



**Condensed Consolidated Financial Statements**

**For the Three and Six Months Ended June 30, 2022 and 2021**

**CES Energy Solutions Corp.**

Condensed Consolidated Statement of Financial Position (unaudited)

(stated in thousands of Canadian dollars)

	As at	
	June 30, 2022	December 31, 2021
<b>ASSETS</b>		
Current assets		
Accounts receivable	394,708	308,836
Financial derivative asset	679	388
Income taxes receivable	1,406	823
Inventory	359,223	273,501
Prepaid expenses and deposits	33,757	35,653
	<b>789,773</b>	<b>619,201</b>
Property and equipment (note 5)	263,450	260,752
Right of use assets (note 6)	51,626	46,482
Intangible assets	37,351	33,151
Deferred income tax asset	54,208	58,646
Other assets	17,012	18,839
Goodwill	52,035	50,527
	<b>1,265,455</b>	<b>1,087,598</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued liabilities	209,675	153,282
Dividends payable (note 10)	4,099	4,061
Income taxes payable	1,414	2,104
Current portion of deferred acquisition consideration (note 4)	1,454	—
Current portion of lease obligations	18,964	16,315
	<b>235,606</b>	<b>175,762</b>
Long-term debt (note 7)	467,901	395,184
Lease obligations	28,576	25,706
Deferred acquisition consideration (note 4)	2,673	—
Deferred income tax liability	7,817	2,084
Other long-term liabilities (note 9)	1,678	2,187
	<b>744,251</b>	<b>600,923</b>
Commitments (note 11)		
Shareholders' equity		
Common shares (note 8)	662,935	658,614
Contributed surplus	32,609	33,819
Deficit	(327,757)	(349,935)
Accumulated other comprehensive income	153,417	144,177
	<b>521,204</b>	<b>486,675</b>
	<b>1,265,455</b>	<b>1,087,598</b>

*The accompanying notes are an integral part of these condensed consolidated financial statements.*

**CES Energy Solutions Corp.**Condensed Consolidated Statements of Net Income and Comprehensive Income (Loss) (unaudited)  
(stated in thousands of Canadian dollars, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenue	433,650	253,605	834,931	514,231
Cost of sales	338,765	193,718	665,356	396,748
Gross margin	94,885	59,887	169,575	117,483
General and administrative expenses	55,093	44,048	109,846	88,241
Operating profit	39,792	15,839	59,729	29,242
Finance costs	11,232	6,012	15,227	11,755
Other loss (income)	480	(28)	405	(91)
Income before taxes	28,080	9,855	44,097	17,578
Current income tax expense	1,641	853	2,900	1,753
Deferred income tax expense	6,334	2,335	10,842	4,036
Net income	20,105	6,667	30,355	11,789
Other comprehensive income (loss) (items that may be subsequently reclassified to profit and (loss)):				
Unrealized foreign exchange gain (loss) on translation of foreign operations	19,309	(7,610)	10,788	(14,350)
Change in fair value of other assets, net of tax	(553)	302	(1,548)	149
Comprehensive income (loss)	38,861	(641)	39,595	(2,412)
Net income per share (note 8)				
Basic	0.08	0.03	0.12	0.05
Diluted	0.08	0.03	0.12	0.04

*The accompanying notes are an integral part of these condensed consolidated financial statements.*

**CES Energy Solutions Corp.**Condensed Consolidated Statements of Changes in Equity (unaudited)  
(stated in thousands of Canadian dollars)

	Six Months Ended June 30,	
	2022	2021
<b>COMMON SHARES</b>		
Balance, beginning of period	658,614	663,275
Issued pursuant to stock-based compensation (note 9)	4,538	8,988
Issued pursuant to stock settled director fees	73	32
Common shares repurchased and canceled through NCIB (note 8)	(290)	(10,262)
Balance, end of period	662,935	662,033
<b>CONTRIBUTED SURPLUS</b>		
Balance, beginning of period	33,819	38,052
Reclassified pursuant to stock-based compensation (note 8)	(4,538)	(8,988)
Stock-based compensation expense (note 9)	3,328	3,732
Balance, end of period	32,609	32,796
<b>DEFICIT</b>		
Balance, beginning of period	(349,935)	(391,680)
Net income	30,355	11,789
Dividends declared (note 10)	(8,177)	—
Balance, end of period	(327,757)	(379,891)
<b>ACCUMULATED OTHER COMPREHENSIVE INCOME</b>		
Balance, beginning of period	144,177	146,016
Unrealized foreign exchange gain (loss) on translation of foreign operations	10,788	(14,350)
Change in fair value of other assets, net of tax	(1,548)	149
Balance, end of period	153,417	131,815
	521,204	446,753

*The accompanying notes are an integral part of these condensed consolidated financial statements.*

**CES Energy Solutions Corp.**

Condensed Consolidated Statements of Cash Flows (unaudited)  
(stated in thousands of Canadian dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
<b>CASH PROVIDED BY (USED IN):</b>				
<b>OPERATING ACTIVITIES:</b>				
Net income	<b>20,105</b>	6,667	<b>30,355</b>	11,789
Adjustments for:				
Depreciation and amortization	<b>17,974</b>	16,742	<b>35,851</b>	34,300
Stock-based compensation (note 9)	<b>1,884</b>	2,005	<b>3,328</b>	3,731
Other non-cash loss (income)	<b>1,368</b>	809	<b>930</b>	1,067
Deferred income tax recovery	<b>6,334</b>	2,335	<b>10,842</b>	4,036
Gain on disposal of assets	<b>(1,524)</b>	(5,467)	<b>(2,046)</b>	(6,078)
Gain on repurchase of senior unsecured notes	—	—	—	(12)
Change in non-cash working capital (note 12)	<b>(58,970)</b>	(6,325)	<b>(104,524)</b>	(37,849)
	<b>(12,829)</b>	16,766	<b>(25,264)</b>	10,984
<b>FINANCING ACTIVITIES:</b>				
Repurchase of senior unsecured notes	—	—	—	(988)
Repayment of lease obligations	<b>(5,478)</b>	(4,860)	<b>(10,288)</b>	(10,042)
Increase (decrease) in Senior Facility	<b>32,037</b>	(4,443)	<b>71,247</b>	(40)
Shareholder dividends	<b>(4,078)</b>	—	<b>(8,139)</b>	—
Common shares repurchased and cancelled through NCIB (note 8)	—	(788)	<b>(290)</b>	(10,262)
	<b>22,481</b>	(10,091)	<b>52,530</b>	(21,332)
<b>INVESTING ACTIVITIES:</b>				
Investment in property and equipment	<b>(12,139)</b>	(4,393)	<b>(22,195)</b>	(7,078)
Investment in intangible assets	<b>(145)</b>	(380)	<b>(593)</b>	(663)
Investment in other assets	<b>48</b>	—	<b>(130)</b>	—
Business combination (note 4)	—	—	<b>(9,560)</b>	—
Proceeds on disposal of assets	<b>2,584</b>	9,939	<b>5,212</b>	11,679
	<b>(9,652)</b>	5,166	<b>(27,266)</b>	3,938
Effect of foreign exchange on cash	—	28	—	28
<b>CHANGE IN CASH</b>	—	11,869	—	(6,382)
Cash, beginning of period	—	—	—	18,251
Cash, end of period	—	11,869	—	11,869
<b>SUPPLEMENTARY CASH FLOW DISCLOSURE</b>				
Interest paid	<b>10,874</b>	10,376	<b>12,112</b>	10,961
Income taxes paid	<b>14</b>	998	<b>480</b>	1,481

*The accompanying notes are an integral part of these condensed consolidated financial statements.*

## **CES Energy Solutions Corp.**

Notes to the Condensed Consolidated Financial Statements (unaudited)

(stated in thousands of Canadian dollars, except for share and per share amounts)

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### **1. The Company**

CES Energy Solutions Corp. (the “Company” or “CES”) is a company domiciled in Canada and was incorporated under the Canada Business Corporations Act on November 13, 1986. CES’ principal place of business is located at Suite 1400, 332 – 6<sup>th</sup> Avenue SW, Calgary, Alberta, Canada T2P 0B2. The condensed consolidated financial statements of the Company as at and for the three and six months ended June 30, 2022 and 2021 comprise the accounts of the Company and its subsidiaries (together referred to as the “Company” or “CES”).

CES’ core business is to design, implement, and manufacture technically advanced consumable fluids and specialty chemicals for the North American oil and gas industry. CES operates under the following trade names and brands: AES Drilling Fluids, Jacam Catalyst, Proflow Solutions, Superior Weighting Products, Canadian Energy Services, PureChem Services, StimWrx Energy Services, Sialco Materials Ltd, and Clear Environmental Solutions.

### **2. Basis of Presentation**

#### *Statement of Compliance*

These condensed consolidated financial statements have been prepared by management of the Company in accordance with International Accounting Standard (“IAS”) 34, “*Interim Financial Reporting*”. These condensed consolidated financial statements include all necessary disclosures required for interim financial statements but do not include all disclosures required for annual financial statements. Therefore, these condensed consolidated financial statements should be read in conjunction with the most recent audited annual consolidated financial statements and the notes thereto for the year ended December 31, 2021. These condensed consolidated financial statements were authorized for issue by the Company’s Board of Directors on August 11, 2022.

### **3. Significant Accounting Policies, Estimates and Judgments**

These condensed consolidated financial statements have been prepared following the same accounting principles and methods of computation as outlined in the Company’s consolidated financial statements for the year ended December 31, 2021. A description of accounting standards and interpretations that have been adopted by the Company can be found in the notes of the annual consolidated financial statements for the year ended December 31, 2021.

The preparation of the condensed consolidated financial statements requires management to make assumptions and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting period. These condensed consolidated financial statements include estimates, which by their nature, are uncertain. These assumptions and associated estimates are based on historical experience and other factors that are considered to be relevant. As such, actual results may differ from estimates and the effect of such differences may be material. Significant estimates and judgements used in the preparation of these condensed consolidated financial statements remained unchanged from those disclosed in the Company’s annual consolidated financial statements for the year ended December 31, 2021.

### **4. Business Combination**

#### *Proflow Solutions, LLC*

On February 1, 2022, through a US subsidiary, CES closed the acquisition of all of the business assets of Proflow Solutions LLC. (“Proflow”). Proflow is an oilfield chemical provider and service company that operates across the Gulf of Mexico providing production chemicals for the upstream oil and gas industry along with account management services. The Proflow acquisition will accelerate the expansion of the Company’s US production and specialty chemicals operations into the offshore space with a particular focus in the Gulf of Mexico.

The aggregate purchase price was \$13,626 (US\$10,735) consisting of \$8,278 (US\$6,522) in cash paid on the date of the acquisition, \$1,282 (US\$1,010) in cash paid for other post close working capital adjustments, and \$4,066 (US\$3,203) in deferred consideration. In conjunction with the Proflow acquisition, the Company recorded \$31 in transaction costs to general and administrative expenses during the six months ended June 30, 2022.

**CES Energy Solutions Corp.**

Notes to the Condensed Consolidated Financial Statements (unaudited)

(stated in thousands of Canadian dollars, except for share and per share amounts)

The Company's preliminary purchase price allocation for the Proflow acquisition is as follows:

***Allocation of purchase price***

Current assets	2,017
Property and equipment	285
Right of use assets	89
Intangible assets	11,056
Goodwill	669
<b>Total assets</b>	<b>14,116</b>

Current liabilities	(401)
Lease obligations	(89)
<b>Total liabilities</b>	<b>(490)</b>
<b>Net assets acquired</b>	<b>13,626</b>

***Consideration given \$000's***

Cash	8,278
Consideration payable post-close	1,282
Deferred consideration	4,066
<b>Total consideration</b>	<b>13,626</b>

From the date of this acquisition to June 30, 2022, Proflow contributed an estimated \$4,210 (US\$3,303) of revenue to the Company. The amount of profit or loss attributable to the acquisition from the date of acquisition to June 30, 2022, and the amount of revenue or profit or loss attributable to the acquisition as if the business combination had been completed on January 1, 2022, is not readily determinable. The goodwill recognized on the Proflow acquisition is primarily attributed to the assembled workforce, the synergies existing within the acquired businesses, and the synergies which will contribute to operational efficiencies within the rest of the Company. The goodwill is expected to be deducted straight-line over 15 years for US tax purposes.

**5. Property and Equipment**

<b>Balance at December 31, 2021</b>	<b>260,752</b>
Additions	19,808
Additions from business combination	285
Transfers	189
Disposals, net of amortization	(2,149)
Amortization	(18,417)
Effect of movements in exchange rates	2,982
<b>Balance at June 30, 2022</b>	<b>263,450</b>

**CES Energy Solutions Corp.**

Notes to the Condensed Consolidated Financial Statements (unaudited)

(stated in thousands of Canadian dollars, except for share and per share amounts)

**6. Right of Use Assets**

<b>Balance at December 31, 2021</b>	<b>46,482</b>
Additions	15,688
Additions from business combination	89
Transfers	(189)
Disposals, net of amortization	(1,334)
Amortization	(9,697)
Effect of movements in exchange rates	587
<b>Balance at June 30, 2022</b>	<b>51,626</b>

**7. Long-Term Debt**

The Company's long-term debt is comprised of the following balances:

	As at	
	June 30, 2022	December 31, 2021
Senior Facility	182,864	110,725
Senior unsecured notes due Oct 21, 2024 bearing interest at 6.375% payable semi-annually ("Senior Notes")	287,954	287,954
	<b>470,818</b>	398,679
Less: unamortized debt issue costs	(2,917)	(3,495)
<b>Long-term debt</b>	<b>467,901</b>	395,184

*Senior Facility*

On February 1, 2022 the Company amended its syndicated senior facility (the "Senior Facility") to exercise \$30,000 of available capacity, increasing the maximum amount available on the Canadian facility from \$145,000 to \$175,000, for a total facility size of approximately C\$ equivalent \$262,500. All other terms and conditions remain unchanged. As at June 30, 2022, the Senior Facility is comprised of a Canadian facility of \$175,000 and US facility of US\$70,000. The Senior Facility matures on September 28, 2024, subject to certain terms and conditions, and may be extended by one year upon agreement of the lenders and the Company. Subsequent to June 30, 2022 the Company exercised an additional \$50,000 of available capacity, increasing the maximum amount available on the Canadian facility from \$175,000 to \$225,000, for a total facility size of approximately C\$ equivalent \$315,000. All other terms and conditions remain unchanged.

As at June 30, 2022, the Company had a net draw of \$182,297 on the Senior Facility (December 31, 2021 - net draw of \$110,089), with capitalized transaction costs of \$567 (December 31, 2021 - \$636). Transaction costs attributable to the Senior Facility are recorded as part of the Senior Facility and amortized to finance costs over the remaining term.

The covenant calculations as at June 30, 2022 and December 31, 2021, are as follows:

	As at	
	June 30, 2022	December 31, 2021
Net Senior Debt	212,324	138,438
EBITDA for the four quarters ended	180,877	145,687
Ratio	1.174	0.950
Maximum	2.500	2.500
EBITDA for the four quarters ended	180,877	145,687
Interest Expense for the four quarters ended	22,164	20,578
Ratio	8.161	7.080
Minimum	2.500	2.500



## CES Energy Solutions Corp.

Notes to the Condensed Consolidated Financial Statements (unaudited)

(stated in thousands of Canadian dollars, except for share and per share amounts)

### Senior Notes

As at June 30, 2022, the Company had \$287,954 of remaining outstanding principal on its Senior Notes due October 21, 2024. The Senior Notes incur interest at a rate of 6.375% per annum and interest is payable semi-annually on April 21 and October 21. The Senior Notes are unsecured, ranking equal in right of payment to all existing and future unsecured indebtedness, and have been guaranteed by the Company's current and future subsidiaries. The Senior Notes contain certain early redemption options, whereby the Company can choose to redeem all of or a portion of at various redemption prices, which include the principal amount plus any accrued and unpaid interest to the applicable redemption date. The Company has the ability to redeem all of its outstanding Senior Notes on or after October 21, 2021. Certain restrictions exist relating to items such as making restricted payments and incurring additional debt.

As at June 30, 2022, the Company was in compliance with the terms and covenants of its lending agreements. For the three and six months ended June 30, 2022, the Company recorded \$6,664 and \$12,844, respectively (2021 - \$5,559 and \$11,014, respectively) in interest expense related to its long-term debt and lease balances, including the amortization of debt issue costs.

Scheduled principal payments on the Company's long-term debt at June 30, 2022, are as follows:

2022 - 6 months	—
2023	—
2024	470,818
2025	—
2026	—
2027 and thereafter	—
	<b>470,818</b>

## 8. Share Capital

### a) Authorized

The Company is authorized to issue an unlimited number of common shares.

### b) Issued and outstanding

A summary of the changes to common share capital is presented below:

	Six Months Ended June 30, 2022		Year Ended December 31, 2021	
	Number of Shares	Amount	Number of Shares	Amount
Balance, beginning of period	253,830,896	658,614	258,264,857	663,275
Issued pursuant to stock-based compensation	2,438,982	—	5,587,084	—
Contributed surplus related to stock-based compensation	—	4,538	—	11,402
Issued pursuant to stock settled director fee	32,140	73	63,632	106
Common shares repurchased and canceled through NCIB	(143,000)	(290)	(10,084,677)	(16,169)
Balance, end of period	256,159,018	662,935	253,830,896	658,614

### Normal Course Issuer Bid ("NCIB")

On July 15, 2021, the Company announced the renewal of its previous NCIB, which ended on July 20, 2021, to repurchase for cancellation up to 11,754,973 common shares, being 7.5% of the public float of common shares at the time of renewal. The renewed NCIB will terminate on July 20, 2022 or such earlier date as the maximum number of common shares are purchased pursuant to the NCIB or the NCIB is completed or is terminated at the Company's election. Since the July 21, 2021 commencement of this NCIB program and up to June 30, 2022, the Company repurchased 3,060,951 common shares at an average price of \$1.84 per share for a total amount of \$5,619.

## CES Energy Solutions Corp.

Notes to the Condensed Consolidated Financial Statements (unaudited)

(stated in thousands of Canadian dollars, except for share and per share amounts)

Since inception of the Company's NCIB programs on July 17, 2018, and up to June 30, 2022, the Company has repurchased 30,269,857 common shares at an average price of \$1.99 per share for a total amount \$60,388. For the six months ended June 30, 2022, the Company repurchased 143,000 common shares at an average price of \$2.03 for a total amount of \$290.

Subsequent to June 30, 2022, the Company renewed the existing NCIB to repurchase for cancellation up to 14,399,478 common shares, being 7.5% of the public float of common shares at the time of renewal. The renewed NCIB will terminate on July 20, 2023, or such earlier date as the maximum number of common shares are purchased pursuant to the NCIB or the NCIB is completed or is terminated at the Company's election.

### c) Net income per share

In calculating the basic and diluted net income per share for the three and six months ended June 30, 2022 and 2021, the weighted average number of shares used in the calculation is shown in the table below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net income	<b>20,105</b>	6,667	<b>30,355</b>	11,789
Weighted average number of shares outstanding:				
Basic shares outstanding	<b>255,568,154</b>	254,890,507	<b>254,800,628</b>	255,066,702
Effect of dilutive shares	<b>6,638,178</b>	8,913,181	<b>6,665,776</b>	8,707,093
Diluted shares outstanding	<b>262,206,332</b>	263,803,688	<b>261,466,404</b>	263,773,795
Net income per share - basic	<b>\$0.08</b>	\$0.03	<b>\$0.12</b>	\$0.05
Net income per share - diluted	<b>\$0.08</b>	\$0.03	<b>\$0.12</b>	\$0.04

Excluded from the calculation of dilutive shares for the three and six months ended June 30, 2022 are 1,919,360 and 2,113,883, respectively (2021 - 4,778,545 and 5,054,716, respectively) of Share Rights that are considered anti-dilutive.

## 9. Stock-Based Compensation

For the three and six months ended June 30, 2022, stock-based compensation expense of \$3,261 and \$7,904, respectively (2021 – \$3,868 and \$7,265, respectively) was recorded in general and administrative expenses relating to the Company's stock-based compensation plans. As at June 30, 2022, a total of 12,807,951 common shares were reserved for issuance under the Company's Restricted Share Unit Plan and Stock Settled Director Fee Program, of which 6,697,599 common shares remained available for grant.

### a) Restricted Share Unit ("RSU") Plan

CES' RSU Plan provides incentives to eligible employees, officers, and directors of the Company through the issuance of RSUs. The RSUs generally vest from one year, and up to three years, on the anniversary from the date of grant, subject to other such vesting schedules or conditions as determined by the Board of Directors. Throughout the vesting period, holders of Restricted Shares will be entitled to the dividend equivalents in the form of additional Restricted Shares on each dividend payment date, to be held in the RSU account until such time as the awards have vested.

**CES Energy Solutions Corp.**

Notes to the Condensed Consolidated Financial Statements (unaudited)  
(stated in thousands of Canadian dollars, except for share and per share amounts)

A summary of changes under the RSU plan is presented below:

	Six Months Ended June 30, 2022		Year Ended December 31, 2021	
	Restricted Share Units	Average Price	Restricted Share Units	Average Price
Balance, beginning of period	6,604,022	\$1.62	8,432,088	\$1.77
Granted during the period	1,852,437	2.66	4,233,172	1.92
Reinvested during the period	99,127	1.76	61,997	1.59
Vested during the period	(2,438,982)	1.86	(5,587,084)	2.04
Forfeited during the period	(6,252)	2.31	(536,151)	2.00
Balance, end of period	6,110,352	\$1.84	6,604,022	\$1.62

The stock-based compensation costs for RSUs granted are based on the five day volume weighted average share price at the date of grant. The amount of compensation expense recorded for the six months ended June 30, 2022, was reduced by an estimated weighted average forfeiture rate of 0.82% per year at the date of grant.

*b) Phantom Share Unit ("PSU") Plan*

CES' PSU Plan provides cash-settled incentives to eligible non-executive employees and consultants of the Company through the issuance of PSUs. The PSUs generally vest over three years, on the anniversary from the date of grant, subject to other such vesting schedules or conditions as determined by the Plan Administrator. Throughout the vesting period, holders of PSUs will be entitled to the dividend equivalents in the form of additional PSUs on each dividend payment date, to be held in the PSU account until such time as the awards have vested.

A summary of changes under the PSU plan is presented below:

	Six Months Ended June 30, 2022		Year Ended December 31, 2021	
	Phantom Share Units		Phantom Share Units	
Balance, beginning of period	5,916,448		4,726,795	
Granted during the period	—		2,862,189	
Reinvested during the period	84,583		45,083	
Vested during the period	(1,580,116)		(1,525,101)	
Forfeited during the period	(47,110)		(192,518)	
Balance, end of period	4,373,805		5,916,448	

Included in the stock-based compensation expense for the three and six months ended June 30, 2022 is an expense of \$1,377 and \$4,576, respectively (2021 - \$1,863 and \$3,534, respectively) relating to the Company's PSU Plan. As at June 30, 2022, \$4,470 (2021 - \$1,489) was included in accounts payable and accrued liabilities and \$1,678 (2021 - \$962) was included in other long-term liabilities for outstanding PSUs.

## 10. Dividends

The Company declared dividends to holders of common shares for the six months ended June 30, 2022, as follows:

	Dividend Record Date	Dividend Payment Date	Per Common Share	Total
March 2022	Mar 31	Apr 15	\$0.016	4,078
June 2022	Jun 30	Jul 15	\$0.016	4,099
Total dividends declared			\$0.032	8,177

## CES Energy Solutions Corp.

Notes to the Condensed Consolidated Financial Statements (unaudited)  
(stated in thousands of Canadian dollars, except for share and per share amounts)

### 11. Commitments

The Company has commitments related to short-term leases, leases of low-value assets, variable payments associated with long-term leases, and capital commitments with payments due as follows:

Less than 1 year	25,663
1-5 years	78
5+ years	—
<b>Total</b>	<b>25,741</b>

*Payments denominated in foreign currencies have been translated using the June 30, 2022 exchange rate.*

The Company is involved in litigation and disputes arising in the normal course of operations. Management is of the opinion that any potential litigation will not have a material adverse impact on the Company's financial position or results of operations and, therefore, the commitment table does not include any provisions for outstanding litigation and potential claims.

### 12. Supplemental Information

The changes in non-cash working capital were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
(Increase) decrease in current assets				
Accounts receivable <sup>(1)</sup>	<b>(32,117)</b>	16,867	<b>(84,720)</b>	(44,492)
Inventory	<b>(55,555)</b>	(11,952)	<b>(85,447)</b>	(12,975)
Prepaid expenses and deposits	<b>(7,797)</b>	(5,451)	<b>1,903</b>	(3,293)
Increase (decrease) in current liabilities				
Accounts payable and accrued liabilities <sup>(2)</sup>	<b>25,643</b>	(2,097)	<b>55,558</b>	29,950
Effects of movement in exchange rate	<b>10,032</b>	(3,616)	<b>5,817</b>	(6,668)
	<b>(59,794)</b>	(6,249)	<b>(106,889)</b>	(37,478)
Relating to:				
Operating activities	<b>(58,970)</b>	(6,325)	<b>(104,524)</b>	(37,849)
Investing activities	<b>(824)</b>	76	<b>(2,365)</b>	371

<sup>1</sup>Includes income taxes receivable.

<sup>2</sup>Includes income taxes payable and other long-term liabilities relating to the cash-settled PSU plan.

For the three and six months ended June 30, 2022 and 2021, changes in non-cash working capital relating to investing activities have been included in "Investment in property and equipment" on the Condensed Consolidated Statements of Cash Flows.

## CES Energy Solutions Corp.

Notes to the Condensed Consolidated Financial Statements (unaudited)  
(stated in thousands of Canadian dollars, except for share and per share amounts)

### 13. Geographical Information

Geographical information relating to the Company's activities is as follows:

	Revenue		Revenue	
	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
United States	300,167	175,257	548,963	343,304
Canada	133,483	78,348	285,968	170,927
	433,650	253,605	834,931	514,231

	Long-Term Assets <sup>(1)</sup>	
	June 30, 2022	December 31, 2021
United States	298,730	282,644
Canada	122,744	127,107
	421,474	409,751

<sup>1</sup>Includes: Property and equipment, right of use assets, intangible assets, other assets and goodwill.

### 14. Related Parties

During the three and six months ended June 30, 2022, CES paid rent of \$nil and \$6, respectively (2021 - \$13 and \$48, respectively) to an executive officer of the Company for use of a temporary rental property. These transactions have been accounted for at the exchange amount being the amount agreed to by the related parties, which approximates the arm's length equivalent fair value.

# CES Energy Solutions Corp.

## Information

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### STOCK EXCHANGE LISTINGS

The Toronto Stock Exchange  
Trading Symbol: CEU

### OTC

Trading Symbol: CESDF

### BOARD OF DIRECTORS

Philip J. Scherman<sup>1</sup>  
Chairman

John M. Hooks<sup>2,3</sup>

Spencer D. Armour III<sup>2,3</sup>

Kyle D. Kitagawa<sup>1,2</sup>

Stella Cosby<sup>3,4</sup>

Ian Hardacre<sup>1,4</sup>

Joe Wright<sup>1,4</sup>

Kenneth E. Zinger

<sup>1</sup>Member of the Audit Committee

<sup>2</sup>Member of the Compensation Committee

<sup>3</sup>Member of the Corporate Governance and Nominating Committee

<sup>4</sup>Member of the Health, Safety and Environment Committee

### EXECUTIVE OFFICERS

Kenneth E. Zinger  
President & Chief Executive Officer

Anthony M. Aulicino  
Chief Financial Officer

Richard Baxter  
President, US Drilling Fluids

Vernon J. Disney  
President, US Production Chemicals

### CORPORATE SECRETARY

Matthew S. Bell

### AUDITORS

Deloitte LLP  
Chartered Professional Accountants, Calgary, AB

### BANKERS

Scotiabank Canada, Calgary, AB

### LEGAL COUNSEL

Stikeman Elliot, LLP, Calgary, AB  
Crowe & Dunlevy, Oklahoma City, OK

### REGISTRAR & TRANSFER AGENT

Computershare Investor Services Inc.  
Calgary, AB and Toronto, ON

### CORPORATE OFFICE

Suite 1400, 332 – 6<sup>th</sup> Avenue SW  
Calgary, AB T2P 0B2  
Phone: 403-269-2800  
Toll Free: 1-888-785-6695  
Fax: 403-266-5708

### US BUSINESS UNITS

AES Drilling Fluids  
Suite 800, 575 N Dairy Ashford  
Houston, TX 77079  
Phone: 281-556-5628  
Toll Free: 1-888-556-4533  
Fax: 281-589-7150

### Jacam Catalyst LLC

11999 East Highway 158  
Gardendale, TX 79758  
Phone: 432-563-0727  
Fax: 432-224-1038

### CANADIAN BUSINESS UNITS

Canadian Energy Services and PureChem Services  
Suite 1400, 332 – 6<sup>th</sup> Avenue SW  
Calgary, AB T2P 0B2  
Phone: 403-269-2800  
Toll Free: 1-888-785-6695  
Fax: 403-266-5708

### Sialco Materials Ltd.

6605 Dennett Place  
Delta, BC V4G 1N4  
Phone: 604-940-4777  
Toll Free: 1-800-335-0122  
Fax: 604-940-4757

### Clear Environmental Solutions

Suite 720, 736 – 8th Avenue SW  
Calgary, AB T2P 1H4  
Phone: 403-263-5953  
Fax: 403-229-1306

[www.cesenergysolutions.com](http://www.cesenergysolutions.com)