

Non-GAAP Financial Measures

Cash Interest, Adjusted EBITDA and 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 September 30,		Nine Months Ended September 30,	
	2020	2019 ⁽¹⁾	2020	2019 ⁽¹⁾
	(In thousands)			
Interest expense, net of capitalized interest⁽²⁾	\$ 2,753	\$ 4,612	\$ 38,196	\$ 12,911
Capitalized interest	5	331	322	633
Amortization of deferred financing costs	(274)	(243)	(815)	(660)
Cash Interest⁽²⁾	\$ 2,484	\$ 4,700	\$ 37,703	\$ 12,884
Less: Cash Interest attributable to Delaware Predecessor	—	(196)	—	(652)
Less: Cash Interest attributable to non-controlling interests	(3)	(3)	(9)	(8)
Cash Interest attributable to Oasis Midstream Partners LP⁽²⁾	\$ 2,481	\$ 4,501	\$ 37,694	\$ 12,224

(1) Retrospectively adjusted for the transfer of net assets between entities under common control.

(2) For the nine months ended September 30, 2020, interest expense, Cash Interest and Cash Interest attributable to Oasis Midstream Partners LP each includes an additional interest charge of \$28.0 million pursuant to the Limited Waiver. Excluding this additional interest charge, Cash Interest and Cash Interest attributable to Oasis Midstream Partners LP each would have been \$9.7 million for the nine months ended September 30, 2020.

Adjusted EBITDA and Distributable Cash Flow

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.

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 September 30,		Nine Months Ended September 30,	
	2020	2019 ⁽¹⁾	2020	2019 ⁽¹⁾
	(In thousands)			
Net income (loss)	\$ 43,744	\$ 57,120	\$ (2,945)	\$ 151,780
Depreciation and amortization	9,083	9,143	31,161	26,825
Impairment	1,458	—	103,441	—
Equity-based compensation expense	68	84	201	303
Interest expense, net of capitalized interest	2,753	4,612	38,196	12,911
Adjusted EBITDA	57,106	70,959	170,054	191,819
Less: Adjusted EBITDA attributable to Delaware Predecessor	—	2,078	—	4,897
Less: Adjusted EBITDA attributable to non-controlling interests	19,808	26,913	60,553	77,396
Adjusted EBITDA attributable to Oasis Midstream Partners LP	37,298	41,968	109,501	109,526
Less: Cash Interest attributable to Oasis Midstream Partners LP	2,481	4,501	37,694	12,224
Less: Maintenance capital expenditures attributable to Oasis Midstream Partners LP	767	1,760	2,660	6,594
Distributable Cash Flow attributable to Oasis Midstream Partners LP⁽²⁾	\$ 34,050	\$ 35,707	\$ 69,147	\$ 90,708
Net cash provided by operating activities	\$ 53,260	\$ 59,874	\$ 166,405	\$ 175,578
Interest expense, net of capitalized interest	2,753	4,612	38,196	12,911
Changes in working capital	1,367	6,716	(33,732)	3,987
Other non-cash adjustments	(274)	(243)	(815)	(657)
Adjusted EBITDA	57,106	70,959	170,054	191,819

Less: Adjusted EBITDA attributable to Delaware Predecessor	—	2,078	—	4,897
Less: Adjusted EBITDA attributable to non-controlling interests	19,808	26,913	60,553	77,396
Adjusted EBITDA attributable to Oasis Midstream Partners LP	37,298	41,968	109,501	109,526
Less: Cash Interest attributable to Oasis Midstream Partners LP	2,481	4,501	37,694	12,224
Less: Maintenance capital expenditures attributable to Oasis Midstream Partners LP	767	1,760	2,660	6,594
Distributable Cash Flow attributable to Oasis Midstream Partners LP⁽²⁾	\$ 34,050	\$ 35,707	\$ 69,147	\$ 90,708
Distributions declared				
Limited partners	\$ 18,258	\$ 17,405	\$ 54,774	\$ 49,848
Incentive distribution rights	1,027	745	3,081	1,474
Total distributions	\$ 19,285	\$ 18,150	\$ 57,855	\$ 51,322
DCF coverage ratio⁽²⁾	1.8 x	2.0 x	1.2 x	1.8 x

(1) Retrospectively adjusted for the transfer of net assets between entities under common control.

(2) DCF attributable to Oasis Midstream Partners LP for the nine months ended September 30, 2020 was reduced by an additional interest charge of \$28.0 million, pursuant to the Limited Waiver. Excluding the impact of this additional interest charge, DCF attributable to Oasis Midstream Partners LP and the DCF coverage ratio would have been \$97.2 million and 1.7x, respectively, for the nine months ended September 30, 2020.