**PRESS RELEASE** **August 11, 2022**
**FOR IMMEDIATE DISTRIBUTION**

# CES ENERGY SOLUTIONS CORP. ANNOUNCES STRONG Q2 2022 RESULTS WITH RECORD REVENUE AND ADJUSTED EBITDAC

**CES Energy Solutions Corp.** ("CES" or the **"**Company") (**TSX: CEU) (OTC: CESDF)** announced today the Company's results for the three and six months ended June 30, 2022.

## Second Quarter Highlights

- Record quarterly revenue of $433.7 million
- Record Adjusted EBITDAC of $61.0 million, representing a 14.1% margin
- Funds Flow from Operations of $46.1 million
- Paid quarterly dividend of $0.06 per share on an annualized basis, representing a 12% payout ratio
- Working Capital Surplus exceeded Total Debt at June 30, 2022 by $53.3 million

CES is pleased to announce strong Q2 2022 financial results, demonstrating record quarterly revenue and Adjusted EBITDAC, margin expansion and strong Funds Flow from Operations.

Revenue for the quarter was $433.7 million, representing a sequential increase of $32.4 million or 8% relative to CES' previous record of $401.3 million in Q1 2022. Adjusted EBITDAC for the quarter was a record $61.0 million, compared to the Company's previous record of $51.1 million in Q1 2020 and $42.5 million in Q1 2022. Adjusted EBITDAC margin expanded to 14.1% versus 10.6% in Q1 2022, as CES continued to realize the benefits of updated pricing adoption and increased scale.

Backed by continued strong energy market fundamentals, CES realized significant revenue growth throughout its business lines during the second quarter as it was able to leverage its established infrastructure, strong industry positioning, committed employees, and strategic investments in key raw materials. Increased revenue levels at strong margins were supported by strategic investment in working capital as CES was able to use its balance sheet and liquidity to support this profitable growth. The sustained positive momentum demonstrated in the quarter has been bolstered by improvements in rig activity, higher production volumes, the realization of pricing increases, and strategic procurement initiatives that are expected to continue throughout 2022.

CES exited the quarter with a net draw on its Senior Facility of $182.3 million (December 31, 2021 - $110.1 million) and Total Debt of $521.2 million (December 31, 2021 - $439.4 million), of which $288.0 million relates to Senior Notes which mature on October 21, 2024. At June 30, 2022, CES' Senior Facility had a maximum available draw of approximately C$ equivalent $262.5 million, which was increased to approximately C$ equivalent $315.0 million subsequent to quarter end. The increased draws realized during the quarter were primarily driven by strategic investments in working capital to support strong sequential revenue growth and dividends paid out during the quarter totaling $4.1 million. Working Capital Surplus of $574.6 million exceeded Total Debt of $521.2 million at June 30, 2022 by $53.3 million (December 31, 2021 - $20.4 million). As at this date, the Company had a net draw on its Senior Facility of approximately $195.0 million of the upsized Senior Facility of approximately C$ equivalent $315.0 million.

CES is also pleased to announce that it has entered into support agreements with the majority of holders of its 6.375% Senior Notes due October 21, 2024 to amend the Company's trust indenture dated October 20, 2017 (the "Indenture") to better align with the increased financial scale of the Company and the strength of its balance sheet, thereby providing flexibility to support the current and future requirements of the Company's growing business. The existing Indenture was created in 2017, when CES generated $1.0 billion in revenue versus the $1.7 billion in revenue implied by annualizing our Q2 2022 results. These increased revenue levels necessitated an update to the Indenture to support the potential future needs of our much larger Company. The amendment (the "Amendment"), when implemented, will permit the Company and any of its restricted subsidiaries to incur indebtedness under any credit facilities in an aggregate amount at any time outstanding, not to exceed the greater of (a) $400 million or (b) 30% of consolidated tangible assets (as defined in the Indenture). Additional details are provided in a separate press release issued concurrently with this release.

## Second Quarter Results

In the second quarter CES generated revenue of $433.7 million, representing a sequential increase of $32.4 million or 8% compared to Q1 2022 despite the expected seasonal slowdown as a result of spring breakup in Canada, and an increase of 71% compared to Q2 2021. For the six months ended June 30, 2022, CES generated revenue of $834.9 million, an increase of $320.7 million or 62% relative to the six months ended June 30, 2021. As producers' capital spending increased and production levels have improved year over year, activity and industry rig counts have seen a significant uptick since the comparative periods, which were still highly impacted by the COVID-19 pandemic.

Revenue generated in the US during Q2 2022 was $300.2 million, representing a sequential increase of 21% compared to Q1 2022 and an increase of 71% compared to Q2 2021. For the six months ended June 30, 2022, revenue generated in the US was up 60% to $549.0 million relative to the six months ended June 30, 2021. US revenues for both the three and six month periods were positively impacted by increased industry activity and production levels year over year, while also benefiting from a favorable product mix. US land drilling activity in Q2 2022 improved by 14% on a sequential quarterly basis and by 60% from Q2 2021. CES maintained its strong industry positioning, with a US Drilling Fluids Market Share of 17% for Q2 2022.

Revenue generated in Canada during Q2 2022 was $133.5 million, representing a sequential decline of 12% compared to Q1 2022, as is expected on a seasonal basis, and an increase of 70% from Q2 2021. Canadian revenues were impacted by a 37% decline in rig counts on a sequential quarterly basis as a result of spring break up, and benefited from a 50% increase relative to Q2 2021, as well as strong production levels. Canadian Drilling Fluids Market Share for Q2 2022 was 33%. For the six months ended June 30, 2022, revenue generated in Canada was up 67% to $286.0 million relative to the six months ended June 30, 2021.

CES achieved a record Adjusted EBITDAC of $61.0 million in Q2 2022, representing a sequential increase of 44% compared to Q1 2022 and an increase of 91% compared to Q2 2021. Adjusted EBITDAC as a percentage of revenue of 14.1% achieved in Q2 2022 was up significantly from the 10.6% recorded in Q1 2022 and the 12.6% recorded in Q2 2021. Throughout the quarter the Company worked to implement pricing increases aimed at offsetting the rapid inflation of product and labour costs seen in late 2021 and early 2022, and in the second quarter margins have largely rebounded from the temporary compression experienced in Q1 2022 as a result of these efforts, combined with the impact of increased scale from higher activity levels in the US. For the six months ended June 30, 2022, Adjusted EBITDAC was up 56% to $103.5 million. For both the three and six month periods, Adjusted EBITDAC improved on significantly higher industry activity levels year over year.

Net income for the three months ended June 30, 2022 was $20.1 million compared to $6.7 million in Q2 2021. Net income for the six months ended June 30, 2022 was $30.4 million compared to $11.8 million for the six months ended June 30, 2021. Higher net income for both periods was driven primarily by increased industry activity levels and associated revenues. CES no longer recognized a benefit from the Canada Emergency Wage Subsidy ("CEWS") program in 2022, compared to $3.1 million and $4.8 million for the three and six months ended June 30, 2021.

CES generated $46.1 million in Funds flow from Operations in Q2 2022, up from the $33.1 million generated in Q1 2022 and nearly double the $23.1 million generated in Q2 2021. For the six months ended June 30, 2022 CES generated Funds flow from Operations of $79.3 million compared to $48.8 million in the six months ended June 30, 2021. Funds flow from Operations excludes the impact of working capital investment, and is reflective of strong surplus free cash flow generation amid significant improvements in market conditions in the quarter and year to date relative to the comparative periods.

As at June 30, 2022, CES had a Working Capital Surplus of $574.6 million, which has increased from $506.2 million at March 31, 2022 and from $459.8 million at December 31, 2021 as CES has strategically used its balance sheet to further finance investments in inventory beyond normal carrying volumes, in order to meet the increasing needs of existing and new customers, manage cost inflation, and mitigate the effects of global supply chain constraints. In addition, accounts receivable increased by 8% from March 31, 2022, to support significant increases in revenue and corresponding collection cycles. The Company continues to focus on working capital optimization and to benefit from the high quality of its customers and diligent internal credit monitoring processes.

CES exited the quarter with a net draw on its Senior Facility of $182.3 million (December 31, 2021 - $110.1 million), and Total Debt of $521.2 million (December 31, 2021 - $439.4 million), of which $288.0 million relates to Senior Notes which don't mature until October 21, 2024. The increases realized during the period were primarily driven by required working capital build as described above, combined with dividends paid out during the first half of 2022 totaling $8.1 million. At June 30, 2022, CES' Senior Facility had a maximum available draw of approximately C$ equivalent $262.5 million. Subsequent to June 30, 2022 the Company exercised an additional $50.0 million of available capacity, increasing the maximum amount available on the Canadian Facility from $175.0 million to $225.0 million, for a total facility size of approximately C$ equivalent $315.0 million. All other terms and conditions remain unchanged. Working Capital Surplus exceeded Total Debt at June 30, 2022 by $53.3 million (December 31, 2021 - $20.4 million). As at the date of this MD&A, the Company had a net draw on its Senior Facility of approximately $195.0 million in support of working capital levels associated with strong revenue growth and continued strategic investment in surplus inventory levels.

## Outlook

The global supply-demand balance for energy continues to be very constructive with demand surpassing pre-COVID levels and tempered supply increases governed by healthy returns, particularly in CES' North American target markets. As the global economic recovery has gained momentum, increased activity and demand have led to improving commodity prices, production levels and drilling activity. The ongoing military conflict in Ukraine has further exacerbated persistent global supply and demand imbalances, and is likely to create continued strength and volatility in global oil prices in the near term. We expect the strong activity levels to continue through the balance of 2022, moderated by ongoing challenges with availability of labour and supply chain constraints. CES is optimistic in its outlook for 2022 as it expects to benefit from elevated upstream activity and improved pricing across North America by capitalizing on its established infrastructure, industry leading positioning, vertically integrated business model, and strategic procurement practices. While the challenges surrounding the global supply chain market are expected to persist throughout 2022, CES remains confident that a combination of proactive inventory procurement practices, targeted pricing increases and working capital focus will help to mitigate the impact of the elevated cost environment. As industry activity has continued to improve, the Company has made strategic investments in working capital to manage global supply chain challenges, and will continue to focus on working capital optimization and balance sheet strength and liquidity as the year progresses.

Commensurate with current record revenue levels, CES expects 2022 capital expenditures to be approximately $50.0 million, of which $25.0 million is maintenance and $25.0 million is earmarked for expansion, excluding amounts related to business acquisitions. CES plans to continue its disciplined and prudent approach to capital expenditures in 2022 and will adjust its plans as required to support growth throughout divisions.

CES has proactively managed both the duration and the flexibility of its debt. In September 2021, CES successfully amended and extended its Senior Facility to September 2024. In light of the growth in activity and revenue levels seen in the first half of the year, in 2022 year to date the Company has proactively added $80.0 million of incremental capacity to the Senior Facility. 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. To support growth in the business and related working capital needs CES routinely considers its capital structure, including further increasing the capacity of its Senior Facility, refinancing of the Company's Senior Notes, updating existing indenture terms, and other potential financing options.

CES' underlying business model is capex light and asset light, enabling generation of significant surplus free cash flow. As our customers endeavor to maintain or grow production in the current environment, CES will leverage its established infrastructure, business model, and nimble customer-oriented culture to deliver superior products and services to the industry. 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.

## Conference Call Details

With respect to the second quarter results, CES will host a conference call / webcast at 9:00 am MT (11:00 am ET) on Friday, August 12, 2022. A recording of the live audio webcast of the conference call will also be available on our website at www.cesenergysolutions.com. The webcast will be archived for approximately 90 days.

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

## Financial Highlights

| | Three Months Ended June 30, | | | Six Months Ended June 30, | | |
|---|---|---|---|---|---|---|
| *($000s, except per share amounts)* | **2022** | 2021 | %Change | **2022** | 2021 | %Change |
| Revenue | | | | | | |
| United States[1] | **300,167** | 175,257 | 71 % | **548,963** | 343,304 | 60 % |
| Canada[1] | **133,483** | 78,348 | 70 % | **285,968** | 170,927 | 67 % |
| Total Revenue | **433,650** | 253,605 | 71 % | **834,931** | 514,231 | 62 % |
| Net income | **20,105** | 6,667 | 202 % | **30,355** | 11,789 | 157 % |
| *per share – basic* | ***0.08*** | *0.03* | *201 %* | ***0.12*** | *0.05* | *158 %* |
| *per share - diluted* | ***0.08*** | *0.03* | *203 %* | ***0.12*** | *0.04* | *160 %* |
| Adjusted EBITDAC[2] | **61,027** | 32,005 | 91 % | **103,484** | 66,363 | 56 % |
| Adjusted EBITDAC[2] % of Revenue | ***14.1 %*** | *12.6 %* | 1.5 % | ***12.4 %*** | *12.9 %* | (0.5)% |
| Cash provided by (used in) operating activities | **(12,829)** | 16,766 | nmf | **(25,264)** | 10,984 | (330)% |
| Funds Flow From Operations[3] | **46,141** | 23,091 | 100 % | **79,260** | 48,833 | 62 % |
| Capital expenditures | | | | | | |
| Expansion Capital[1] | **5,537** | 2,152 | 157 % | **10,777** | 4,188 | 157 % |
| Maintenance Capital[1] | **5,778** | 2,317 | 149 % | **9,053** | 3,260 | 178 % |
| Total capital expenditures | **11,315** | 4,469 | 153 % | **19,830** | 7,448 | 166 % |
| Dividends declared | **4,099** | — | —% | **8,177** | — | nmf |
| *per share* | ***0.016*** | — | —% | ***0.032*** | — | nmf |
| Common Shares Outstanding | | | | | | |
| End of period | **256,159,018** | 255,525,375 | | **256,159,018** | 255,525,375 | |
| Weighted average - basic | **255,568,154** | 254,890,507 | | **254,800,628** | 255,066,702 | |
| Weighted average - diluted | **262,206,332** | 263,803,688 | | **261,466,404** | 263,773,795 | |

| | As at | | | | |
|---|---|---|---|---|---|
| ***Financial Position ($000s)*** | **June 30, 2022** | March 31, 2022 | %Change | December 31, 2021 | %Change |
| Total assets | **1,265,455** | 1,162,218 | 9 % | 1,087,598 | 16 % |
| Long-term financial liabilities[4] | **500,828** | 467,641 | 7 % | 423,077 | 18 % |
| Total Debt[5] | **521,246** | 487,207 | 7 % | 439,392 | 19 % |
| Working Capital Surplus[5] | **574,585** | 506,227 | 14 % | 459,754 | 25 % |
| Net Debt[5] | **(53,339)** | (19,020) | 180 % | (20,362) | 162 % |
| Shareholders' equity | **521,204** | 484,517 | 8 % | 486,675 | 7 % |

***Notes:***

*[1]Supplementary financial measure. Supplementary Financial Measures are provided herein because Management believes they assist the reader in understanding CES' results. Refer to "Non-GAAP Measures and Other Financial Measures" for further detail.*

*[2]Non-GAAP measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. The most directly comparable GAAP measure for Adjusted EBITDAC is Net income. Refer to the section entitled "Non-GAAP Measures and Other Financial Measures" herein.*

*[3]Non-GAAP measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. The most directly comparable GAAP measure for Funds flow from operations is Cash provided by (used in) operating activities. Refer to the section entitled "Non-GAAP Measures and Other Financial Measures" herein.*

*[4]Includes the long-term portion of the Senior Facility, the Senior Notes, lease obligations, deferred acquisition consideration and cash settled incentive obligations.*

*[5]Non-GAAP measures that do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. The most directly comparable GAAP measure for Total Debt, Net Debt and Working Capital Surplus is Long-term financial liabilities. Refer to the section entitled "Non-GAAP Measures and Other Financial Measures" herein.*

## 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. Key solutions include corrosion inhibitors, demulsifiers, H2S 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 H2S.

CES operates in all major basins throughout the United States ("US"), including the 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"), Proflow Solutions ("Proflow"), 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").

## Non-GAAP Measures and Other Financial Measures

CES uses certain supplementary information and measures not recognized under IFRS where management believes they assist the reader in understanding CES' results. These measures are calculated by CES on a consistent basis unless otherwise specifically explained. These measures do not have a standardized meaning under IFRS and may therefore not be comparable to similar measures used by other issuers.

Non-GAAP financial measures and non-GAAP ratios have the definition set out in National Instrument 52-112 "Non-GAAP and Other Financial Measures Disclosure". The non-GAAP measures, non-GAAP ratios and supplementary financial measures used in this news release, with IFRS measures, are the most appropriate measures for reviewing and understanding the Company's financial results. The non-GAAP measures and non-GAAP ratios are further defined as follows:

*EBITDAC* - is a non-GAAP measure that has been reconciled to net income (loss) for the financial periods, being the most directly comparable measure calculated in accordance with IFRS. EBITDAC is defined as net income before interest, taxes, depreciation and amortization, finance costs, other income (loss), stock-based compensation and impairment of goodwill, which are not reflective of underlying operations. EBITDAC includes government relief subsidies received to help mitigate the impact of the COVID-19 pandemic. EBITDAC is a metric used to assess the financial performance of an entity's operations. Management believes that this metric provides an indication of the results generated by the Company's business activities prior to how these activities are financed, how the Company is taxed in various jurisdictions, and how the results are impacted by foreign exchange and non-cash charges. This non-GAAP financial measure is also used by management as a key performance metric supporting decision making and assessing divisional results.

*Adjusted EBITDAC* - is a non-GAAP measure that is defined as EBITDAC noted above, adjusted for specific items that are considered to be non-recurring in nature. Management believes that this metric is relevant when assessing normalized operating performance.

*Adjusted EBITDAC % of Revenue* - is a non-GAAP ratio calculated as Adjusted EBITDAC divided by revenue. Management believes that this metric is a useful measure of the Company's normalized operating performance relative to its top line revenue generation and a key industry performance measure.

Readers are cautioned that EBITDAC and Adjusted EBITDAC should not be considered to be more meaningful than net income (loss) determined in accordance with IFRS.

EBITDAC, Adjusted EBITDAC, and Adjusted EBITDAC % of Revenue are calculated as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| *$000s* | **2022** | 2021 | **2022** | 2021 |
| Net income | **20,105** | 6,667 | **30,355** | 11,789 |
| Add back (deduct): | | | | |
| Depreciation on property and equipment in cost of sales | **12,273** | 11,303 | **24,325** | 23,150 |
| Depreciation on property and equipment in G&A | **1,869** | 1,784 | **3,541** | 3,583 |
| Amortization on intangible assets in G&A | **3,832** | 3,655 | **7,985** | 7,567 |
| Current income tax expense | **1,641** | 853 | **2,900** | 1,753 |
| Deferred income tax expense | **6,334** | 2,335 | **10,842** | 4,036 |
| Stock-based compensation | **3,261** | 3,868 | **7,904** | 7,265 |
| Finance costs | **11,232** | 6,012 | **15,227** | 11,755 |
| Other expense (income) | **480** | (28) | **405** | (91) |
| EBITDAC | **61,027** | 36,449 | **103,484** | 70,807 |
| Add back (deduct): | | | | |
| Gain on sale of building | **-** | (4,444) | **-** | (4,444) |
| Adjusted EBITDAC | **61,027** | 32,005 | **103,484** | 66,363 |
| Adjusted EBITDAC % of Revenue | **14.1%** | 12.6% | **12.4%** | 12.9% |
| *Adjusted EBITDAC per share - basic* | ***0.24*** | *0.13* | ***0.41*** | *0.26* |
| *Adjusted EBITDAC per share - diluted* | ***0.23*** | *0.12* | ***0.40*** | *0.25* |

*Funds Flow From Operations* - is a non-GAAP measure that has been reconciled to Cash provided by (used in) operating activities for the financial periods, being the most directly comparable measure calculated in accordance with IFRS. Funds flow from operations is defined as cash flow from operations before changes in non-cash operating working capital and represents the Company’s after tax operating cash flows. This measure is not intended to be considered more meaningful than cash provided by operating activities, comprehensive income (loss), or other measures of financial performance calculated in accordance with IFRS. Funds Flow From Operations is used by management to assess operating performance and leverage, and is calculated as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| *$000's* | **2022** | 2021 | **2022** | 2021 |
| Cash used in operating activities | **(12,829)** | 16,766 | **(25,264)** | 10,984 |
| Adjust for: | | | | |
| Change in non-cash operating working capital | **58,970** | 6,325 | **104,524** | 37,849 |
| Funds Flow From Operations | **46,141** | 23,091 | **79,260** | 48,833 |

*Working Capital Surplus* **-** Working Capital Surplus is a non-GAAP measure that is calculated as current assets less current liabilities, excluding the current portion of finance lease obligations. Management believes that this metric is a key measure to assess operating performance and leverage of the Company and uses it to monitor its capital structure.

*Net Debt and Total Debt* **-** Net Debt and Total Debt are non-GAAP measures that Management believes are key metrics to assess liquidity of the Company and uses them to monitor its capital structure. Net debt represents Total Debt, which includes the Senior Facility, the Senior Notes, both current and non-current portions of lease obligations, non-current portion of cash settled incentive obligations, offset by the Company's cash position, less Working Capital Surplus.

Readers are cautioned that Total Debt, Working Capital Surplus, and Net Debt should not be construed as alternative measures to Long-term financial liabilities determined in accordance with IFRS. Total Debt, Working Capital Surplus, and Net Debt are calculated as follows:

| | As at | |
|---|---|---|
| *$000's* | **June 30, 2022** | December 31, 2021 |
| Long-term financial liabilities[1] | **500,828** | 423,077 |
| Current portion of finance lease obligations | **18,964** | 16,315 |
| Current portion of deferred acquisition consideration | **1,454** | - |
| Total Debt | **521,246** | 439,392 |
| Deduct Working Capital Surplus: | | |
| Current assets | **789,773** | 619,201 |
| Current liabilities[2] | **(215,188)** | (159,447) |
| Working Capital Surplus | **574,585** | 459,754 |
| Net Debt | **(53,339)** | (20,362) |

*[1]Includes long-term portion of the Senior Facility, the Senior Notes, lease obligations, deferred acquisition consideration and cash settled incentive obligations.*
*[2]Excludes current portion of lease liabilities and deferred acquisition consideration.*

**Supplementary Financial Measures**

A supplementary financial measure: (a) is, or is intended to be, disclosed on a periodic basis to depict the historical or expected future financial performance, financial position or cash flow of the Company; (b) is not presented in the financial statements of the Company; (c) is not a non-GAAP financial measure; and (d) is not a non-GAAP ratio. Supplementary financial measures found within this news release are as follows:

*Revenue - United States* - comprises a component of total revenue, as determined in accordance with IFRS, and is calculated as revenue recorded from the Company's US divisions.

*Revenue - Canada* - comprises a component of total revenue, as determined in accordance with IFRS, and is calculated as revenue recorded from the Company's Canadian divisions.

*Expansion Capital* - comprises a component of total investment in property and equipment as determined in accordance with IFRS, and represents the amount of capital expenditure that has been or will be incurred to grow or expand the business or would otherwise improve the productive capacity of the operations of the business.

*Maintenance Capital* - comprises a component of total investment in property and equipment as determined in accordance with IFRS, and represents the amount of capital expenditure that has been or will be incurred to sustain the current level of operations.

## 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 2022; 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 adoption of the Amendment, the strength of the Company's balance sheet, the achievement of the Company's strategic objectives, expectations regarding revenue for 2022, and the generation of shareholder value; expectations regarding improving industry conditions and the Company's ability to generate free cash flow to sustain the quarterly dividend; 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 various government support programs; 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 the US and overseas; expectations regarding the performance or expansion of CES' operations and working capital optimization; expectations regarding the impact of conflict (including the conflict in Ukraine) and global unrest on commodity prices as well as CES' business and operations; 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, oilfield 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; 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, shipping containers and skilled management, technical and field personnel; the collectability of accounts receivable, 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 geopolitical unrest, conflict and blockades; the impact of the conflict in Ukraine on supply chains, commodity prices, and the global economy; 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, 2021 dated March 10, 2022, and "Risks and Uncertainties" in CES' MD&A for the three and six months ended June 30, 2022, dated August 11, 2022.*

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