretionary and subject to Board approval.

Distributions declared for the year ended December 31, 2024 were \$78,348 (2023 - \$70,140 including the DRIP bonus distributions) or \$0.660 per unit (2023 - \$0.600 per unit).

As at December 31, 2024, Chemtrade had distributions payable of \$6,548 (December 31, 2023 - \$5,884) which were paid on January 31, 2025. On January 22, 2025, Chemtrade declared a cash distribution of \$0.0575 per unit for the month of January 2025 payable on February 28, 2025 to Unitholders of record at the close of business on January 31, 2025.

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27. SHARE-BASED PAYMENTS:

Chemtrade operates a Long-term Incentive Plan ("LTIP"), which grants cash awards based on certain criteria. The LTIP awards have a performance based Performance Share Unit ("PSU") component and a Restricted Share Unit ("RSU") component. The performance based PSU component of the 2022 – 2024 and 2023 – 2025 LTIP awards is based on return on investment capital improvement and total return to Chemtrade's Unitholders relative to the total return of companies comprising the S&P/TSX Dividend Composite Index. The performance based PSU component of the 2024 – 2026 LTIP awards is based on return on investment capital improvement and total return to Chemtrade's Unitholders relative to two peer groups which are the S&P/TSX Dividend Composite Index and a group of peer companies selected by Chemtrade. Total Unitholder return consists of changes in unit price and distributions paid to Unitholders over the course of the performance periods. The performance based PSU component under these LTIP awards is also adjusted by Environmental, Social and Governance goals to be achieved by the end of the performance period. The RSU component of the LTIP awards is a phantom plan which is payable in cash at the end of the performance period.

As at December 31, 2024, a liability of \$48,476 (December 31, 2023 - \$33,640) has been recorded for LTIP awards, of which \$27,538 (December 31, 2023 - \$15,206) is included in trade and other payables and \$20,938 (December 31, 2023 - \$18,434) is included in other long-term liabilities. During the first quarter of 2024, Chemtrade paid \$14,975 to settle the 2021 - 2024 LTIP awards. For the year ended December 31, 2024, Chemtrade recorded an expense of \$23,323 (2023 - \$17,332) in selling and administrative expenses related to the fair value adjustments on the LTIP.

The following RSUs under these plans are outstanding:

	Number of rights	
	2024	2023
Balance – January 1	2,215,305	3,293,965
Grants – new grants	713,368	647,758
– distribution equivalents	161,063	172,131
Forfeitures	(59,958)	(78,813)
Settlements	(767,487)	(1,819,736)
Balance – December 31	2,262,291	2,215,305

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27. SHARE-BASED PAYMENTS (continued):

The following PSUs under these plans are outstanding:

	Number of rights	
	2024	2023
Balance – January 1	2,535,567	1,398,638
Grants – new grants	693,020	637,656
– estimated performance adjustment	463,487	423,659
– distribution equivalents	333,044	156,473
Forfeitures	(5,820)	(73,825)
Settlements	(3,984)	(7,034)
Balance – December 31	4,015,314	2,535,567

Chemtrade has in place a deferred unit plan ("DUP") for non-employee trustees ("Participants"), pursuant to which the Participants can elect to take all or a portion of their compensation in the form of deferred units of Chemtrade, with the remainder as a cash payment. The deferred units are settled in units of the Fund issued from treasury or in cash at the Participant's request. Currently, the Participants are required to take a minimum of 50% of their compensation in the form of deferred units of Chemtrade. As at December 31, 2024, 828,080 deferred units at a value of \$9,059 were outstanding (December 31, 2023 - 677,402 deferred units at a value of \$5,771).

The following rights under the DUP are outstanding:

	Number of rights	
	2024	2023
Balance – January 1	677,402	583,501
Grants – new grants	100,502	121,642
– distribution equivalents	50,176	41,680
Settlements	—	(69,421)
Balance – December 31	828,080	677,402

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27. SHARE-BASED PAYMENTS (continued):

Inputs for measurement of fair values

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

	December 31, 2024	December 31, 2023
Chemtrade units:		
Average base price	\$8.32	\$7.84
Period-end unit price	\$10.94	\$8.52
Average expected volatility	27.30%	31.00%
Average risk free interest rate	2.96%	4.14%
Average expected remaining term	1.50 years	1.50 years

28. COMMITMENTS AND CONTINGENCIES:

(a) Purchase commitments

Chemtrade has contractual commitments for the purchase of electricity in Brazil, of which approximately 90 to 100 percent of the cost is passed onto one major customer, and minimum purchase commitments under certain multi-year salt supply contracts and contractual commitments for PPE. Chemtrade's outstanding purchase commitments as at December 31, 2024 are as follows:

2025	\$	39,918
2026		22,812
	\$	62,730

(b) Decommissioning and Environmental costs

Chemtrade's operations are subject to numerous laws, regulations and guidelines relating to air emissions, water discharges, solid and hazardous wastes, transportation and handling of hazardous substances and employee health and safety in Canada, the United States, Brazil and other countries in which Chemtrade operates. These environmental regulations are continually changing and are generally becoming more restrictive.

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28. COMMITMENTS AND CONTINGENCIES (continued):

(c) Contingent assets

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 \$28,119 representing \$25,000 in respect of the disputed reverse termination fee, plus interest and costs. Superior appealed the judgment, at which time Chemtrade established a provision of \$28,119 due to the uncertainty associated with the outcome of the appeal. See note 33 for more details.

29. FINANCIAL INSTRUMENTS:

(a) Categories of financial assets and liabilities

The carrying values of Chemtrade's financial instruments are as follows:

	IFRS 9 Classification	2024	2023
Cash-settled unit swaps (notes 13, 18)	Fair value - hedging instrument	\$ 13,550	\$ 6,252
Cash-settled unit swaps (notes 13, 18)	Fair value through profit and loss	3,773	1,332
Interest rate swap asset (notes 13, 18)	Fair value through profit and loss	7,000	10,886
Foreign exchange contracts (liability) asset (notes 13, 20)	Fair value through profit and loss	(9,317)	2,483
Convertible unsecured subordinated debentures (note 22) ⁽¹⁾	Fair value through profit and loss	356,596	437,517
Redemption option derivative asset (note 23)	Fair value through profit and loss	2,207	—
Trade and other receivables (note 11)	Amortized cost	148,085	146,686
Trade and other payables (note 20)	Other financial liabilities	318,131	299,351
Distributions payable (note 26)	Other financial liabilities	6,548	5,884
Long-term debt (note 23)	Other financial liabilities	336,250	246,545

⁽¹⁾ Any changes in the fair value due to Chemtrade's own credit risk are presented in other comprehensive income rather than net earnings.

CHEMTRADE LOGISTICS INCOME FUND

Notes to Consolidated Financial Statements

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

Year ended December 31, 2024 and 2023

29. FINANCIAL INSTRUMENTS (continued):

(b) Derivatives and hedging:

	December 31, 2024			December 31, 2023		
	Notional Amount	Fair Value		Notional Amount	Fair Value	
		Asset	Liability		Asset	Liability
Derivatives designated in a formal hedging relationship						
Cash-settled unit swaps ⁽¹⁾	—	\$ 13,550	\$ —	—	\$ 6,252	\$ —
Derivatives not designated in a formal hedging relationship						
Interest rate swaps ⁽¹⁾	US\$ 175,000	7,000	—	US\$ 325,000	10,886	—
Foreign exchange contracts ⁽¹⁾⁽²⁾	—	—	9,317	—	2,483	—
Redemption option derivative asset ⁽³⁾	—	2,207	—	—	—	—
Cash-settled unit swaps ⁽¹⁾	—	3,773	—	—	1,332	—
Total		\$ 26,530	\$ 9,317		\$ 20,953	\$ —

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

⁽²⁾ See below for notional amounts.

⁽³⁾ Redemption option derivative asset is disclosed as net of the proceeds of issuance of the Notes (see note 23).

As of January 1, 2022, Chemtrade had swap arrangements in place to fix the LIBOR components of its interest rates on US\$325,000 of its Credit Facilities until October 2024. During the first quarter of 2022, Chemtrade formally designated the interest rate swaps as cashflow hedges. Subsequent to the designation, changes in the fair value of the effective portion of the swaps were recognized in other comprehensive income.

During the third quarter of 2022, Chemtrade de-designated its interest rate swaps and hedge accounting on these swaps was discontinued prospectively. The accumulated balance of the change in the fair value of the interest rate swaps in other comprehensive income at the time the swaps were de-designated was reclassified to net earnings until October 2024. For the year ended December 31, 2024, Chemtrade reclassified \$6,139, (2023 - \$7,017) relating to the changes in fair value of the effective portion of the swaps from other comprehensive income to net earnings, as a result of the de-designation. 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 year ended December 31, 2024, Chemtrade recognized a loss of \$3,885, (2023 - a loss of \$10,181) relating to the changes in the fair value of the de-designated swaps, in net earnings.

During the first quarter of 2024, Chemtrade amended the terms of its existing US\$175,000 and US\$150,000 interest rate swaps on its outstanding long-term debt. Effective January 24, 2024,

CHEMTRADE LOGISTICS INCOME FUND

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

Year ended December 31, 2024 and 2023

29. FINANCIAL INSTRUMENTS (continued):

the terms of these swaps were extended until December 2026 to align with the maturity date of the long-term debt and the aggregate amount of the swap was reduced to US\$175,000. As a result of the extension, Chemtrade presented the fair value relating to the interest rate swap in Other assets under non-current assets, which compares to December 31, 2023 when these were presented in Prepaid expenses and other assets in the Consolidated Statements of Financial Position.

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

For the year ended December 31, 2024, a foreign exchange loss of \$8,632 (2023 - gain of \$2,584) on the revaluation of the U.S. dollar-denominated debt related to this hedging strategy was recognized in other comprehensive income, net of tax.

Chemtrade has entered into cash-settled unit swap arrangements which fix the unit price on a portion of the RSU and PSU components of its LTIP awards and a portion of the deferred units awarded under the DUP. During the first quarter of 2023, Chemtrade rolled over the hedged units maturing on March 31, 2023, into 2024, 2025 and 2026. During the first quarter of 2024, Chemtrade rolled over the hedged units maturing on March 31, 2024, into 2025, 2026 and 2027. The RSU component of the LTIP awards is a phantom plan which is payable in cash at the end of the performance period. The PSU component of the LTIP awards gives a right to the participants to receive cash payments upon the achievement of performance goals during the performance periods. The arrangements are based on a portion of RSUs and PSUs outstanding for all its existing LTIP awards.

As at December 31, 2024, the notional number of units hedged was 2,487,211 with maturity dates ranging between March 2025 and March 2027. Distributions on the hedged units are reinvested in these swap arrangements. The RSU and PSU swaps are formally designated as cash flow hedges at the date of inception and any changes in the fair value of the unvested portion of the RSUs and PSUs are recognized in other comprehensive income. However, the swaps which fix the unit price on deferred units are not formally designated as cash flow hedges and any changes in the fair value of these deferred units swaps are recognized in net earnings. As at December 31, 2024, the notional number of units not hedged was 709,148 maturing in March 2025.

Chemtrade has entered into foreign exchange contracts to manage some of its exposure to foreign currencies. Chemtrade buys and sells specific amounts of currencies at pre-determined dates and exchange rates, which are matched with the anticipated operational cash flows.

CHEMTRADE LOGISTICS INCOME FUND

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

Year ended December 31, 2024 and 2023

29. FINANCIAL INSTRUMENTS (continued):

Contracts in place at December 31, 2024 include future contracts to sell the following amounts for periods through to March 2026:

Amount	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 redemption option derivative asset (see note 23) associated with the Notes is an embedded derivative separately recognized to reflect the redemption features of the Notes.

(c) Fair values of financial instruments:

Fair value is the value that would be agreed upon in an arm's length transaction between willing and knowledgeable counter-parties. The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and distributions payable approximate their fair values because of the short-term maturity of these financial instruments. The carrying amount of the Credit Facilities, approximates fair value as the debt accrues interest at variable interest rates. The fair value of the Notes is \$255,944, which is higher than the carrying amount as the fixed interest rate is higher than the market interest rate for similarly rated notes as at December 31, 2024.

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

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

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

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

The following is a summary of the fair value hierarchy levels of Chemtrade's financial instruments:

CHEMTRADE LOGISTICS INCOME FUND

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

Year ended December 31, 2024 and 2023

29. FINANCIAL INSTRUMENTS (continued):

2024	Level 1	Level 2	Level 3	Total
Instruments designated as fair value through profit and loss				
Interest rate swaps	\$ —	\$ 7,000	\$ —	\$ 7,000
Foreign exchange contracts	—	(9,317)	—	(9,317)
Cash-settled unit swaps	—	3,773	—	3,773
Convertible unsecured subordinated debentures	(356,596)	—	—	(356,596)
Redemption option derivative asset	—	2,207	—	2,207
Instruments carried at amortized cost				
Senior unsecured notes	—	(255,944)	—	(255,944)
Instruments designated as fair value through other comprehensive income				
Cash-settled unit swaps	—	13,550	—	13,550
Total	\$ (356,596)	\$ (238,731)	\$ —	\$ (595,327)
<hr/>				
2023	Level 1	Level 2	Level 3	Total
Instruments designated as fair value through profit and loss				
Interest rate swaps	\$ —	\$ 10,886	\$ —	\$ 10,886
Foreign exchange contracts	—	2,483	—	2,483
Cash-settled unit swaps	—	1,332	—	1,332
Convertible unsecured subordinated debentures	(437,517)	—	—	(437,517)
Instruments designated as fair value through other comprehensive income				
Cash-settled unit swaps	—	6,252	—	6,252
Total	\$ (437,517)	\$ 20,953	\$ —	\$ (416,564)

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

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

All of Chemtrade's derivative financial instruments are classified within Level 2 because they are based on rates quoted by banks and other public data sources. The current portion of these derivatives is recorded in Prepaid expenses and other assets and trade and other payables and

CHEMTRADE LOGISTICS INCOME FUND

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

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29. FINANCIAL INSTRUMENTS (continued):

the non-current portion is recorded in Other assets and Other long-term liabilities in the Consolidated Statements of Financial Position.

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

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

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

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

(d) Risks associated with financial instruments

(i) Credit risk

Credit risk arises from the non-performance by counter-parties of their contractual financial obligations. Chemtrade manages credit risk for trade and other receivables through established credit monitoring activities. Chemtrade does 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. Chemtrade believes its credit risk of counterparty non-performance continues to be relatively low. Chemtrade is in regular contact with its customers, suppliers and logistics providers, and to date has 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 Chemtrade. Chemtrade's maximum exposure to credit risk at the reporting date is the carrying value of its receivables and derivative assets.

(ii) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Chemtrade manages liquidity risk by maintaining

CHEMTRADE LOGISTICS INCOME FUND

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

Year ended December 31, 2024 and 2023

29. FINANCIAL INSTRUMENTS (continued):

adequate cash and cash equivalent balances, and by appropriately utilizing its lines of credit. Chemtrade believes 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 its currently anticipated financial obligations, and will remain available in the current environment.

The undiscounted cash flow requirements for financial liabilities as at December 31, 2024 are as follows:

	Carrying Value	Total	Less Than 1 Year	2-3 Years	4-5 Years	After 5 Years
Trade and other payables (note 20)	\$ 318,131	\$ 318,131	\$ 318,131	\$ —	\$ —	\$ —
Distributions payable (note 26)	6,548	6,548	6,548	—	—	—
Lease liabilities (note 16)	206,413	218,005	66,274	103,562	38,523	9,646
Long-term debt (note 23)	336,250	343,295	—	—	343,295	—
Interest on long-term debt	—	93,890	20,981	42,213	30,696	—
Convertible unsecured subordinated debentures (note 22)	356,596	340,000	—	230,000	110,000	—
Interest on Debentures	—	60,491	22,325	34,348	3,818	—
Total	\$ 1,223,938	\$ 1,380,360	\$ 434,259	\$ 410,123	\$ 526,332	\$ 9,646

(iii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk (unit and other). Chemtrade's market risks are as follows:

(a) Currency risk

Chemtrade is exposed to fluctuations in the exchange rate of the U.S. dollar relative to the Canadian dollar as a portion of Chemtrade's earnings are in U.S. dollars, with earnings positively affected when the U.S. dollar strengthens relative to the Canadian dollar. At December 31, 2024, on an unhedged basis, Chemtrade estimates that a one-cent change in the exchange rate would have an impact on the translation of net earnings of approximately \$3,000 per annum. At December 31, 2024, on an unhedged basis, a one-cent change in the exchange rate would also have an impact of approximately \$500 on Chemtrade's net earnings because of the translation of its U.S. dollar-denominated long-term debt. Chemtrade cannot predict changes in currency exchange rates, the impact of exchange rate changes on Chemtrade's operating results, nor the degree to which Chemtrade will be able to manage the

CHEMTRADE LOGISTICS INCOME FUND

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

Year ended December 31, 2024 and 2023

29. FINANCIAL INSTRUMENTS (continued):

impact of currency exchange rate changes. Such changes could have an impact on Chemtrade's business, results of operations and financial condition.

(b) Interest rate risk

Chemtrade has 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 \$900 on Chemtrade's net earnings per annum. As at December 31, 2024, Chemtrade had fixed interest rates on 100% of its Credit Facilities until December 2026 through interest rate swaps and 0% thereafter until October 2028.

(c) Unit price risk

Unit price risk is the risk that changes in Chemtrade's 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 Chemtrade's LTIP awards and deferred units under DUP are revalued each period based on Chemtrade's unit price. Net cash flows from operating activities are affected when these cash-settled RSUs, PSUs and DUP units are ultimately settled. Chemtrade enters into cash-settled unit swap arrangements to fix the unit price on a portion of the RSU and PSU components of its LTIP awards and deferred units under DUP to mitigate a portion of the unit price risk.

(d) Other price risks

Product Price and Sales Volume Risk -

Every \$50 change in the price per metric tonne ("MT") of North American produced sodium chlorate would have an impact on earnings before income taxes of approximately \$13,500 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 \$17,200 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, respectively.

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 \$5,080 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 \$7,500 per annum.

CHEMTRADE LOGISTICS INCOME FUND

Notes to Consolidated Financial Statements
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29. FINANCIAL INSTRUMENTS (continued):

Electricity Price Risk -

Every four percent change in the price of electricity in North America would have an impact on earnings before income taxes of approximately \$3,500 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.

Sulphuric acid pricing -

At December 31, 2024, 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 \$8,900. In any specific period, the exact impact would depend upon the volume 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 volume 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.

Salt costs -

Chemtrade uses salt in the manufacturing of its 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 \$900 per annum on earnings before income taxes.

Sulphur costs -

Chemtrade uses sulphur in the manufacturing of several of its products, including sulphuric acid. At operating levels as at December 31, 2024, an increase of \$10 per tonne would have an impact of approximately \$1,200 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.

CHEMTRADE LOGISTICS INCOME FUND

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30. CAPITAL MANAGEMENT:

Chemtrade's objective when managing its capital is to safeguard Chemtrade's assets and its ability to continue as a going concern, to meet external capital requirements related to its credit facilities, and to maximize the growth of its business and the returns to its Unitholders. Chemtrade's capital structure is comprised of units, Debentures and long-term debt. The long-term debt consists of Credit Facilities and the Notes. The Credit Facilities do not require payment until October 2028 and the Notes do not require payment until August 2029.

The Debentures have maturity dates ranging from October 2026 to June 2028. Chemtrade intends to maintain a flexible capital structure consistent with the objectives stated above and to respond to changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, Chemtrade may purchase units for cancellation, issue new units, raise debt (secured, unsecured, convertible and/or other types of available debt instruments) or refinance existing debt with different characteristics.

Chemtrade utilizes annual capital and operating expenditure budgets to facilitate the management of its capital requirement. These budgets are approved by the Board. Budgets are updated if there are significant changes in fundamental underlying assumptions during a period.

Chemtrade monitors capital using a Net debt to LTM Adjusted EBITDA ratio. Net debt to LTM Adjusted EBITDA ratio is 'Net debt' divided by last twelve months (LTM) Adjusted EBITDA. Chemtrade includes within Net debt, long-term debt, Debentures, lease liabilities, less cash and cash equivalents. Chemtrade monitors Net debt to LTM Adjusted EBITDA as a part of liquidity management to sustain future investment in the growth of the business and make decisions about capital.

	2024		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
LTM Adjusted EBITDA ⁽³⁾	\$	470,792	\$	502,637
Net debt to LTM Adjusted EBITDA		1.84		1.65

⁽¹⁾ Principal outstanding amount, see notes 22 and 23.

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

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

CHEMTRADE LOGISTICS INCOME FUND

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

Year ended December 31, 2024 and 2023

30. CAPITAL MANAGEMENT (continued):

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

There were no changes in Chemtrade's approach to managing capital during the year ended December 31, 2024.

CHEMTRADE LOGISTICS INCOME FUND

Notes to Consolidated Financial Statements
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31. RELATED PARTIES:

Key management personnel compensation

Key management personnel is comprised of trustees and the senior leadership team of Chemtrade. Trustees receive compensation in the form of an annual retainer. In addition to their salaries, Chemtrade also provides other benefits to the senior leadership team. One such benefit is the contribution to a post-employment DC 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. Chemtrade provides 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 Chemtrade matches each dollar contributed up to 2% for a total of 6% of base salary. Contributions to the DC plan vest immediately. These plans for the senior leadership team are identical to the plans offered to all employees in the same jurisdiction.

Chemtrade offers 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 performance of the investments chosen. Employees make voluntary contributions on each pay, and Chemtrade matches employee contributions up to 6% of eligible earnings subject to legislated government maximums. Chemtrade's 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) Chemtrade's 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 note 27, 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 of the Board 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.

CHEMTRADE LOGISTICS INCOME FUND

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

Year ended December 31, 2024 and 2023

31. RELATED PARTIES (continued):

Chemtrade has in place a deferred unit compensation plan for its non-management trustees, pursuant to which the trustees can elect to take all or a portion of their compensation in the form of deferred units of Chemtrade, with the remainder as a cash payment. Currently, the trustees are required to take 50% of their compensation in the form of deferred units of Chemtrade.

As at December 31, 2024, the market value of these deferred units, which is included in trade and other payables was \$9,059 (2023 - \$5,771).

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

Investment in a Joint Venture

Transactions related to the investment in a joint venture are in note 17.

CHEMTRADE LOGISTICS INCOME FUND

Notes to Consolidated Financial Statements
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Year ended December 31, 2024 and 2023

32. MATERIAL ACCOUNTING POLICIES:

The accounting policies set out below have been applied consistently by Chemtrade's entities to all periods presented in these consolidated financial statements.

Set out below is an index of the material accounting policies, the details of which are available on the pages that follow:

(a) Basis of consolidation.....	135
(b) Segment reporting.....	135
(c) Revenue recognition.....	135
(d) Income tax.....	136
(e) Inventories.....	136
(f) Property, plant and equipment.....	137
(g) Leases.....	137
(h) Intangible assets.....	139
(i) Impairment.....	139
(j) Provisions.....	142
(k) Employee benefits.....	143
(l) Financial Instruments.....	144

(a) Basis of consolidation

The consolidated financial statements include the financial statements of Chemtrade, its controlled subsidiaries and equity accounted investments, including joint ventures. Control is achieved when Chemtrade has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

(b) Segment reporting

A reportable segment is a component of Chemtrade that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of Chemtrade's other components. All operating segments' operating results are reviewed regularly by Chemtrade's CEO to make

decisions about resources to be allocated to each segment and assess its performance, and for which discrete financial information is available.

(c) Revenue recognition

(i) Sale of products:

Revenue from the sale of products in the course of ordinary activities is measured and recorded at the most likely amount of consideration expected to be received, net of

CHEMTRADE LOGISTICS INCOME FUND

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Year ended December 31, 2024 and 2023

32. MATERIAL ACCOUNTING POLICIES (continued):

returns, trade discounts and volume rebates. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

Revenue from the sale of products are recognized when control is passed to the customer according to the terms of the contract, which could be upon shipment of goods or when the product reaches the customer site. In certain cases, customers will pick up the products at Chemtrade's plants and Chemtrade will recognize revenues when the product is picked up.

For products sold to pipeline customers, revenue is recognized when the product crosses the property line through the pipeline. This is the point where the product is considered delivered and control of the product transfers to the customer.

(ii) Processing services:

Chemtrade provides processing services to customers that are continuous and ongoing in nature. Generally, processing services are provided for a specified period of time and are not based on volumes or the completion of specific milestones. Therefore, revenue for processing services are recorded over time.

(d) Income tax

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in earnings except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(e) Inventories

Finished goods inventory is valued at the lower of average cost and net realizable value. Average cost includes all costs of purchase, costs of conversion and other costs incurred to bring inventories to their present location and condition. Costs of conversion include a

CHEMTRADE LOGISTICS INCOME FUND

Notes to Consolidated Financial Statements
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Year ended December 31, 2024 and 2023

32. MATERIAL ACCOUNTING POLICIES (continued):

systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. The allocation of fixed production overheads is based on normal production capacity. Raw material inventory and operating supplies are recorded at the lower of cost determined on a first-in, first-out basis, and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(f) Property, plant and equipment

(i) Recognition and measurement:

Items of PPE are measured at cost less accumulated depreciation and accumulated impairment losses.

Parts of an item of PPE having different useful lives, are accounted for as separate items (major components) of PPE.

(ii) Depreciation:

Depreciation is recognized in comprehensive income on a straight-line basis over the estimated useful life of each part of an item of PPE, since this most closely reflects the expected pattern of consumption of the future economic resources embodied in the asset. Land is not depreciated.

The estimated useful lives for the current and comparative periods of plant and equipment are as follows:

- Building 5 - 40 years
- Equipment 5 - 40 years
- Furniture and other 3 - 10 years

Facilities and equipment under construction do not begin to be depreciated until substantially complete and ready for productive use.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(g) Leases

Chemtrade leases various assets that include rail cars, private fleet, real estate, vehicles and other heavy-duty machinery and equipment to conduct its daily operations.

CHEMTRADE LOGISTICS INCOME FUND

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

Year ended December 31, 2024 and 2023

32. MATERIAL ACCOUNTING POLICIES (continued):

Chemtrade assesses whether a contract is or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

At inception or on reassessment of a contract that contains a lease component in which Chemtrade is a lessee, Chemtrade allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for certain leases where it is a lessee, Chemtrade has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

Chemtrade recognizes ROU assets and lease liabilities for most leases. Chemtrade applies recognition exemptions for short-term leases (i.e. leases with terms less than 12 months or entered into on a month-to-month basis) and leases that are considered to be low-dollar value leases. Short-term and low-dollar value leases are directly recorded in profit or loss.

Chemtrade recognizes an ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost. Subsequent to initial recognition, the ROU asset is measured at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. In comparison, the lease liability is initially measured at 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, Chemtrade's incremental borrowing rate is used. Generally, Chemtrade uses its incremental borrowing rate as the discount rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Chemtrade depreciates the ROU asset on a straight-line basis over the lease term, unless Chemtrade expects to obtain ownership of the leased asset at the end of the lease.

If Chemtrade expects to obtain ownership of the leased asset at the end of the lease, Chemtrade depreciates the ROU asset over the underlying asset's estimated useful life.

CHEMTRADE LOGISTICS INCOME FUND

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

Year ended December 31, 2024 and 2023

32. MATERIAL ACCOUNTING POLICIES (continued):

(h) Intangible assets

(i) Goodwill:

Goodwill arising on the acquisition of business is allocated as of the date of the business combination to Chemtrade's CGUs and CGU groups that are expected to benefit from the synergies of the business combination.

(ii) Other intangible assets:

Other intangible assets include the estimated fair value, based on discounted cash flows, at the date of acquisition of long-term customer relationships.

(iii) Amortization of intangibles:

Amortization of intangible assets, excluding goodwill, is calculated over the estimated useful life upon recognition of the asset. Amortization is recognized in comprehensive income on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic resources embodied in the assets. The estimated useful lives for the current and comparative period are as follows:

- Customer relationships 10 - 16 years
- Other 5 - 10 years

(i) Impairment

(i) Trade and other receivables:

In relation to trade and other receivables, a provision for impairment is made and an impairment loss is recognized in comprehensive income when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that Chemtrade will not be able to collect all of the amounts due under the original payment terms of the invoice. This analysis is performed using a forward-looking "expected credit loss" model under IFRS 9. The carrying amount of the receivable is reduced through use of an allowance account for expected credit losses. Impaired debts are written off against the allowance account when they are assessed as uncollectible. Any subsequent reversal of an impairment loss is recognized in comprehensive income.

(ii) Goodwill:

Chemtrade performs a goodwill impairment test on an annual basis or more frequently

CHEMTRADE LOGISTICS INCOME FUND

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

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32. MATERIAL ACCOUNTING POLICIES (continued):

when events or changes in circumstances indicate that the carrying amount of a CGU or CGU group likely exceeds its recoverable amount.

Goodwill is not amortized, however Chemtrade performs its annual test for goodwill impairment in the fourth quarter of each fiscal year.

Valuation techniques

The recoverable amount of each CGU or CGU group is based on the higher of its value in use and its fair value less costs to sell. The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources. An impairment loss is recognized immediately in comprehensive income if the recoverable amount of the CGU or CGU group is estimated to be less than its carrying amount. Any impairment loss on goodwill that is recognized cannot be reversed.

Value in use approach

The value in use approach is predicated upon the value of the future cash flows that a business will generate in future periods. The discounted cash flow method is used which involves projecting cash flows and converting them into a present value equivalent through discounting. The discounting process uses a rate of return that is commensurate with the risks associated with the business or asset and the time value of money. This approach requires assumptions about forecast operating margins, maintenance and other capital expenditures, terminal growth rates and discount rates.

CHEMTRADE LOGISTICS INCOME FUND

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Year ended December 31, 2024 and 2023

32. MATERIAL ACCOUNTING POLICIES (continued):

The following is a description of significant assumptions in obtaining the value in use:

<i>Forecast Operating Margins and Maintenance and Other Capital Expenditures</i>	Chemtrade forecasts operating margins and maintenance and other capital expenditures based on financial budgets, past experience, future growth trends such as gross domestic product ("GDP") growth and inflation, associated economic risk assumptions and estimates of achieving key operating initiatives, covering a five year period.
<i>Terminal Growth Rates</i>	Subsequent to the five year forecast period, Chemtrade applies a terminal growth rate. The terminal growth rate is based on estimated long-term GDP growth and inflation in the markets in which Chemtrade operates.
<i>Discount rates</i>	Chemtrade assumes a pre-tax discount rate in order to calculate the present value of its projected cash flows. The discount rate represents a weighted average cost of capital ("WACC"). The WACC is an estimate of the overall required rate of return on an investment for both debt and equity owners and serves as the basis for developing an appropriate discount rate.

Fair value less costs to sell approach

Fair value less costs to sell is the amount obtainable from the sale of a CGU or CGU group in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. The estimated market price is based on a multiplier based on earnings before interest, taxes, depreciation and amortization and market capitalization.

(iii) Other non-financial assets carried at amortized cost:

If there is objective evidence that an impairment loss on a non-financial asset carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and its recoverable amount. The carrying amount of the non-financial asset is then reduced by the amount of the impairment and the loss is recognized in comprehensive income. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the non-financial asset does not exceed the amortized cost had the impairment not been recognized.

CHEMTRADE LOGISTICS INCOME FUND

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

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32. MATERIAL ACCOUNTING POLICIES (continued):

(j) Provisions

A provision is recognized if, as a result of a past event, Chemtrade has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic resources will be required to settle the obligation.

The following is a description of various provisions:

<i>Environmental and Decommissioning liabilities</i>	<p>A provision for environmental liabilities is recorded based on 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.</p> <p>Chemtrade recognizes provisions for statutory, contractual, constructive or legal obligations associated with decommissioning of Chemtrade's plants. The fair value of estimated decommissioning liabilities is recognized when identified and a reasonable estimate of fair value can be made. A decommissioning asset equal to the estimated fair value of the decommissioning liability is capitalized as part of the cost of the related long-lived asset. The decommissioning asset is depreciated over the asset's estimated useful life and included in cost of sales and services. Increases in the decommissioning liabilities resulting from the passage of time are recorded as accretion of the decommissioning liabilities.</p>
<i>Legal provisions</i>	<p>Provisions for legal claims are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation.</p>

CHEMTRADE LOGISTICS INCOME FUND

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

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32. MATERIAL ACCOUNTING POLICIES (continued):

(k) Employee benefits

(i) Defined contribution plans:

The DC plan is a post-employment benefit plan under which Chemtrade pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to DC plans are recognized as an employee benefit expense in comprehensive income in the periods during which services are rendered by employees.

(ii) Defined benefit plans:

A defined benefit pension plan is a post-employment benefit plan other than a DC plan. Chemtrade's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is then discounted to determine its present value and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on high quality bonds that have maturity dates approximating the terms of Chemtrade's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method.

Chemtrade deducts the fair values of plan assets from the defined benefit plan obligations to arrive at the net defined benefit plan obligations (assets). For plans that result in a net defined benefit asset, the recognized asset is limited to the present value of economic benefits available in the form of future refunds from the plan or reductions in future contributions to the plan ("asset ceiling"). If it is anticipated that Chemtrade will not be able to recover the value of the net defined asset, after considering minimum funding requirements for future service, it reduces the net defined benefit asset to the amount of the asset ceiling. When the payment in the future of minimum funding requirements related to the past service would result in a net defined surplus or an increase in a surplus, the minimum funding requirements are recognized as a liability to the extent that the surplus would not be fully available as a refund or a reduction in future contributions.

Chemtrade recognizes all actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability) arising from defined benefit plans immediately in other comprehensive income, and reports them in deficit. Depending on the plan, expenses such as plan amendments, current service costs and administration costs are recorded in either cost of sales or selling and administrative expenses within comprehensive income. The interest costs are recorded in net finance costs within comprehensive income.

CHEMTRADE LOGISTICS INCOME FUND

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

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32. MATERIAL ACCOUNTING POLICIES (continued):

(iii) Multi-employer plan:

Chemtrade participates in a multi-employer pension plan, which is accounted for as a DC plan. Chemtrade does not administer this plan but rather the administration and the investment of these assets are controlled by a board of trustees consisting of union and employer representatives. Chemtrade's responsibility to make contributions to this plan is established pursuant to its collective agreements.

(iv) Share-based compensation:

Chemtrade operates an LTIP which grants cash awards based on certain criteria. These awards are accounted for as liabilities with the value of these liabilities being re-measured at each reporting period, based upon changes in the fair value of the awards. Any gains or losses on re-measurement are recorded in selling and administrative expenses.

(I) Financial instruments

(i) Non-derivative financial assets:

Recognition and initial measurement

Chemtrade's non-derivative financial assets are comprised of trade and other receivables and cash and cash equivalents. Chemtrade initially recognizes financial assets measured at amortized cost at fair value on the date that they are originated. All other financial assets (including assets measured at fair value through profit or loss) are recognized at fair value on the trade date at which Chemtrade becomes a party to the contractual provisions of the instrument.

Trade and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial assets are measured at amortized cost using the effective interest method, less any net impairment for estimated expected credit losses.

Chemtrade de-recognizes the trade receivables sold under its receivables purchase facility when all the risks and rewards of ownership of the receivable are transferred substantially. The balances presented within trade and other receivables in the consolidated statements of financial position exclude the receivables transferred.

CHEMTRADE LOGISTICS INCOME FUND

Notes to Consolidated Financial Statements
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32. MATERIAL ACCOUNTING POLICIES (continued):

Classification and subsequent measurement

Chemtrade de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire. Financial assets and liabilities are offset and the net amount presented in the consolidated statements of financial position when Chemtrade has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(ii) Non-derivative financial liabilities:

Recognition and initial measurement

Chemtrade's non-derivative financial liabilities include trade and other payables, distributions payable, long-term debt and convertible unsecured subordinated debentures. Chemtrade initially recognizes long-term debt at fair value on the date that they are originated.

The convertible unsecured subordinated debentures are recognized initially at fair value. Transaction costs related to the convertible unsecured subordinated debentures are expensed as incurred.

Subsequent measurement

Chemtrade de-recognizes a financial liability when its contractual obligations are discharged, cancelled or expired. Financial assets and liabilities are offset and the net amount presented in the consolidated statements of financial position when Chemtrade has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The convertible unsecured subordinated debentures are measured at fair value at each period end date with the changes recorded in comprehensive income. Any changes in the fair value due to Chemtrade's own credit risk are presented in other comprehensive income rather than net earnings.

(iii) Units:

The Fund units meet the definition of a financial liability under IFRS as the redemption feature of the Fund units creates an unavoidable contractual obligation to pay cash. The Fund units are considered to be "puttable instruments" because of the redemption feature. IFRS provides a very limited exemption to allow puttable instruments to be presented as equity provided certain criteria are met.

CHEMTRADE LOGISTICS INCOME FUND

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32. MATERIAL ACCOUNTING POLICIES (continued):

The Fund classifies units as equity because they meet all of the puttable instrument exemption criteria.

Chemtrade recognizes the liabilities for unpaid cash distributions, distributions opted to be reinvested and bonuses thereon at the time such distributions are declared. Liabilities for distributions opted to be reinvested and bonuses thereon are de-recognized when such units are issued to the participants.

(iv) Derivative financial instruments:

Chemtrade holds derivative financial instruments to mitigate its foreign currency, unit price and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related.

Derivatives are recognized initially at fair value with attributable transaction costs recognized in comprehensive income as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized immediately in comprehensive income, except for derivatives designated as cash flow hedges as noted below.

(v) Hedging:

On initial designation of the hedge, Chemtrade formally documents the relationship between the hedging instruments and hedged items, including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. Chemtrade makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be “highly effective” in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent. For a forecast transaction to be considered a cash flow hedge, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported earnings.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect earnings, the effective portion of changes in the fair value of the derivative that is designated and qualify as cash flow

CHEMTRADE LOGISTICS INCOME FUND

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32. MATERIAL ACCOUNTING POLICIES (continued):

hedge is recognized in accumulated other comprehensive income. The amount recognized in other comprehensive income is removed and included in earnings in the same period as the hedged cash flows affect earnings under the same line item in the consolidated statement of comprehensive income as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in earnings.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in other comprehensive income and presented in unrealized gains/losses on cash flow hedges in equity remains there until the forecast transaction affects earnings.

IFRS 9 accounting policy choice for hedge accounting

IFRS 9 includes an accounting policy choice between deferring the adoption of the new hedge accounting standards under IFRS 9 and continuing with the IAS 39 hedge accounting standards. Chemtrade has decided to continue to apply IAS 39 hedge accounting standards.

(m) Standards and interpretations adopted during the period:

Chemtrade adopted the following accounting amendments that were effective for its annual consolidated financial statements beginning January 1, 2024. The adoption of these standards have not had a material impact on its financial results:

- 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, Chemtrade reclassified from non-current to current liabilities, \$437,517, being the fair value of Debentures as of January 1, 2024. Since, the amendments are applicable retrospectively, Chemtrade has restated the December 31, 2023 Consolidated Statements of Financial Position by re-classifying the Debentures from non-current to current liabilities. While these are presented as

CHEMTRADE LOGISTICS INCOME FUND

Notes to Consolidated Financial Statements
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32. MATERIAL ACCOUNTING POLICIES (continued):

current liabilities, Debenture holders do not have the right to demand their repayment prior to their maturity date, which for all the outstanding series is more than twelve months in the future. However, the Debenture holders have the right to convert Debentures into units at predetermined prices, thus, the Debentures are classified as current liabilities.

Adoption of the following standards have not had a material impact on its financial results:

- Amendments to IAS 7 and IFRS 7, Supplier Finance Arrangements, specifying the disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk (effective for annual periods beginning on or after January 1, 2024).
- Amendments to IFRS 16, Lease liability in a Sale and Leaseback, specifying how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction (effective for annual periods beginning on or after January 1, 2024).

(n) Standards and interpretations not yet adopted:

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

- Amendments to IFRS 10 and IAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, addressing the conflict in dealing with the sale or contribution of assets between an investor and its associate or joint venture (deferred indefinitely with an option of early adoption).
- IFRS 18, *Presentation and Disclosure in Financial Statements*, specifying the requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements, 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).

CHEMTRADE LOGISTICS INCOME FUND

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

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32. MATERIAL ACCOUNTING POLICIES (continued):

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

Chemtrade is assessing the impacts, if any, the amendments will have on its consolidated financial statements.

33. SUBSEQUENT EVENTS:

Senior Unsecured Notes

During January 2025, Chemtrade issued an additional \$125,000 aggregate principal amount of 6.375% Notes due August 28, 2029, resulting in an aggregate principal amount of \$375,000 outstanding on these Notes. The Fund incurred transaction costs of \$2,500. The Fund will utilize the net proceeds of the issuance to reduce indebtedness and for general corporate purposes.

Superior Lawsuit

On January 31, 2025, the Alberta Court of Appeal ruled against Chemtrade in the Superior lawsuit. This lawsuit related to a disputed \$25,000 reverse termination fee in connection with the failed attempt by Superior to acquire Canexus prior to Chemtrade's 2017 acquisition of Canexus. Due to the uncertainty of the appeal, Chemtrade had established a provision. Following the appeal decision, Chemtrade paid \$28,119 to Superior, which was recorded against the provision. See note 28 for further details.

Normal Course Issuer Bid

For the period from January 1, 2025 to February 26, 2025, 2,728,600 units were purchased by the Fund under the automatic share purchase plan.

INFORMATION FOR UNITHOLDERS

TRUSTEES

Douglas Muzyka (Chair)
Philadelphia, Pennsylvania

Lucio Di Clemente
Toronto, Ontario

Daniella Dimitrov
Toronto, Ontario

Luc Doyon
Montréal, Québec

Gary Merasty
Saskatoon, Saskatchewan

Emily Moore
Mississauga, Ontario

Suzann Pennington
Oakville, Ontario

Katherine Rethy
Huntsville, Ontario

Scott Rook
Conroe, Texas

SENIOR LEADERSHIP TEAM

Scott Rook
President & Chief Executive Officer

Rohit Bhardwaj
Chief Financial Officer

Tim Montgomery
Group Vice-President,
Manufacturing and Engineering

Alan Robinson
Group Vice-President, Commercial

Bramora Rebello
Senior Vice-President,
Human Resources

Susan Paré
Corporate Secretary
General Counsel

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INVESTOR INFORMATION

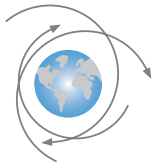
Unitholders or other interested parties seeking financial information about the Fund are invited to call:

Rohit Bhardwaj
Chief Financial Officer
416-496-4177

Ryan Paull
Manager, Corporate Development
973-515-1831

ANNUAL MEETING

The annual meeting of unitholders will be held on May 13, 2025 at 10 a.m (Toronto time) TMX Market Centre 120 Adelaide Street West, Toronto, Ontario (Pearce Bunting Room)



CHEMTRADE

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