

Non-GAAP Financial Measures

Cash Interest, Adjusted EBITDA and Distributable Cash Flow (“DCF”) are supplemental non-GAAP financial measures that are used by management and external users of the Partnership’s financial statements, such as industry analysts, investors, lenders and rating agencies. These non-GAAP financial measures should not be considered in isolation or as a substitute for interest expense, net income, operating income, net cash provided by operating activities or any other measures prepared under GAAP. Because Cash Interest, Adjusted EBITDA and DCF exclude some but not all items that affect interest expense, net income and net cash provided by operating activities and may vary among companies, the amounts presented may not be comparable to similar metrics of other companies.

Cash Interest

Cash Interest is defined as interest expense plus capitalized interest less amortization of deferred financing costs included in interest expense. Cash Interest is not a measure of interest expense as determined by GAAP. Management believes that the presentation of Cash Interest provides useful additional information to investors and analysts for assessing the interest charges incurred on the Partnership’s debt, excluding non-cash amortization, and the Partnership’s ability to maintain compliance with its debt covenants.

The following table presents a reconciliation of the GAAP financial measure of interest expense, net of capitalized interest, to the non-GAAP financial measure of Cash Interest for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020 ⁽¹⁾	2019	2020 ⁽¹⁾	2019
	(In thousands)			
Interest expense, net of capitalized interest	\$ 5,186	\$ 4,330	\$ 35,443	\$ 8,299
Capitalized interest	68	240	317	302
Amortization of deferred financing costs	(271)	(226)	(541)	(417)
Cash Interest	\$ 4,983	\$ 4,344	\$ 35,218	\$ 8,184
Less: Cash Interest attributable to Delaware Predecessor	—	(208)	—	(456)
Less: Cash Interest attributable to non-controlling interests	(3)	(3)	(6)	(5)
Cash Interest attributable to Oasis Midstream Partners LP	\$ 4,980	\$ 4,133	\$ 35,212	\$ 7,723

- (1) For the three and six months ended June 30, 2020, interest expense, Cash Interest and Cash Interest attributable to Oasis Midstream Partners LP each include additional interest charges of \$2.1 million and \$28.0 million pursuant to the Limited Waiver, respectively. Excluding these additional interest charges, Cash Interest attributable to Oasis Midstream Partners LP would have been \$2.8 million for the three months ended June 30, 2020 and \$7.2 million for the six months ended June 30, 2020.

Adjusted EBITDA

Adjusted EBITDA is defined as earnings (loss) before interest expense (net of capitalized interest), income taxes, depreciation, amortization, impairment, equity-based compensation expenses and other similar non-cash adjustments. Adjusted EBITDA attributable to Oasis Midstream Partners LP is defined as Adjusted EBITDA less Adjusted EBITDA attributable to Oasis Petroleum’s retained interests in two of the Partnership’s DevCos, Bobcat DevCo and Beartooth DevCo. Adjusted EBITDA should not be considered an alternative to net income (loss), net cash provided by operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP. Management believes that the presentation of Adjusted EBITDA provides information useful to investors and analysts for assessing the Partnership’s results of operations, financial performance and the Partnership’s ability to generate cash from its business operations without regard to the Partnership’s financing methods or capital structure, coupled with the Partnership’s ability to maintain compliance with its debt covenants. The GAAP measures most directly comparable to Adjusted EBITDA are net income (loss) and net cash provided by operating activities.

Distributable Cash Flow

DCF is defined as Adjusted EBITDA attributable to Oasis Midstream Partners LP less Cash Interest attributable to Oasis Midstream Partners LP and maintenance capital expenditures attributable to Oasis Midstream Partners LP. DCF should not be considered an alternative to net income (loss), net cash provided by operating activities or any other measure of financial

performance or liquidity presented in accordance with GAAP. Management believes that the presentation of DCF provides information useful to investors and analysts for assessing the Partnership's results of operations, financial performance and the Partnership's ability to generate cash from its business operations without regard to the Partnership's financing methods or capital structure, coupled with the Partnership's ability to make distributions to its unitholders. The GAAP measures most directly comparable to DCF are net income (loss) and net cash provided by operating activities.

The following table presents reconciliations of the GAAP financial measures of net income (loss) and net cash provided by operating activities to the non-GAAP financial measures of Adjusted EBITDA and DCF for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
(In thousands)				
Net income (loss)	\$ 22,670	\$ 50,246	\$ (46,689)	\$ 94,660
Depreciation and amortization	11,881	8,691	22,078	17,682
Impairment	216	—	101,983	—
Equity-based compensation expense	67	100	133	219
Interest expense, net of capitalized interest	5,186	4,330	35,443	8,299
Adjusted EBITDA	40,020	63,367	112,948	120,860
Less: Adjusted EBITDA attributable to Delaware Predecessor	—	1,461	—	2,819
Less: Adjusted EBITDA attributable to non-controlling interests	14,208	25,836	40,746	50,483
Adjusted EBITDA attributable to Oasis Midstream Partners LP	25,812	36,070	72,202	67,558
Less: Cash Interest attributable to Oasis Midstream Partners LP	4,980	4,133	35,212	7,723
Less: Maintenance capital expenditures attributable to Oasis Midstream Partners LP	460	3,167	1,893	4,834
Distributable Cash Flow attributable to Oasis Midstream Partners LP⁽¹⁾	\$ 20,372	\$ 28,770	\$ 35,097	\$ 55,001
Net cash provided by operating activities	\$ 51,479	\$ 58,611	\$ 113,145	\$ 115,704
Interest expense, net of capitalized interest	5,186	4,330	35,443	8,299
Changes in working capital	(16,375)	648	(35,099)	(2,729)
Other non-cash adjustments	(270)	(222)	(541)	(414)
Adjusted EBITDA	40,020	63,367	112,948	120,860
Less: Adjusted EBITDA attributable to Delaware Predecessor	—	1,461	—	2,819
Less: Adjusted EBITDA attributable to non-controlling interests	14,208	25,836	40,746	50,483
Adjusted EBITDA attributable to Oasis Midstream Partners LP	25,812	36,070	72,202	67,558
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Distributions declared								
Limited partners	\$	18,258	\$	16,560	\$	36,516	\$	32,443
Incentive distribution rights		1,027		491		2,054		729
Total distributions	\$	19,285	\$	17,051	\$	38,570	\$	33,172
DCF coverage ratio⁽¹⁾		1.1 x		1.7 x		0.9 x		1.7 x

- (1) DCF attributable to Oasis Midstream Partners LP for the three and six months ended June 30, 2020 was reduced by additional interest charges of \$2.1 million and \$28.0 million, respectively, pursuant to the Limited Waiver. Excluding the impact of these additional interest charges, DCF attributable to Oasis Midstream Partners LP and the DCF coverage ratio would have been \$22.5 million and 1.2x for the three months ended June 30, 2020, respectively, and \$63.1 million and 1.6x for the six months ended June 30, 2020, respectively.