Chemtrade Logistics Income Fund (TSX: CHE.UN; OTCQX: CGIFF) Q4 2025 Transcript

PREPARED REMARKS

ROHIT BHARDWAJ, CHIEF FINANCIAL OFFICER

Hello and thank you for listening to Chemtrade Logistics Income Fund's prepared remarks for the fourth quarter and full year 2025 results. On February 26, 2026, we will hold a live question-and-answer call, which will be available via webcast accessible on our investor relations website. Joining me will be Scott Rook, our President and Chief Executive Officer. We appreciate your continued interest and participation.

Please note that these remarks are based on the unaudited fourth quarter and full year 2025 results. These results are subject to change upon the filing of audited financial statements, which is expected in March 2026.

Please note that this earnings update has an accompanying slide deck, which you may reference during our prepared remarks and Q&A. This slide deck is available on our website, chemtradelogistics.com.

Our earnings update will include a recap of our financial performance for the fourth quarter and record full year 2025, followed by an update on financial performance and outlook for 2026. Scott will then provide additional commentary on our operating segments, key products, and growth initiatives.

Before we proceed, I would like to remind everyone that these remarks will contain certain forward-looking statements that are based on current expectations and are subject to a number of risks and uncertainties. Actual results may differ materially from those expressed or implied. Additional information regarding these risks, uncertainties and assumptions, as well as information on certain non-IFRS and other financial measures referred to today, can be found in our disclosure documents, including our February 25, 2026 news release, filed with securities regulators and available on sedarplus.com.

One of the non-IFRS measures we will refer to is Adjusted EBITDA, which is EBITDA modified to exclude non-cash items such as unrealized foreign exchange gains and losses. While our slide deck and disclosure documents refer to Adjusted EBITDA, we will simply refer to it as EBITDA in our prepared remarks.

Turning to our consolidated results.

2025 was a record Adjusted EBITDA year for Chemtrade and one that reflects the continued evolution and strengthening of our business. We delivered excellent financial performance, strong cash flow generation, and meaningful progress on our strategic priorities, while maintaining a disciplined approach to capital allocation and balance sheet management.

For the full year 2025, Chemtrade generated consolidated revenue of approximately $2.0 billion and EBITDA of approximately $507 million, increases of 12% and 8%, respectively, representing the highest ever Adjusted EBITDA in Chemtrade's history. Adjusting for the impact of foreign exchange and the North Vancouver turnaround in 2024, revenue and EBITDA grew by 10% and 2%, respectively.

Our performance in 2025 exceeded our expectations at the beginning of the year and reflects strong execution across both of our operating segments and the continued benefits of our operational excellence initiatives. It also reflects favorable commodity prices and some unusually favourable external factors, particularly in merchant acid, that are not expected to recur in 2026. Our commercial and operational excellence initiatives enabled us to fully take advantage of these favourable conditions.

Distributable cash for the year was approximately $228 million, or $1.99 per unit, both higher than the prior year despite higher maintenance expenses, and due to the growth in EBITDA and unit re-purchases via our two NCIBs in 2025.

Looking specifically at the fourth quarter, we generated consolidated revenue of approximately $502 million and EBITDA of approximately $98 million, which was in line with our guidance. Compared to the fourth quarter of 2024, and adjusting for the impact of foreign exchange, revenue was 13% higher while EBITDA was 9% lower. The latter was largely due to lower MECU volumes and netbacks in the EC segment, where Chemtrade continues to operate well but has also experienced industry-wide softness for certain chlor-alkali products.

Overall, we are pleased with how the business performed in the fourth quarter and throughout 2025. Importantly, our results once again demonstrate the resilience of Chemtrade's diversified portfolio and the durability of our cash flows across a range of operating environments.

Scott will provide more detailed commentary on segment-level performance and outlook later in the call.

Turning now to capital allocation.

Our approach remains grounded in three clear priorities: investing in high-return growth opportunities, returning capital to unitholders, and maintaining a strong and flexible balance sheet.

In 2025, we invested approximately $48 million in organic growth capital, primarily directed toward our water chemicals and Ultrapure sulphuric acid. These investments are consistent with our strategy of focusing capital on areas where we have strong market positions, attractive growth outlooks, and the potential for compelling risk-adjusted returns. We plan to invest between $35 and $55 million in organic growth initiatives in 2026 with a focus on water chemical projects.

We also grew water inorganically in 2025 with the acquisitions of Polytec and the assets of the Thatcher Group for a combined US$180 million.

We continued to return significant capital to unitholders during 2025 via monthly distributions totaling $0.69 per unit while our payout ratio was a very sustainable 35%. In

January 2026, we increased our distribution by 4%. This is the third consecutive year of increased distributions.

In addition to distributions, we were active in repurchasing units under our NCIBs. During 2025, we deployed approximately $101 million to repurchase approximately 9 million units, reducing our unit count by roughly 7.5% on a year-over-year basis. Given where our units trade relative to our view of intrinsic value, we continue to believe that unit buybacks represent a highly attractive use of capital and a meaningful driver of per-unit value creation.

Maintaining a strong and flexible balance sheet remains a core element of our strategy and we made significant progress during 2025.

At year-end, our net debt to EBITDA ratio was approximately 2.3 times, within our targeted range and consistent with our commitment of conservative leverage. We ended the year with approximately $500 million of available liquidity, providing ample financial flexibility to fund growth investments and to navigate potential market volatility.

During the year, we continued to simplify and optimize our capital structure. This included the reduction of convertible debentures by approximately 90%, the continued shift toward non-convertible debt via the issuance of $375 million long-tenor senior notes, and the extension of the maturity of our Credit Facilities to 2030. These actions have reduced potential dilution, extended our maturity profile, and lowered our cost of capital.

Overall, Chemtrade enters 2026 with one of the strongest balance sheets in its history.

Looking ahead, we are reaffirming the 2026 guidance issued earlier this year and expect EBITDA of $485 million to $525 million. Achieving the midpoint of this range would represent another year of strong EBITDA, consistent with the step-change in earnings we have delivered over the past several years.

This guidance reflects our current assumptions around pricing for key products such as caustic soda, chlorine, and water chemicals, as well as expected demand levels, maintenance turnaround activity, and foreign exchange. Overall, we expect a return to historical prices in a maintenance heavy year for our acid products alongside softness in certain chlor-alkali products and the North Vancouver facility turnaround. We expect our water portfolio to continue performing well organically and further supplemented by the 2025 acquisitions.

As always, we will continue to update the market as conditions evolve.

With that, I will now turn the call over to Scott to provide additional detail on our operational performance, strategic initiatives, and outlook. Scott.

SCOTT ROOK, PRESIDENT AND CHIEF EXECUTIVE OFFICER

Thank you, Rohit, and hello everyone.

As Rohit highlighted, 2025 was another strong year for Chemtrade and one that clearly demonstrates how far the business has come over the past several years. Our operations are safer, more reliable, and more resilient while our portfolio is increasingly weighted toward products with attractive long-term growth characteristics.

Before I discuss our segments and their outlook in more detail, I want to begin by recognizing our employees. Strong financial results start with strong operational execution, and our teams across North America and Brazil once again delivered an outstanding performance in 2025.

Over the past four years, Chemtrade has increased its annual EBITDA by well over $200 million, representing a compounded annual growth rate of approximately 16%. This growth has not been driven by any single factor but rather by a combination of commercial and operational excellence initiatives as well as targeted organic growth with a focus on water and ultrapure acid.

In 2025, we unveiled our Vision 2030 framework, which targets mid-cycle EBITDA of $550 million to $600 million by the end of the decade, along with strong average annual total unitholder returns. As highlighted by Rohit and in our prior calls, one-time market factors and strong commodity prices in our acid products contributed to a record 2025. We expect a more normalized albeit positive operating environment in 2026.

Chemtrade intends to provide an update to Vision 2030 outlook once it has more clarity on the North American trade and CUSMA negotiations.

As discussed in our prior updates, all of the products that Chemtrade exports to the U.S. from Canada are CUSMA compliant and, to date, we have not seen material direct impact from incremental tariffs. We continue to monitor these developments and will update as necessary, while continuing to highlight the significant cost advantage of our Electrochemicals segment where we rely on renewable and regulated hydroelectric power.

Turning to the segments' outlook.

In SWC, water chemicals continue to remain the largest contributor to EBITDA and a key driver of both organic and inorganic growth, particularly following the acquisitions of the Thatcher Group assets and Polytec in 2025.

I am happy to share that the integration of these acquisitions is going very well and in-line with our expectations. Alongside their initial contributions to Chemtrade, we are positioning them for further growth and synergies over the course of 2026 and beyond.

Although there have been significant raw material costs increases for certain water products, we have, and continue, to successfully address these increases over time albeit with some short-term margin pressures.

Given the significant and growing contribution from our water products, we plan to report water chemicals as a separate business segment starting with Q1 2026 results.

Our acid products performed robustly in 2025 due to a combination of near-record commodity prices and some unusually favourable market factors that we were able to capitalize on due to the reliability and strength of our operations. Given current end market and commodity dynamics, in 2026, we expect a return to historical price ranges in a maintenance heavy year for the acid products. Our risk-sharing mechanisms, pricing discipline, and operational flexibility are expected to partially mitigate some of the price and input cost movements.

Ultrapure Acid remains a growth focus for Chemtrade with a strong outlook given recent announcements regarding capacity additions and the onshoring of the semiconductor industry in North America. The construction of our Ohio ultrapure plant was completed in 2025 and we are in the process of having the product qualified by customers. We also invested in quality improvement upgrades at our Tulsa, Oklahoma ultrapure plant.

Overall, we continue to view the SWC segment as a cornerstone of Chemtrade's long-term growth and stability.

In the EC segment, 2025 was an overall strong year although we saw a progressively softening pricing environment for the chlorine molecule. Chlorine prices appear to have stabilized in the near term, and we expect a partial offset from hydrochloric acid that, as a reminder, is tied to fracking activity in Western Canada. The Canadian rig count in 2026 is expected at levels consistent with historical activity while expectations of increased Canadian oil and gas exports provide a supportive long-term outlook for hydrochloric acid.

Caustic soda pricing was a positive contributor to 2025 results, and we expect a slight improvement in 2026, in-line with industry forecasts.

Current caustic pricing is below our assumptions for 2026 as industry forecasts call for weaker demand in Q1 due to a combination of local and international factors. However, demand and pricing for Northeast Asia caustic are expected to progressively improve over the course of 2026 due to a gradual recovery in demand driven by the aluminum, battery, and clean energy sectors.

As a reminder, in 2026, the North Vancouver chlor-alkali facility will undergo the biennial turnaround during the second quarter.

We also continue to make progress with the lease extension at the North Vancouver facility following the rezoning application in the third quarter of last year. We have made meaningful progress in Q4 2025 and year-to-date this year.

Sodium chlorate, while contributing positively in 2025 in both volume and price, is expected to experience moderately lower volumes in 2026 as the pulp & paper industry faces challenges and curtailments. Our low-cost production footprint provides long-term competitiveness and margin support in this business, given our access to renewable and regulated hydroelectric power.

With respect to growth investments, we continue to see a robust pipeline of organic opportunities, particularly in water chemicals. Projects currently underway are progressing in-line with expectations, and we expect these investments to begin contributing incremental EBITDA over the coming quarters.

As discussed, our Ultrapure Acid investments continue to progress supported by an encouraging macro outlook.

We also will continue integrating our 2025 acquisitions and expect them to become key contributors to our Vision 2030 objectives.

In closing, Chemtrade is entering 2026 from a position of strength. We have a resilient and diversified portfolio, a strong balance sheet, and clear strategic priorities. Our focus remains on disciplined execution, sustainable growth, and return of capital to deliver long-term value for our unitholders.

Thank you for your continued interest in Chemtrade and for joining our call.

WEBCAST Q&A

OPERATOR

Good morning, ladies and gentlemen, and welcome to the Chemtrade Logistics Income Fund Q4 2025 question and answer session. This call is being recorded on Thursday, February 26, 2026. And I would now like to turn the conference over to Mr. Rohit Bhardwaj. Please go ahead.

ROHIT BHARDWAJ, CHIEF FINANCIAL OFFICER

Thank you, operator, and thank you for joining the Q&A session for Chemtrade's Fourth Quarter and Full Year 2025 results. I would like to remind everyone that today's call will contain certain forward-looking statements that are based on current expectations and are subject to a number of risks and uncertainties. Actual results may differ materially from those expressed or implied. Additional information regarding these risks, uncertainties, and assumptions, as well as information on certain non-IFRS and other financial measures reported today, can be found in our disclosure documents filed with the securities regulators and available on sedarplus.com. One of the non-IFRS measures we will refer to today is Adjusted EBITDA, which is EBITDA modified to exclude non-cash items such as unrealized foreign exchange gains and losses. While our slide deck and disclosure documents refer to Adjusted EBITDA, you may refer to it as EBITDA during the call.

With that, we would now like to open the lineup for your questions. Thank you. Operator?

OPERATOR

Thank you. Ladies and gentlemen, we will now begin the question and answer session. Should you have a question, please press star followed by the one on your telephone keypad. You will hear a prompt that your hand has been raised and should you wish to cancel your request, please press star followed by the two. If you are using a speakerphone, please lift the handset before pressing any keys. One moment, please, for your first question.

Thank you. And your first question comes on the line of Nikolai Goroupitch from CIBC Capital Markets. Please go ahead.

NIKOLAI GOROUPITCH, CIBC CAPITAL MARKETS

Hi, good morning. Given the margin pressure and the SWC segment, are you expecting some relief going forward as contracts are renew? And do you think segment EBITDA margins can match 2025 levels of 23% this year?

ROHIT BHARDWAJ, CHIEF FINANCIAL OFFICER

So, I’ll give us some context for margin. As you know, in 2025, we had cost escalations particularly sulphur went up significantly. So, what happened in that situation is we try and pass through the incremental costs to our customers, but it's hard to mark those costs up. So, basically, we're trying to protect our EBITDA and passing costs, especially when they're so significant.

So, what the effect of that is it actually reduces the margin percentage because your revenue goes up and costs are dragged along with it. So, that's generally in our business, in SWC in particular, when costs are lower, margin percentage tends to be higher and vice versa. In 2026, we'll have to see how sulphur and other costs progress. But that's kind of the general rule is when costs spike up, margin percentage tends to come down, but we're protecting our EBITDA.

SCOTT ROOK, PRESIDENT AND CHIEF EXECUTIVE OFFICER

Just to add to that, I'll remind the listeners that in our water business, as we sell products to city municipalities across North America, we sell our products at fixed annual costs and that's just the way this business operates and has operated for a long time. So, we sell our products at fixed annual prices that are determined by bids. When raw materials go up, we'll take the hit in the short term on that, but it works vice versa as raw materials fall.

We have contracts that roll in and out every month. So, whenever Sulphur has a significant increase like what we've experienced over the last six months, it takes us a little time to work with that. So, our water business has margin pressure for a few months as we work through those price increases, but we make it up over time. Counter to that, our merchant acid business does a better job and can react with more rapid price increases whenever sulphur goes up.

NIKOLAI GOROUPITCH, CIBC CAPITAL MARKETS

Okay. That makes sense. Thank you. And with you guys breaking out the water chemicals into a separate segment going forward, to help with some of our modeling, are you able to provide some more detail on new segments, revenue, or even a contribution or margins? And secondly, to confirm, 100% of the new segment is coming out of the SWC segment, nothing from EC, is that correct?

ROHIT BHARDWAJ, CHIEF FINANCIAL OFFICER

Yeah. So, yes, it's all coming from SWC. And at this stage, we are not ready to give you that breakout, but starting Q1, when we release Q1 in May, we will give you all the lines that you typically now see at our reporting segments.

NIKOLAI GOROUPITCH, CIBC CAPITAL MARKETS

Okay. I see. Thanks. I'll turn it over.

OPERATOR

Thank you. And your next question comes from the line of Joel Jackson from BMO Capital Markets. Please go ahead.

JOEL JACKSON, BMO CAPITAL MARKETS

Hi. Good morning. I just wanted to play out the order of magnitude of what the year might look like. So, is it like the last couple of years where sequentially Q1 EBITDA higher, sequentially Q2 EBITDA higher, sequentially Q3 EBITDA even higher than that, highest year, then a drop down seasonally in Q4? Is that order of magnitude the way to look at it?

ROHIT BHARDWAJ, CHIEF FINANCIAL OFFICER

Q2 and Q3 tend to be our highest quarters. One thing to keep in mind, this year is the North Vancouver turnaround year, which is in Q2. So, Q2 will have the negative impact of those costs. Sequentially, Q1 and Q4 tend to be the weakest ones. And the other thing to keep in mind is a little bit depends on how caustic is evolving as well. So, the seasonality impact is really Q3 being strong. The rest are specific factors that come into play in any given quarter around commodity pricing.

SCOTT ROOK, PRESIDENT AND CHIEF EXECUTIVE OFFICER

And Joel, to add to that, part of that is going to depend on what happens with sulfur. So, that could play into it. And then obviously, as we're looking at caustic soda, as we're in the first quarter, caustic soda is weaker than what we put in our assumptions. We are planning on the second half of the year being stronger for caustic than in the first half.

JOEL JACKSON, BMO CAPITAL MARKETS

Okay, that's helpful. And then on corporate costs, what should they look like in 2026 or 2025?

ROHIT BHARDWAJ, CHIEF FINANCIAL OFFICER

The way we look at corporate costs, we look at it in two buckets. One is what we call program expenses. And the other is long-term incentives that fluctuate based on how the units are doing. 2025, as you know, our unit appreciated considerably. So, that resulted in higher LTIP costs. Once you normalize for all that, we expect 2026 corporate costs on the program line to be similar to 2025. And it's given you kind of our outlook for LTIP, but that really does change. And so, we've given you that detailed assumption on LTIP between $22 million and $28 million. And we came in at around a little bit higher, on the higher end of the range in 2025. So, based on that, you can model it out.

JOEL JACKSON, BMO CAPITAL MARKETS

Thank you.

OPERATOR

Thank you. And your next question comes from the line of Zachary Evershed from National Bank Financial. Please go ahead.

ZACHARY EVERSHED, NATIONAL BANK FINANCIAL

Good morning, everyone. I was hoping you'd give us some more detail on the timing and scope of the heavy maintenance plan for the SWC segment this year.

SCOTT ROOK, PRESIDENT AND CHIEF EXECUTIVE OFFICER

Yeah, I can. I'll do that. So, we have, on the SWC side, our Regen acid plants are tied in to gasoline producers. We tend to take longer outages that are tied in with our customers. We have one of our customers that does a significant turnaround every five years. But we have more heavy turnaround than what we've had the past couple of years. It's not anything unusual compared to what we've done over the past 10 years. But our turnarounds can be a little bit lumpy. So, our turnarounds in ‘26 are going to be a little heavier than what we saw over the last two years. But that's pretty much tied to the schedule for our significant customers.

ZACHARY EVERSHED, NATIONAL BANK FINANCIAL

Gotcha. Thank you. And on the Tulsa facility upgrades, what drove the decision for those investments? And also, if we tie in Cairo, how much of the future volume is currently spoken for?

SCOTT ROOK, PRESIDENT AND CHIEF EXECUTIVE OFFICER

As we work with our significant customers, the fabs, and as we have brought up our Cairo facility, the fabs are also looking for redundancy in supply and trying to get as close to the quality of our Cairo facility as possible. So, what drove it was requests from our major customers, the fabs, for redundancy of supply in between plants.

So, we have been operating the Tulsa facility for many, many years. We took some of the learnings from Cairo and made investments in Tulsa. We're very pleased with the quality of what we've been able to achieve in Tulsa. The Tulsa material is sampled, it's going through the approval process at the fabs. But that's really what drove it was requests from the fabs for redundant supply. Cairo will be our highest quality plant, for sure. But we've made investments for Tulsa that we believe will meet advanced node quality. We're pretty happy with the quality improvements there. And we're, again, we're working closely with fabs now on approvals.

ZACHARY EVERSHED, NATIONAL BANK FINANCIAL

Thanks. And then just circling back on that, how are those approval processes going for Cairo?

SCOTT ROOK, PRESIDENT AND CHIEF EXECUTIVE OFFICER

So far, so good. We have a lot of samples out. I'll say the feedback we're getting is quite positive. Probably, I won't share more than the fact that we see volume ramping up, sales volume ramping up in the second half of the year. So, that's the plan. We're excited about that. And we'll have more details to come. But lots of samples out and starting sales in the second half.

ZACHARY EVERSHED, NATIONAL BANK FINANCIAL

Great colour, thanks. I'll re-queue.

OPERATOR

Thank you. Once again, should you have a question, please press star followed by the one on your telephone keypad. And your next question comes from the line of Gary Ho from Desjardins Capital Markets. Please go ahead.

GARY HO, DESJARDINS CAPITAL MARKETS

Thanks. Good morning. Sorry, I jumped on the call late and asked if this was asked.

But just on the caustic soda pricing environment, it feels like the spot pricing is a bit lower than the $450 you assumed in your guidance. I know there's some commentary and prepared remarks. Can you maybe elaborate on your confidence level? There'll be a recovery in pricing in the back half of the year?

SCOTT ROOK, PRESIDENT AND CHIEF EXECUTIVE OFFICER

Hey, Gary, this is Scott, Rohit will add some color there too. Caustic soda is lower, it's lower than our assumptions. And the reason for that is tied to, basically, some oversupply, particularly in China. It's tied to right now a weaker production of alumina in Asia and also tied in with overall weakness in pulp and paper. The reduced prices that we're seeing right now were based on some shipments right before Chinese New Year. And so, I'm hopeful that after Chinese New Year, they'll come back and prices will rebound a bit. But I think it may take through second quarter to see a rebound. But we're planning on prices to return closer to our planned level in the second half of the year.

ROHIT BHARDWAJ, CHIEF FINANCIAL OFFICER

Yeah, and we speak with the industry analysts obviously very frequently. The fundamentals that drive chlorine demand, which is mainly construction activity, and caustic, which is battery and alumina, the fundamentals have not changed. It's very difficult always in Q1 to get direction with the Chinese New Year holiday, which is pretty prolonged. But when we've talked to them, they have a pretty strong belief that the trend will resume and continue with caustic rising up over the next few years.

GARY HO, DESJARDINS CAPITAL MARKETS

Okay, great. And then second question, I listened in on the rezoning call from the North Van facility process earlier this week. I know it's early days, but assuming that gets approved, how does the growth capex look like there? At first glance, looking at some of the slides, seems like it's a decent undertaking. Correct me if I'm wrong, there's additional chlorine rail car loading building. There's removal of all existing liquid chlorine equipment, amongst others. So how should we think about the magnitude of that? And just want to make sure that the $35 million to $55 million growth capex does not include any spend related to the North rezoning efforts.

SCOTT ROOK, PRESIDENT AND CHIEF EXECUTIVE OFFICER

You are correct that the $35 to $50 million of our growth capex does not assume any money associated with North Vancouver. We spend, out of our typical $120 to $130 million of sustenance capital, a fair amount of that goes to the North Vancouver plant. And over a five, six, seven year period, I don't think there will be a noticeable difference in our sustenance capital budget tied to the safety upgrades. We will be, as you call out, assuming that the rezoning is successful, we will be building up a new chlorine loading facility. Those projects will come close to being included in our standard sustenance capex budget for that site over a period of several years. We're not expecting or planning on a noticeable increase in our sustenance capex budget tied to that.

GARY HO, DESJARDINS CAPITAL MARKETS

Okay, great. No, thanks for those comments. And maybe if I can sneak one more in. Rohit, these releases were based on unaudited financials. I don't think that was the case last few years. Just wondering if you can provide a few comments on the reporting side of things.

ROHIT BHARDWAJ, CHIEF FINANCIAL OFFICER

Sure. When you have an audit versus a quarterly review, there's less leeway for auditors in completing their testing and their files. There's a lot more rigor to it. And every year it's always a rush to get it all completed. And I think this year, the one additional factor, which delayed it a little bit, is the timing of the closing of Polytec. There's a lot more work that needs to be done when you do an acquisition in terms of, it's nothing, nothing earth shattering, but there's just a lot of things you've got to do, including valuing their assets. And we only closed this deal towards the end of November, which didn't give much time and put a lot of pressure on the audit that's already typically has pressure to it. But it's fairly innocuous. There's no, we feel good about the numbers, which is why we released them. And they're hoping that the audit will be concluded in short order in this case, and then we'll file the whole, all the full disclosure document, but there's really no issues here. It's pretty innocuous.

GARY HO, DESJARDINS CAPITAL MARKETS

Okay. Perfect. Okay. Those are my questions. Thank you.

OPERATOR

Thank you. And your next question comes from the line of Zachary Evershed from National Bank Financial. Please go ahead.

ZACHARY EVERSHED, NATIONAL BANK FINANCIAL

Hey, thanks for taking my second round. When you guys refer to merchant and Regen asset pricing returning to historical ranges this year, is there a specific year or period that we should use as the baseline for comparison there?

ROHIT BHARDWAJ, CHIEF FINANCIAL OFFICER

Merchant what happened was, as you mentioned, there were some disruptions with some of our competitors. And so, we had some spot business that we picked up and got the higher pricing. And Regen was not as, didn't have as much effect on it. But so I think Regen will be not much different than 2025. And merchant will be a bit lower. And, it's hard to really point to a specific year because sulfur is such a big variable in pricing for merchant acid.

But what you can assume is that the merchant acid will be off in ‘26, a little bit compared to ‘25. But again, we're talking at the margins here. We're not talking about anything too significant.

SCOTT ROOK, PRESIDENT AND CHIEF EXECUTIVE OFFICER

And what I'll say is that it's important to continue to emphasize that our Regen business performance has been steadily improving, not by leaps and bounds, but steadily improving year over year for several years. And we expect that to continue. So very, very pleased with the performance there, tied in with our reliability, our production, tied in with the outlook for alkylate production in North America.

So strong business, slight growth, but our business performance has been steadily improving step-by-step over the past many years. Merchant does tend to bounce around. It's kind of hard to look at any, certainly last year was a very strong year for merchant, but as Rohit just said, that's tied to some of our competitors having outages and with our reliability, we stepped in and supplied. But I think you'd probably go back and look at ‘23 and ‘24 those were more normal years for merchant.

ROHIT BHARDWAJ, CHIEF FINANCIAL OFFICER

And it's good to remind you that about half of our volume in merchant acid is by-product asset that we get from smelters. And the way we structured those contracts is that the smelter or our supplier gets the lion's share of price less freight movements. So that business tends to be relatively stable. It was just this spot that came up that was unusual. So, generally the actual pricing is, we're not as affected by pricing. We do take volume risk, but price tends to generally be passed through to our supplier.

ZACHARY EVERSHED, NATIONAL BANK FINANCIAL

Gotcha. Thanks. Then just one last one on the water chemical contracts, in terms of sequencing through the year as you reprice with expiries, any particular quarters that will see a larger volume or bigger clumps of renewals?

ROHIT BHARDWAJ, CHIEF FINANCIAL OFFICER

Well, not so much renewals, but there is seasonality there. You do tend to get heavier in the summer months. So that's just normal seasonality, but not so much on the timing of contracts.

ZACHARY EVERSHED, NATIONAL BANK FINANCIAL

Gotcha. Thanks. I'll turn it over.

OPERATOR

Thank you. Once again, should you have a question, please press star followed by the one on your telephone keypad. And there are no further questions at this time. I will now hand the call back to Mr. Scott Rook for any closing remarks.

SCOTT ROOK, PRESIDENT AND CHIEF EXECUTIVE OFFICER

Well, thank you. Thank you, operator. I'd like to thank everyone for joining the call today. 2025 was a record year for Chemtrade. As I said in the remarks, I'd like to thank all of our employees for their hard work and great results in 2025. Thanks for attending the call today and have a great day. Thank you.

OPERATOR

This concludes today's call. Thank you for participating. You may all disconnect.