



CES Energy
Solutions

Condensed Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2022 and 2021

CES Energy Solutions Corp.

Condensed Consolidated Statement of Financial Position (unaudited)

(stated in thousands of Canadian dollars)

	As at	
	September 30, 2022	December 31, 2021
ASSETS		
Current assets		
Accounts receivable	467,050	308,836
Financial derivative asset	—	388
Income taxes receivable	1,656	823
Inventory	418,134	273,501
Prepaid expenses and deposits	20,211	35,653
	907,051	619,201
Property and equipment (note 5)	280,950	260,752
Right of use assets (note 6)	60,935	46,482
Intangible assets	34,954	33,151
Deferred income tax asset	44,572	58,646
Other assets (note 7)	9,155	18,839
Goodwill	55,350	50,527
	1,392,967	1,087,598
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	234,397	153,282
Financial derivative liability	162	—
Dividends payable (note 11)	4,092	4,061
Income taxes payable	2,291	2,104
Current portion of deferred acquisition consideration (note 4)	1,547	—
Current portion of lease obligations	20,584	16,315
	263,073	175,762
Long-term debt (note 8)	503,109	395,184
Lease obligations	36,685	25,706
Deferred acquisition consideration (note 4)	2,844	—
Deferred income tax liability	1,902	2,084
Other long-term liabilities (note 10)	1,149	2,187
	808,762	600,923
Commitments (note 12)		
Shareholders' equity		
Common shares (note 9)	662,036	658,614
Contributed surplus	33,912	33,819
Deficit	(307,394)	(349,935)
Accumulated other comprehensive income	195,651	144,177
	584,205	486,675
	1,392,967	1,087,598

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 (unaudited)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenue	524,717	314,395	1,359,648	828,626
Cost of sales	416,229	246,350	1,081,585	643,098
Gross margin	108,488	68,045	278,063	185,528
General and administrative expenses	57,123	45,322	166,969	133,563
Operating profit	51,365	22,723	111,094	51,965
Finance costs	18,680	5,334	33,907	17,089
Other loss (income)	135	(146)	540	(237)
Income before taxes	32,550	17,535	76,647	35,113
Current income tax expense	2,113	824	5,013	2,577
Deferred income tax expense	5,982	3,339	16,824	7,375
Net income	24,455	13,372	54,810	25,161
Other comprehensive income (items that may be subsequently reclassified to profit and (loss)):				
Unrealized foreign exchange gain on translation of foreign operations	42,343	15,043	53,131	693
Change in fair value of other assets, net of tax	(109)	(132)	(1,657)	17
Comprehensive income	66,689	28,283	106,284	25,871
Net income per share (note 9)				
Basic	0.10	0.05	0.21	0.10
Diluted	0.09	0.05	0.21	0.10

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)

	Nine Months Ended September 30,	
	2022	2021
COMMON SHARES		
Balance, beginning of period	658,614	663,275
Issued pursuant to stock-based compensation (note 10)	4,807	9,510
Issued pursuant to stock settled director fees	116	75
Common shares repurchased and canceled through NCIB (note 9)	(1,501)	(11,691)
Balance, end of period	662,036	661,169
CONTRIBUTED SURPLUS		
Balance, beginning of period	33,819	38,052
Reclassified pursuant to stock-based compensation (note 9)	(4,807)	(9,510)
Stock-based compensation expense (note 10)	4,900	5,350
Balance, end of period	33,912	33,892
DEFICIT		
Balance, beginning of period	(349,935)	(391,680)
Net income	54,810	25,161
Dividends declared (note 11)	(12,269)	(4,078)
Balance, end of period	(307,394)	(370,597)
ACCUMULATED OTHER COMPREHENSIVE INCOME		
Balance, beginning of period	144,177	146,016
Unrealized foreign exchange gain on translation of foreign operations	53,131	693
Change in fair value of other assets, net of tax	(1,657)	17
Balance, end of period	195,651	146,726
	584,205	471,190

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 September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES:				
Net income	24,455	13,372	54,810	25,161
Adjustments for:				
Depreciation and amortization	18,963	16,807	54,814	51,107
Stock-based compensation (note 10)	1,572	1,618	4,900	5,349
Other non-cash (income) loss	(1,305)	192	(375)	1,259
Deferred income tax expense	5,982	3,339	16,824	7,375
Gain on disposal of assets	(799)	(441)	(2,845)	(6,519)
Gain on repurchase of senior unsecured notes	—	—	—	(12)
Change in non-cash working capital (note 13)	(65,126)	(80,770)	(169,650)	(118,619)
	(16,258)	(45,883)	(41,522)	(34,899)
FINANCING ACTIVITIES:				
Repurchase of senior unsecured notes	—	—	—	(988)
Senior notes consent solicitation	(3,815)	—	(3,815)	—
Repayment of lease obligations	(5,178)	(4,353)	(15,466)	(14,395)
Increase in Senior Facility	35,902	50,256	107,149	50,216
Shareholder dividends	(4,099)	—	(12,238)	—
Common shares repurchased and cancelled through NCIB (note 9)	(1,211)	(1,429)	(1,501)	(11,691)
	21,599	44,474	74,129	23,142
INVESTING ACTIVITIES:				
Investment in property and equipment	(14,928)	(7,320)	(37,123)	(14,398)
Investment in intangible assets	(100)	(425)	(693)	(1,088)
Investment in other assets	8,273	(3,378)	8,143	(3,378)
Business combination (note 4)	—	—	(9,560)	—
Proceeds on disposal of assets	1,414	663	6,626	12,342
	(5,341)	(10,460)	(32,607)	(6,522)
Effect of foreign exchange on cash	—	—	—	28
CHANGE IN CASH	—	(11,869)	—	(18,251)
Cash, beginning of period	—	11,869	—	18,251
Cash, end of period	—	—	—	—
SUPPLEMENTARY CASH FLOW DISCLOSURE				
Interest paid	3,000	223	15,112	11,184
Income taxes paid	5,218	399	5,698	1,880

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)

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 – 6th Avenue SW, Calgary, Alberta, Canada T2P 0B2. The condensed consolidated financial statements of the Company as at and for the three and nine months ended September 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 November 10, 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 nine months ended September 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
Total assets	14,116
Current liabilities	(401)
Lease obligations	(89)
Total liabilities	(490)
Net assets acquired	13,626

Consideration given \$000's

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

From the date of this acquisition to September 30, 2022, Proflow contributed an estimated \$7,084 (US\$5,503) of revenue to the Company. The amount of profit or loss attributable to the acquisition from the date of acquisition to September 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

Balance at December 31, 2021	260,752
Additions	34,788
Additions from business combination	285
Transfers	571
Disposals, net of amortization	(2,559)
Amortization	(28,063)
Effect of movements in exchange rates	15,176
Balance at September 30, 2022	280,950

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

Balance at December 31, 2021	46,482
Additions	28,595
Additions from business combination	89
Transfers	(571)
Disposals, net of amortization	(1,576)
Amortization	(14,978)
Effect of movements in exchange rates	2,894
Balance at September 30, 2022	60,935

7. Other Assets

The Company holds investments within its Barbados-based captive insurance company for self-insured liabilities that are subject to insurance regulatory requirements and are categorized as financial assets at fair value through OCI. The investment portfolio is comprised of US dollar ("USD") cash and cash equivalents and investment grade corporate and government securities as follows:

	As at	
	September 30, 2022	December 31, 2021
Fixed income securities, with maturities due:		
Less than 1 year	651	5,174
1-5 years	2,701	6,565
Greater than 5 years	550	1,600
	3,902	13,339
Cash and cash equivalents	3,702	1,833
Equities	1,551	3,667
Other assets	9,155	18,839

Amounts denominated in foreign currencies have been translated at the respective period end exchange rates.

Certain of these investments in the amount of \$1,863 (December 31, 2021 - \$1,723) have been pledged as collateral for letters of credit by the banker of the Company's captive insurance company in favor of the underwriting companies.

8. Long-Term Debt

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

	As at	
	September 30, 2022	December 31, 2021
Senior Facility	221,693	110,725
Senior unsecured notes due Oct 21, 2024 bearing interest at 6.375% payable semi-annually ("Senior Notes")	287,954	287,954
	509,647	398,679
Less: unamortized debt issue costs	(6,538)	(3,495)
Long-term debt	503,109	395,184

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 Facility

During the nine months ended September 30, 2022, the Company amended its syndicated senior facility (the "Senior Facility"), adding an aggregate of approximately C\$ equivalent \$190,000 in available capacity, for a total Senior Facility size of approximately C\$ equivalent \$425,000 (December 31, 2021 - C\$ equivalent \$232,500). Other terms and conditions from the amendment remain materially consistent with those of the previous Senior Facility. As at September 30, 2022, the Senior Facility is comprised of a Canadian facility of \$270,000 (December 31, 2021 - \$145,000) and a US facility of US\$120,000 (December 31, 2021 - 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.

As at September 30, 2022, the Company had a net draw of \$220,819 on the Senior Facility (December 31, 2021 - net draw of \$110,089), with capitalized transaction costs of \$874 (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 September 30, 2022 and December 31, 2021, are as follows:

	As at	
	September 30, 2022	December 31, 2021
Net Senior Debt	252,361	138,438
EBITDA for the four quarters ended	198,430	145,687
Ratio	1.272	0.950
Maximum	2.500	2.500
EBITDA for the four quarters ended	198,430	145,687
Interest Expense for the four quarters ended	24,466	20,578
Ratio	8.110	7.080
Minimum	2.500	2.500

Senior Notes

As at September 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, 2020. Certain restrictions exist relating to items such as making restricted payments and incurring additional debt.

As at September 30, 2022, the Company was in compliance with the terms and covenants of its lending agreements. For the three and nine months ended September 30, 2022, the Company recorded \$8,427 and \$21,272, respectively (2021 - \$5,738 and \$16,753, respectively) in interest expense related to its long-term debt and lease balances, including the amortization of debt issue costs.

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)

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

2022 - 3 months	—
2023	—
2024	509,647
2025	—
2026	—
2027 and thereafter	—
	509,647

9. 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:

	Nine Months Ended September 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	2,539,803	—	5,587,084	—
Contributed surplus related to stock-based compensation	—	4,807	—	11,402
Issued pursuant to stock settled director fee	50,405	116	63,632	106
Common shares repurchased and canceled through NCIB	(693,000)	(1,501)	(10,084,677)	(16,169)
Balance, end of period	255,728,104	662,036	253,830,896	658,614

Normal Course Issuer Bid ("NCIB")

On July 14, 2022, the Company announced the renewal of its previous NCIB, which ended on July 20, 2022, to repurchase for cancellation up to 14,339,478 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.

A summary of the Company's NCIB program is presented below:

	Renewed NCIB July 21, 2022 to September 30, 2022	Nine Months Ended September 30, 2022	Since Inception July 17, 2018 to September 30, 2022
Common shares repurchased and canceled through NCIB	550,000	693,000	30,819,857
Cash outlay	1,211	1,501	61,599
Average price per share	\$2.20	\$2.17	\$2.00

Subsequent to September 30, 2022, the Company repurchased 844,500 common shares at a weighted average price of \$2.45 per share for a total of \$2,067 bringing the total year to date amount of repurchased common shares to 1,537,500 at a weighted average price of \$2.32 per share for a total of \$3,568.

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)

c) Net income per share

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net income	24,455	13,372	54,810	25,161
Weighted average number of shares outstanding:				
Basic shares outstanding	256,246,967	255,194,323	255,288,039	255,109,710
Effect of dilutive shares	6,085,435	8,090,407	6,470,203	8,499,272
Diluted shares outstanding	262,332,402	263,284,730	261,758,242	263,608,982
Net income per share - basic	\$0.10	\$0.05	\$0.21	\$0.10
Net income per share - diluted	\$0.09	\$0.05	\$0.21	\$0.10

Excluded from the calculation of dilutive shares for the three and nine months ended September 30, 2022 are 515,870 and 1,575,358, respectively (2021 - 4,410,870 and 4,837,742, respectively) of Share Rights that are considered anti-dilutive.

10. Stock-Based Compensation

For the three and nine months ended September 30, 2022, stock-based compensation expense of \$2,961 and \$10,865, respectively (2021 – \$2,505 and \$9,770, respectively) was recorded in general and administrative expenses relating to the Company's stock-based compensation plans. As at September 30, 2022, a total of 12,786,405 common shares were reserved for issuance under the Company's Restricted Share Unit Plan and Stock Settled Director Fee Program, of which 6,695,653 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.

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

	Nine Months Ended September 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	1,889,238	2.65	4,233,172	1.92
Reinvested during the period	143,552	1.79	61,997	1.59
Vested during the period	(2,539,803)	1.89	(5,587,084)	2.04
Forfeited during the period	(6,257)	2.31	(536,151)	2.00
Balance, end of period	6,090,752	\$1.83	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 nine months ended September 30, 2022, was reduced by an estimated weighted average forfeiture rate of 0.81% per year at the date of grant.

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)

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:

	Nine Months Ended September 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	2,517,213	2,862,189
Reinvested during the period	116,382	45,083
Vested during the period	(2,501,460)	(1,525,101)
Forfeited during the period	(53,244)	(192,518)
Balance, end of period	5,995,339	5,916,448

Included in the stock-based compensation expense for the three and nine months ended September 30, 2022 is an expense of \$1,389 and \$5,965, respectively (2021 - \$887 and \$4,421, respectively) relating to the Company's PSU Plan. The amount of compensation expense recorded for the nine months ended September 30, 2022, was reduced by an estimated weighted average forfeiture rate of 2.71% per year at the date of grant. As at September 30, 2022, \$4,255 (2021 - \$1,997) was included in accounts payable and accrued liabilities and \$1,149 (2021 - \$1,341) was included in other long-term liabilities for outstanding PSUs.

11. Dividends

The Company declared dividends to holders of common shares for the nine months ended September 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
September 2022	Sep 30	Oct 14	\$0.016	4,092
Total dividends declared			\$0.048	12,269

12. Commitments

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

Less than 1 year	29,728
1-5 years	151
5+ years	—
Total	29,879

Payments denominated in foreign currencies have been translated using the September 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.

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. Supplemental Information

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
(Increase) decrease in current assets				
Accounts receivable ⁽¹⁾	(72,592)	(63,558)	(157,312)	(108,050)
Inventory	(58,911)	(40,503)	(144,358)	(53,478)
Prepaid expenses and deposits	13,546	(13,439)	15,449	(16,732)
Increase (decrease) in current liabilities				
Accounts payable and accrued liabilities ⁽²⁾	25,070	32,689	80,628	62,639
Effects of movement in exchange rate	27,813	6,520	33,630	(148)
	(65,074)	(78,291)	(171,963)	(115,769)
Relating to:				
Operating activities	(65,126)	(80,770)	(169,650)	(118,619)
Investing activities	52	2,479	(2,313)	2,850

¹Includes income taxes receivable.

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

For the three and nine months ended September 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.

14. Geographical Information

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

	Revenue		Revenue	
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
United States	349,503	196,966	898,466	540,270
Canada	175,214	117,429	461,182	288,356
	524,717	314,395	1,359,648	828,626

	Long-Term Assets ⁽¹⁾	
	September 30, 2022	December 31, 2021
United States	322,479	282,644
Canada	118,865	127,107
	441,344	409,751

¹Includes: Property and equipment, right of use assets, intangible assets, other assets and goodwill.

15. Related Parties

During the three and nine months ended September 30, 2022, CES paid rent of \$nil and \$6, respectively (2021 - \$18 and \$66, 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

STOCK EXCHANGE LISTINGS

The Toronto Stock Exchange
Trading Symbol: CEU

OTC

Trading Symbol: CESDF

BOARD OF DIRECTORS

Philip J. Scherman¹
Chairman

John M. Hooks^{2,3}

Spencer D. Armour III^{2,3}

Kyle D. Kitagawa^{1,2}

Stella Cosby^{3,4}

Ian Hardacre^{1,4}

Joe Wright^{1,4}

Kenneth E. Zinger

¹Member of the Audit Committee

²Member of the Compensation Committee

³Member of the Corporate Governance and Nominating Committee

⁴Member 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

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