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CES ENERGY SOLUTIONS CORP. ANNOUNCES 2020 RESULTS

CES Energy Solutions Corp. ("CES" or the "Company") (**TSX: CEU) (OTC - Nasdaq Intl: CESDF)** announced today the Company's results for the three and twelve months ended December 31, 2020.

CES is pleased to announce Q4 2020 financial results demonstrating the resiliency of our business model, commitment to our customers, realization of benefits related to initiatives undertaken in response to the impact of the coronavirus ("COVID-19") pandemic, and our strong position amid improving industry conditions.

While overall oil and gas industry conditions continued to be significantly impacted by a reduction in global oil demand, the fourth quarter of 2020 saw some of these headwinds subside following news of successful COVID-19 vaccines nearing final regulatory approval and initial rollouts. As a result, throughout the fourth quarter and to date, CES has benefited from the reversal of temporary production shut-ins across major basins and an improvement in drilling and completion activity. Our established infrastructure, cost rationalization initiatives, and committed employee presence in key basins allowed CES to realize market share gains and sequential improvements in revenue and Adjusted EBITDAC. CES' overall liquidity position and balance sheet strength continued to improve in the fourth quarter, as the Company once again displayed its defensible business model and counter cyclical balance sheet at low points of the cycle while preserving financial strength as we enter improving industry conditions.

CES' Q4 2020 financial results included herein demonstrate our continued emphasis on established financial goals comprised of balance sheet strength, ample liquidity, working capital optimization and cost structure rationalization. During Q4 2020, CES generated revenue of $212.8 million and Adjusted EBITDAC of $24.7 million, and revenue of $888.0 million and Adjusted EBITDAC of $102.2 million for the twelve months ended December 31, 2020. CES exited the year with a net cash position of $18.3 million and a fully accessible Senior Facility, driven by strong cash flow generation achieved through a combination of increased activity levels, greater market share, effective inventory management and cost containment measures. Demonstrating the Company's disciplined approach to protecting its balance sheet through the downturn, CES has been able to reduce Total Debt, net of cash, by $107.9 million from $407.6 million at December 31, 2019, and by $126.9 million from $426.6 million at March 31, 2020 to $299.7 million at December 31, 2020, of which $289.0 million relates to the Company's Senior Notes which do not mature until October 21, 2024. Subsequent to December 31, 2020, industry activity continued to improve from trough levels seen in 2020 in both production chemicals and drilling fluids end markets requiring the Company to make modest investments in working capital. Currently, the Company has a net cash balance of approximately $8.0 million.

CES believes that continued focus on ensuring employee safety, preserving quality of operations, working capital management, balance sheet strength, and liquidity will allow the Company to best serve high quality customers during this challenging environment and continue to successfully gain attractive market share. While some of our peers have taken steps to reduce exposure to or withdraw from key market segments, CES remained focused on maintaining and growing market share as demonstrated by our record US Drilling Fluids Market Share in the quarter of 20%. We believe that our solid financial position will continue to enable CES to maintain and strengthen our talent base and strategic infrastructure which will further improve our competitive position in a recovery.

Revenue for both the three and twelve month periods ended December 31, 2020 was significantly affected by the global economic impacts of COVID-19 and lower commodity price environment, which resulted in temporary production shut-ins, deferred completions and drastic declines in drilling activity in North America throughout most of the year. The financial results reported for 2020 also reflect the importance of CES' geographic positioning and strategic commitment to the US market which generated 64% of the Company's overall revenue in Q4 2020. These results demonstrate the significance of CES' diversification through operating efficiencies and capitalizing on the completed infrastructure buildout in both the US and Canada. As activity levels declined significantly in Q4 2020 as compared to Q4 2019, CES has been able to maintain and grow its commitment to a strong and high quality customer base in both operating regions.

Revenue generated in the US for the three and twelve months ended December 31, 2020 decreased 37% and 34% to $137.3 million and $600.9 million, respectively, over the 2019 comparative periods. US revenues in both periods were negatively impacted by lower activity levels across all operating divisions. US land drilling activity fell by 63% from Q4 2019 to Q4 2020 as operators curtailed 2020 capex spending in order to preserve capital and avoid uneconomic completions. Despite this challenging environment, CES was able to increase its US Drilling Fluids Market Share to 20%, a record for the Company and up from 13% in Q4 2019 and the previous record of 17% in Q3 2020. Year over year, production related volumes were also down significantly, however, sequentially, the Company benefited from the reversal of certain production shut-ins.

Revenue generated in Canada for the three and twelve months ended December 31, 2020 decreased 23% to $75.6 million and $287.1 million, respectively, over the 2019 comparative periods. Both the production chemicals and drilling fluids businesses in Canada saw significant declines in industry activity levels and experienced intense pricing pressure from customers over the comparable periods. Sequentially, the Company benefited from increased industry activity levels and increased production volumes, however peak drilling activity levels were considerably lower than previous year highs as customers curtailed spending, shut in some existing production, and scaled back drilling in order to preserve capital.

In light of the increasingly challenging global oilfield market and the cost containment initiatives executed by the Company to right-size the business for reduced industry activity levels, CES recorded the following items during the three and twelve months ended December 31, 2020 which negatively impacted net income and EBITDAC and are considered to be non-recurring:

- Within cost of sales, the Company recorded $nil and $12.3 million, respectively, of inventory write-downs as certain commodity based products were revalued to net realizable value to reflect the commodity price environment at the time of the revaluation;
- Within general and administrative expenses, the Company recorded $0.7 million and $3.8 million, respectively, in additional bad debt allowances; and
- Within cost of sales and general and administrative expenses, the Company recorded $0.4 million and $2.8 million, respectively, in restructuring costs.

Excluding the items noted above, CES achieved Adjusted EBITDAC of $24.7 million in Q4 2020, compared to $39.7 million in Q4 2019. For the twelve months ended December 31, 2020, CES achieved Adjusted EBITDAC of $102.2 million compared to $167.1 million for the respective 2019 period. CES' Adjusted EBITDAC of $24.7 million and margin of 11.6% in Q4 2020 represent significant improvements from the $8.2 million and 5.1% recorded in Q2 2020 and the $18.2 million and 11.0% recorded in Q3 2020 as the Company benefitted from improved competitive positioning and the reversal of certain production shut-ins in both the US and Canada. CES responded to falling activity levels by significantly rationalizing costs and headcount in Canada and the US early in the second quarter, along with the implementation of a number of cost cutting measures with respect to compensation and discretionary expenses. In light of the uncertainty surrounding current market conditions, as activity levels fluctuate, CES will continue to diligently manage its cost base, gradually assessing personnel and overhead costs, compensation levels, discretionary spending, and the reversal of cost structure reductions to support growth in the divisions, as required.

During the three and twelve months ended December 31, 2020, the Company recognized the Federal Government's Canada Emergency Wage Subsidy ("CEWS") program benefits in the amount of $2.9 million and $14.7 million, respectively, as a reduction to wage expense of which $1.5 million and $7.7 million allocated to cost of sales, for the respective periods, and $1.4 million and $7.0 million allocated to general and administrative expenses, for the respective periods. The CEWS program has been instrumental in allowing CES to mitigate further Canadian personnel reductions while navigating uncertainty surrounding the severity and duration of current market conditions, and CES is encouraged by the Federal Government's planned extension of the program until June of 2021.

Net income for Q4 2020 was $40.5 million compared to $11.9 million in Q4 2019. Net income increased from Q4 2019 to Q4 2020 primarily due to an increased deferred income tax recovery attributable to the significant tax benefit recognized on the unused tax losses in Canada and in the US, lower interest expense due to lower debt levels, recognition of $2.9 million benefit from the CEWS program, and a reduction in stock based compensation expense, offset by the factors outlined above. For the twelve months ended December 31, 2020, net loss was $222.9 million compared to net income of $30.1 million for the twelve months ended December 31, 2019. For the twelve month comparative period, net loss was impacted by a $248.9 million goodwill impairment recorded by the Company in Q1 2020 and the associated deferred income tax recovery.

As at December 31, 2020, CES had a Working Capital Surplus of $273.3 million, which represents a $96.3 million reduction from $369.6 million at December 31, 2019, and a $144.0 million reduction from $417.3 million at March 31, 2020. This reduction in working capital was primarily driven by the reduction in activity levels experienced across the Company's operating divisions and was further amplified by the Company's focus on working capital optimization over the last two years. Through the pandemic, CES has benefited greatly from the high quality of its customers and diligent internal credit monitoring processes. As a result, CES managed to maintain a strong collection record and minimized accounts receivable losses, recording only $3.8 million in credit loss provisions to date in 2020 (2019 - $0.5 million), representing less than 0.5% of revenue during the year ended December 31, 2020. In the fourth quarter, CES generated $17.2 million in Funds Flow From Operations and exited 2020 with net cash of $18.3 million and a fully accessible Senior Facility while making modest investments in working capital attributable to higher drilling related activity,. While CES' counter-cyclical leverage model provides the Company with significant balance sheet protection through a downtown, the Company continued to generate positive Funds Flow From Operations in each quarter of 2020 in this low commodity price environment, which excludes the impact of working capital release and is reflective of the Company's cost rationalization efforts and improved market conditions in the quarter.

CES exited the year with a net cash balance of $18.3 million, a fully accessible Senior Facility, and Total Debt, net of cash, of $299.7 million, of which $289.0 million relates to the Company's Senior Notes which don't mature until October 21, 2024 (December 31, 2019 - net draw of $76.7 million and Total Debt, net of cash of $407.6 million). CES' Senior Facility was fully accessible at December 31, 2020 with a maximum available draw of $170.0 million on the Canadian facility and US$50.0 million on the US facility (December 31, 2019 - $170.0 million and US$50.0 million, respectively), and the facility does not mature until September 28, 2022.

Starting in mid-March of this year, the Company acted quickly on a number of proactive measures to preserve balance sheet strength through the downturn. Among these actions were initiatives relating to personnel related cost reductions, capex reductions, dividend suspension, and NCIB activity:

- The Company took proactive measures to right-size the business, including reductions to Executive, Board of Directors' and employee compensation levels coupled with reductions in personnel and overhead costs.

- In light of challenging market conditions, the Company suspended all non-essential capital expenditures. Capital expenditures incurred in 2020, excluding amounts financed through leasing arrangements, were $7.1 million below the expected 2020 expenditures of up to $30.0 million, compared to $45.2 million in 2019, and representing a $27.1 million or 54% reduction from the original 2020 capex plan of $50.0 million. In Q4 2020, CES incurred $2.4 million in capital expenditures, representing an 84% decrease from Q4 2019. In 2020, CES incurred $22.9 million in capital expenditures, representing a decrease of 49% year over year. Q4 2020 capital expenditures are primarily comprised of field equipment, processing equipment, and tank expenditures to support increased activity levels in Q4 2020, specifically in the production chemical business.
- The Company reduced its monthly dividend on March 12, 2020 from $0.06 per share to $0.015 per share on an annualized basis. As industry conditions continued to deteriorate, CES suspended its monthly dividend on April 16, 2020. This decision conserved approximately $16.0 million on an annualized basis.
- CES temporarily suspended activity under the NCIB program in the second quarter of 2020 after using $4.8 million to repurchase for cancellation 2,325,277 common shares in Q1 2020. On July 16, 2020 the Company announced the renewal of its previous NCIB, which allows for the repurchase and cancellation of up to 19,025,236 common shares, being 7.5% of the public float at the time of renewal before expiry on July 20, 2021. During Q4 2020, the Company opportunistically repurchased 4,481,900 common shares at an average price of $0.91 per share for a total amount of $4.1 million. During the year ended December 31, 2020, the company repurchased 9,440,577 common shares at an average price of $1.19 for a total amount of $11.3 million. Subsequent to December 31, 2020, the Company repurchased 5,356,700 additional shares at a weighted average price of $1.46 for a total amount of $7.8 million.

Outlook

In 2020, global demand for fossil fuels was severely impacted by COVID-19 and the associated public health restriction measures implemented worldwide. Estimated energy demand and oil prices were severely affected in the second quarter of 2020, leading to significant reductions to drilling activity and production levels. As the year progressed, production shut-ins began to reverse mid-year and drilling activity began to improve towards the latter half of the year, albeit well below pre-COVID levels.

There is increased economic optimism going into 2021 as governments worldwide distribute the COVID-19 vaccines which could lead to lifting restrictions and spurring demand for fossil fuels above 2020 levels. This increased activity and demand may lead to improving commodity prices, production levels and drilling activity. CES remains cautious with its 2021 outlook and expects upstream activity across North America to continue below pre-COVID levels. The uncertainty surrounding the magnitude and duration of this downturn has prompted customers to reduce their capital spending programs compared to pre-COVID levels thereby resulting in a corresponding reduction in demand for the Company's products and services. During 2020, CES undertook significant steps to rationalize its cost structure and will take additional appropriate actions as necessary, including gradually assessing cost structure reductions to support growth throughout the divisions. During the second and third quarters of 2020, CES applied for and received funding from the Canadian Federal Government's CEWS program, recognizing an aggregate benefit of $14.7 million, thereby mitigating further personnel reductions while we navigate through this downturn. Further, in the September 23, 2020 Throne Speech from the Government of Canada, it was announced that the CEWS program would be extended until June 2021. While details regarding the program require further clarification, CES expects to continue to participate in the program through the duration of its extension as applicable.

CES believes it will continue to benefit from its asset light, consumable chemical business model and its ability to maintain a prudent cost structure in this industry activity level environment. CES' counter cyclical leverage model was tested during the pandemic and demonstrated its ability to remain resilient despite expected declines in industry activity. During the 2015-2016 downturn, CES experienced a reduction in Working Capital Surplus of $152.7 million from December 31, 2014 to June 30, 2016, and was able to reduce Total Debt outstanding, fully pay down the Senior Facility, and grow cash balances through the end of Q2 2016 to $111.1 million. From Q1 2020 to Q4 2020, CES has again demonstrated its financial resiliency with consistent positive Funds Flow from Operations, a $116.5 million working capital harvest resulting in a fully accessible Senior Facility and a positive net cash balance of $18.3 million as at December 31, 2020. Currently, the Company has a net cash balance of approximately $8.0 million.

CES has proactively managed both the duration and the flexibility of its debt. In August 2019, CES successfully amended and extended its Senior Facility to September 2022. In October 2017, CES successfully re-financed and reduced its coupon on its previously outstanding $300.0 million Senior Notes by issuing new 6.375% Senior Notes which mature in October 2024. This provides the Company with an additional level of financial stability during the ongoing COVID-19 crisis and the related deterioration of the global crude oil market.

In light of challenging market conditions, the Company suspended all non-essential capital expenditures in 2020. CES expects 2021 capital expenditures to be at or slightly above 2020 levels and will continue its disciplined and prudent approach to capital expenditures. CES is currently reviewing 2021 planned expenditures which will be adjusted as required as conditions continue to unfold.

CES continues to believe that coming out of this downturn it can continue to grow its share of the oilfield consumable chemical markets in which it competes. CES' underlying business model is capex light and asset light, enabling generation of significant surplus free cash flow. As our customers increasingly regulate their business models to maintain spending within cash flows, we believe that CES will be able to leverage its established infrastructure, business model, and nimble customer-oriented culture to deliver superior products and services to the industry. CES demonstrated this ability during the depths of the downturn and expects to continue doing so as industry conditions improve. CES also believes that competitor consolidations and business failures will provide further opportunities for CES in a recovery scenario. CES sees the consumable chemical market increasing its share of the oilfield spend as operators continue to: drill longer reach laterals and drill them faster; expand and optimize the utilization of pad drilling; increase the intensity and size of their fracs; and require increasingly technical and specialized chemical treatments to effectively maintain existing cash flow generating wells and treat growing production volumes and water cuts from new wells.

CES' strategy is to continue to use its decentralized management model; its vertically integrated manufacturing model; its problem solving through science approach; its patented and proprietary technologies; and its superior people and execution to increase market share. By being basic in the manufacture of the consumable chemicals it sells, CES' vertically integrated business model enables it to be price competitive and a technology leader. Operators require increasingly technical solutions and deeper customer-centric coverage models to meet their needs. CES believes that its unique value proposition makes it the premier independent provider of technically advanced consumable chemical solutions to the North American oilfield.

In its core businesses, CES will focus on profitably growing market share, controlling costs and managing working capital, developing or acquiring new technologies and making strategic investments as required to position the business to capitalize on current and future opportunities.

Conference Call Details

With respect to the fourth quarter results, CES will host a conference call / webcast at 9:00 am MT (11:00 am ET) on Friday, March 12, 2021.

North American toll-free: 1-(800)-319-4610
International / Toronto callers: (416)-915-3239
Link to Webcast: http://www.cesenergysolutions.com/

Financial Highlights

($000s, except per share amounts)	Three Months Ended December 31, 2020	2019	%Change	Year Ended December 31, 2020	2019	%Change
Revenue						
United States	**137,262**	217,427	(37)%	**600,898**	906,377	(34)%
Canada	**75,552**	98,134	(23)%	**287,149**	370,880	(23)%
Total Revenue	**212,814**	315,561	(33)%	**888,047**	1,277,257	(30.5)%
Net income (loss)	**40,453**	11,910	240 %	**(222,903)**	30,106	nmf
per share – basic	***0.15***	*0.04*	*245 %*	***(0.85)***	*0.11*	*nmf*
per share - diluted	***0.15***	*0.04*	*254 %*	***(0.85)***	*0.11*	*nmf*
Adjusted EBITDAC(2)	**24,651**	39,653	(38)%	**102,168**	167,127	(39)%
Adjusted EBITDAC(2) % of Revenue	***11.6 %***	*12.6 %*	(1.0)%	***11.5 %***	*13.1 %*	(1.6)%
Cash provided by operating activities	**14**	41,455	(100)%	**156,679**	187,304	(16)%
Funds Flow From Operations(2)	**17,194**	31,553	(46)%	**72,353**	132,328	(45)%
Capital expenditures						
Expansion Capital(2)	**1,559**	9,098	(83)%	**14,885**	32,504	(54)%
Maintenance Capital(2)	**832**	5,718	(85)%	**8,063**	12,745	(37)%
Total capital expenditures	**2,391**	14,816	(84)%	**22,948**	45,249	(49)%
Dividends declared	—	3,970	(100)%	**2,948**	15,942	(82)%
per share	—	*0.0150*	(100)%	***0.0113***	*0.0600*	(81)%
Common Shares Outstanding						
End of period	**258,264,857**	263,956,291		**258,264,857**	263,956,291	
Weighted average - basic	**260,997,098**	265,214,700		**263,065,652**	265,956,626	
Weighted average - diluted	**260,997,098**	271,779,891		**263,065,652**	272,604,972	

Financial Position ($000s)	As at **December 31, 2020**	September 30, 2020	%Change	December 31, 2019	%Change
Total assets	**857,888**	838,270	(5)%	1,219,772	(35)%
Long-term financial liabilities(1)	**298,776**	300,370	(1)%	385,865	(23)%
Total Debt, net of cash(2)	**299,677**	292,397	4 %	407,631	(26)%
Working Capital Surplus(2)	**273,313**	266,897	2 %	369,628	(26)%
Net Debt(2)	**26,364**	25,500	4 %	38,003	(30)%
Shareholders' equity	**455,663**	443,054	(5)%	679,310	(38)%

Notes:

[1]Includes the long-term portion of the Senior Facility, the Senior Notes, lease obligations and cash settled incentive obligations.

[2]CES uses certain performance measures or operational definitions that are not recognizable under International Financial Reporting Standards ("IFRS"). These performance measures include net income (loss) before interest, taxes, depreciation and amortization, finance costs, other gains and losses, and stock-based compensation ("EBITDAC"), Adjusted EBITDAC, Gross Margin (excluding depreciation), Funds Flow From Operations, Total Debt, Working Capital Surplus, Net Debt, Expansion Capital and Maintenance Capital. Management believes that these measures provide supplemental financial information that is useful in the evaluation of CES' operations. Readers should be cautioned, however, that these measures should not be construed as alternatives to measures determined in accordance with IFRS as an indicator of CES' performance. CES' method of calculating these measures may differ from that of other organizations and, accordingly, these may not be comparable. Please refer to the Non-GAAP Measures section and Operational Definitions Section of CES' MD&A for the three and twelve months ended December 31, 2020 for additional details regarding the calculation of these measures.

Business of CES

CES is a leading provider of technically advanced consumable chemical solutions throughout the life-cycle of the oilfield. This includes total solutions at the drill-bit, at the point of completion and stimulation, at the wellhead and pump-jack, and finally through to the pipeline and midstream market. At the drill-bit, CES' designed drilling fluids encompass the functions of cleaning the hole, stabilizing the rock drilled, controlling subsurface pressures, enhancing drilling rates, and protecting potential production zones while conserving the environment in the surrounding surface and subsurface area. At the point of completion and stimulation, CES' designed chemicals form a critical component of fracturing solutions or other forms of remedial well stimulation techniques. The shift to horizontal drilling and multi-stage fracturing with long horizontal well completions has been responsible for significant growth in the drilling fluids and completion and stimulation chemicals markets. At the wellhead and pump-jack, CES' designed production and specialty chemicals provide down-hole solutions for production and gathering infrastructure to maximize production and reduce costs of equipment maintenance. Key solutions include corrosion inhibitors, demulsifiers, H_2S scavengers, paraffin control products, surfactants, scale inhibitors, biocides and other specialty products. Further, specialty chemicals are used throughout the pipeline and midstream industry to aid in hydrocarbon movement and manage transportation and processing challenges including corrosion, wax build-up and H_2S.

CES operates in all major basins throughout the United States ("US"), including Permian, Eagleford, Bakken, Marcellus and Scoop/Stack, as well as in the Western Canadian Sedimentary Basin ("WCSB") with an emphasis on servicing the ongoing major resource plays: Montney, Duvernay, Deep Basin and SAGD. In the US, CES operates under the trade names AES Drilling Fluids ("AES"), Jacam Catalyst LLC ("Jacam Catalyst") and Superior Weighting Products ("Superior Weighting"). In Canada, CES operates under the trade names Canadian Energy Services, PureChem Services ("PureChem"), StimWrx Energy Services Ltd. ("StimWrx"), Sialco Materials Ltd. ("Sialco"), and Clear Environmental Solutions ("Clear").

Following a series of transformative acquisitions, including the purchase of Jacam Chemicals ("Jacam") in 2013 and Catalyst Oilfield Services ("Catalyst") in 2016, the Company has been focused on integrating these businesses into its existing operations and driving efficiencies and organic growth. On December 31, 2020, the Company completed an internal organization which combined the retail businesses of Jacam and Catalyst to form Jacam Catalyst, LLC.

The Jacam Catalyst, PureChem, and Sialco brands are vertically integrated manufacturers of advanced specialty chemicals. In addition to being basic in the manufacture of oilfield chemicals, Jacam Catalyst, and PureChem have expanding distribution channels into the oilfield. The StimWrx brand provides near matrix stimulation and remediation of oil, gas, and injection wells in Western Canada and the US. The Canadian Energy Services and AES brands are focused on the design and implementation of drilling fluids systems and completion solutions sold directly to oil and gas producers. The Superior Weighting brand custom grinds minerals including barite, which is the weighting agent utilized in most drilling fluid systems.

Clear is a complimentary business division that supports the operations and augments the product offerings in the WCSB. Clear is CES' environmental division, providing environmental consulting, water management and water transfer services, and drilling fluids waste disposal services primarily to oil and gas producers active in the WCSB.

CES continues to invest in research and development of new technologies and in the top-end scientific talent that can develop and refine these technologies. CES operates nine separate lab facilities across North America: two in Houston, Texas; two in Midland, Texas; one in Sterling, Kansas; and one in each of Calgary, Alberta; Grand Prairie, Alberta; Carlyle, Saskatchewan; and Delta, British Columbia. In the US, CES' main chemical manufacturing and reacting facility is located in Sterling, Kansas with additional low-temperature reacting and chemical blending capabilities just outside of Midland, Texas and chemical blending capabilities in Sonora, Texas. In Canada, CES has a chemical manufacturing and reacting facility located in Delta, British Columbia with additional chemical blending capabilities located in Carlyle, Saskatchewan, Nisku, Alberta, and Grand Prairie, Alberta. CES also leverages third party partner relationships to drive innovation in the consumable fluids and chemicals business.

Cautionary Statement

Except for the historical and present factual information contained herein, the matters set forth in this press release, may constitute forward-looking information or forward-looking statements (collectively referred to as "forward-looking information") which involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of CES, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. When used in this press release, such information uses such words as "may", "would", "could", "will", "intend", "expect", "believe", "plan", "anticipate", "estimate", and other similar terminology. This information reflects CES' current expectations regarding future events and operating performance and speaks only as of the date of the press release. Forward-looking information involves significant risks and uncertainties, should not be read as a guarantee of future performance or results, and will not necessarily be an accurate indication of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking information, including, but not limited to, the factors discussed below. The management of CES believes the material factors, expectations and assumptions reflected in the forward-looking information are reasonable but no assurance can be given that these factors, expectations and assumptions will prove to be correct. The forward-looking information contained in this document speaks only as of the date of the document, and CES assumes no obligation to publicly update or revise such information to reflect new events or circumstances, except as may be required pursuant to applicable securities laws or regulations. The material assumptions in making forward-looking statements include, but are not limited to, assumptions relating to demand levels and pricing for the oilfield consumable chemical offerings of the Company; fluctuations in the price and demand for oil and natural gas; anticipated activity levels of the Company's significant customers; commodity pricing; general economic and financial market conditions; the successful integration of recent acquisitions; the Company's ability to finance its operations; levels of drilling and other activity in the WCSB, the Permian and other US basins, the effects of seasonal and weather conditions on operations and facilities; changes in laws or regulations; currency exchange fluctuations; the ability of the Company to attract and retain skilled labour and qualified management; and other unforeseen conditions which could impact the Company's business of supplying oilfield consumable chemistry to the Canadian and US markets and the Company's ability to respond to such conditions.

In particular, this press release contains forward-looking information pertaining to the following: the certainty and predictability of future cash flows and earnings; expectations that EBITDAC will exceed the sum of expenditures on interest, taxes and capital expenditures; expectations of capital expenditures in 2020; expectations regarding CES' ability to harvest working capital as activity levels decline based on historical performance and current circumstances; expectations that EBITDAC will provide sufficient free cash flow to pay down the Company's Senior Facility and add cash to the balance sheet; expectations regarding the impact of the COVID-19 pandemic on CES' operations and the oil and natural gas industry generally; CES' ability to execute on financial goals relating to its balance sheet, liquidity, working capital and cost structure; expectations regarding the performance of CES' business model and counter cyclical balance sheet during downturns; expectations regarding CES' ability to qualify and participate in the Canadian Government's CEWS program; expectations regarding the impact of the COVID-19 pandemic on industry activity levels; expectations that CES will continue to remain open and fully operating during the COVID-19 pandemic; expectations regarding the availability and distribution of COVID-19 vaccines and the corresponding impact on government mandated travel and gathering restrictions, increased demand for fossil-fuels, improving commodity prices, increased production levels and drilling activity; expectations regarding reduced capital expenditures by CES' customers and the quantum of shut-in production by CES' customers; expectations that CES' financial position will provide a competitive advantage in a recovery; the sufficiency of liquidity and capital resources to meet long-term payment obligations; CES' ability to increase or maintain its market share, including expectations that PureChem and JACAM will increase market share in the oilfield consumable chemical market, that Catalyst will increase market-share of production and specialty chemicals in the Permian Basin, and that AES will increase drilling fluids market share in the Permian Basin; optimism with respect to future prospects for CES; impact of CES' vertically integrated business model on future financial performance; CES' ability to leverage third party partner relationships to drive innovation in the consumable fluids and chemicals business; supply and demand for CES' products and services, including expectations for growth in CES' production and specialty chemical sales, expected growth in the consumable chemicals market; industry activity levels; commodity prices; uncertainty surrounding the duration and severity of a low oil and natural gas price environment; development of new technologies; expectations regarding CES' growth opportunities in Canada and the US; expectations regarding the performance or expansion of CES' operations and working capital optimization; expectations regarding end markets for production chemicals and drilling fluids in Canada and the US; expectations regarding the impact of production curtailment policies; expectations regarding demand for CES' services and technology; investments in research and development and technology advancements; access to debt and capital markets and cost of capital; expectations regarding capital allocation including the use of surplus free cash flow, the purchase of CES' common shares by CES pursuant to the NCIB, debt reduction through the repayment of the Company's Senior Facility or repurchases of the Company's Senior Notes, investments in current operations, issuing dividends, or market acquisitions; CES' ability to continue to comply with covenants in debt facilities; and competitive conditions.

CES' actual results could differ materially from those anticipated in the forward-looking information as a result of the following factors: general economic conditions in the US, Canada, and internationally; geopolitical risk; fluctuations in demand for consumable fluids and chemical oilfield services, the severity of the downturn in oilfield activity; the severity of the decline in activity in the Permian, the WCSB, and other basins in which the Company operates; a decline in frac related chemical sales; a decline in operator usage of chemicals on wells; an increase in the number of customer well shut-ins; a shift in types of wells drilled; volatility in market prices for oil, natural gas, and natural gas liquids and the effect of this volatility on the demand for oilfield services generally; the declines in prices for natural gas, natural gas liquids, oil, and pricing differentials between world pricing; pricing in North America and pricing in Canada; impacts of production level decisions among OPEC+ members and the potential demand impacts of COVID-19; competition, and pricing pressures from customers in the current commodity environment; the degree and severity of the COVID-19 pandemic, including government laws and regulations implemented in response to the pandemic and the resulting impact on the demand for oil and natural gas; government support programs implemented in response to the COVID-19 pandemic and potential changes to the qualification criteria and amount of available support; political and societal unrest that may impact CES' operations as well as impact the market for oil and natural gas generally; currency risk as a result of fluctuations in value of the US dollar; liabilities and risks, including environmental liabilities and risks inherent in oil and natural gas operations; sourcing, pricing and availability of raw materials, consumables, *component parts, equipment, suppliers, facilities, and skilled management, technical and field personnel; the collectability of accounts receivable, particularly in the current low oil and natural gas price environment; ability to integrate technological advances and match advances of competitors; ability to protect the Company's proprietary technologies; availability of capital; uncertainties in weather and temperature affecting the duration of the oilfield service periods and the activities that can be completed; the ability to successfully integrate and achieve synergies from the Company's acquisitions; changes in legislation and the regulatory environment, including uncertainties with respect to oil and gas royalty regimes, programs to reduce greenhouse gas and other emissions, carbon pricing schemes, and regulations restricting the use of hydraulic fracturing; pipeline capacity and other transportation infrastructure constraints; government mandated production curtailments; reassessment and audit risk and other tax filing matters; changes and proposed changes to US policies including tax policies or policies relating to the oil and gas industry; international and domestic trade disputes, including restrictions on the transportation of oil and natural gas and regulations governing the sale and export of oil, natural gas and refined petroleum products; the impact of climate change policies in regions which CES operates; the impact and speed of adoption of low carbon technologies; potential changes to the crude by rail industry; changes to the fiscal regimes applicable to entities operating in the US and the WCSB; supply chain disruptions including those caused by global pandemics or disease or from political unrest and blockades; access to capital and the liquidity of debt markets; fluctuations in foreign exchange and interest rates; CES' ability to maintain adequate insurance at rates it considers reasonable and commercially justifiable; and the other factors considered under "Risk Factors" in CES' Annual Information Form for the year ended December 31, 2020 dated March 11, 2021, and "Risks and Uncertainties" in CES' MD&A for the three and twelve months ended December 31, 2020, dated March 11, 2021.*

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