



**Condensed Consolidated Financial Statements**

**For the Three and Nine Months Ended September 30, 2023 and 2022**

**CES Energy Solutions Corp.**Condensed Consolidated Statement of Financial Position (unaudited)  
(stated in thousands of Canadian dollars)

	As at	
	September 30, 2023	December 31, 2022
<b>ASSETS</b>		
Current assets		
Accounts receivable	426,150	479,360
Financial derivative asset	7,286	2,213
Income taxes receivable	799	935
Inventory	387,053	428,144
Prepaid expenses and deposits	29,357	23,028
	<b>850,645</b>	<b>933,680</b>
Property and equipment (note 4)	304,605	283,432
Right of use assets (note 5)	74,190	62,199
Intangible assets	25,252	30,551
Deferred income tax asset	14,188	36,335
Other assets	18,317	10,114
Goodwill	54,595	54,692
	<b>1,341,792</b>	<b>1,411,003</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued liabilities	226,181	234,299
Dividends payable (note 9)	6,021	5,090
Income taxes payable	3,879	3,195
Current portion of deferred acquisition consideration	1,455	1,529
Current portion of lease obligations	27,535	23,231
	<b>265,071</b>	<b>267,344</b>
Long-term debt (note 6)	377,190	491,482
Lease obligations	44,198	36,414
Deferred acquisition consideration	1,350	2,810
Deferred income tax liability	1,688	1,839
Other long-term liabilities (note 8)	2,227	2,065
	<b>691,724</b>	<b>801,954</b>
Commitments (note 10)		
Shareholders' equity		
Common shares (note 7)	610,829	658,820
Contributed surplus	36,622	34,866
Deficit	(184,057)	(272,076)
Accumulated other comprehensive income	186,674	187,439
	<b>650,068</b>	<b>609,049</b>
	<b>1,341,792</b>	<b>1,411,003</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 (unaudited)  
(stated in thousands of Canadian dollars, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue	<b>536,517</b>	524,717	<b>1,610,055</b>	1,359,648
Cost of sales	<b>415,906</b>	416,229	<b>1,257,681</b>	1,081,585
Gross margin	<b>120,611</b>	108,488	<b>352,374</b>	278,063
General and administrative expenses	<b>66,586</b>	57,123	<b>191,874</b>	166,969
Operating profit	<b>54,025</b>	51,365	<b>160,500</b>	111,094
Finance costs	<b>7,303</b>	18,680	<b>24,238</b>	33,907
Other (income) loss	<b>(1,076)</b>	135	<b>(958)</b>	540
Income before taxes	<b>47,798</b>	32,550	<b>137,220</b>	76,647
Current income tax expense	<b>2,995</b>	2,113	<b>9,869</b>	5,013
Deferred income tax expense	<b>6,251</b>	5,982	<b>21,896</b>	16,824
Net income	<b>38,552</b>	24,455	<b>105,455</b>	54,810
Other comprehensive income (items that may be subsequently reclassified to profit and (loss)):				
Unrealized foreign exchange gain (loss) on translation of foreign operations	<b>15,519</b>	42,343	<b>(1,145)</b>	53,131
Change in fair value of other assets, net of tax	<b>(137)</b>	(109)	<b>380</b>	(1,657)
Comprehensive income	<b>53,934</b>	66,689	<b>104,690</b>	106,284
Net income per share (note 7)				
Basic	<b>0.15</b>	0.10	<b>0.42</b>	0.21
Diluted	<b>0.15</b>	0.09	<b>0.41</b>	0.21

*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,	
	2023	2022
<b>COMMON SHARES</b>		
Balance, beginning of period	658,820	658,614
Issued pursuant to stock-based compensation (note 8)	3,694	4,807
Issued pursuant to stock settled director fees	129	116
Common shares repurchased and canceled through NCIB (note 7)	(51,814)	(1,501)
Balance, end of period	610,829	662,036
<b>CONTRIBUTED SURPLUS</b>		
Balance, beginning of period	34,866	33,819
Reclassified pursuant to stock-based compensation (note 7)	(5,875)	(4,807)
Stock-based compensation expense (note 8)	7,631	4,900
Balance, end of period	36,622	33,912
<b>DEFICIT</b>		
Balance, beginning of period	(272,076)	(349,935)
Net income	105,455	54,810
Dividends declared (note 9)	(17,436)	(12,269)
Balance, end of period	(184,057)	(307,394)
<b>ACCUMULATED OTHER COMPREHENSIVE INCOME</b>		
Balance, beginning of period	187,439	144,177
Unrealized foreign exchange (loss) gain on translation of foreign operations	(1,145)	53,131
Change in fair value of other assets, net of tax	380	(1,657)
Balance, end of period	186,674	195,651
	650,068	584,205

*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,	
	2023	2022	2023	2022
<b>CASH PROVIDED BY (USED IN):</b>				
<b>OPERATING ACTIVITIES:</b>				
Net income	<b>38,552</b>	24,455	<b>105,455</b>	54,810
Adjustments for:				
Depreciation and amortization	<b>18,399</b>	18,963	<b>55,192</b>	54,814
Stock-based compensation (note 8)	<b>2,574</b>	1,572	<b>7,631</b>	4,900
Other non-cash income	<b>(5,803)</b>	(1,305)	<b>(2,310)</b>	(375)
Deferred income tax expense	<b>6,251</b>	5,982	<b>21,896</b>	16,824
Gain on disposal of assets	<b>(2,122)</b>	(799)	<b>(4,393)</b>	(2,845)
Change in non-cash working capital (note 11)	<b>42,071</b>	(65,126)	<b>79,016</b>	(169,650)
	<b>99,922</b>	(16,258)	<b>262,487</b>	(41,522)
<b>FINANCING ACTIVITIES:</b>				
Senior notes consent solicitation	—	(3,815)	—	(3,815)
Repayment of lease obligations	<b>(8,195)</b>	(5,178)	<b>(19,816)</b>	(15,466)
(Decrease) increase in Senior Facility	<b>(28,037)</b>	35,902	<b>(116,222)</b>	107,149
Shareholder dividends	<b>(6,312)</b>	(4,099)	<b>(16,505)</b>	(12,238)
Settlement of restricted share units	—	—	<b>(2,181)</b>	—
Common shares repurchased and cancelled through NCIB (note 7)	<b>(40,008)</b>	(1,211)	<b>(51,815)</b>	(1,501)
	<b>(82,552)</b>	21,599	<b>(206,539)</b>	74,129
<b>INVESTING ACTIVITIES:</b>				
Investment in property and equipment	<b>(20,739)</b>	(14,928)	<b>(53,890)</b>	(37,123)
Investment in intangible assets	<b>(516)</b>	(100)	<b>(972)</b>	(693)
Investment in other assets	<b>(162)</b>	8,273	<b>(7,775)</b>	8,143
Deferred acquisition consideration	—	—	<b>(1,518)</b>	—
Business combination	—	—	—	(9,560)
Proceeds on disposal of assets	<b>4,047</b>	1,414	<b>8,207</b>	6,626
	<b>(17,370)</b>	(5,341)	<b>(55,948)</b>	(32,607)
<b>CHANGE IN CASH</b>				
Cash, beginning of period	—	—	—	—
Cash, end of period	—	—	—	—
<b>SUPPLEMENTARY CASH FLOW DISCLOSURE</b>				
Interest paid	<b>4,511</b>	3,000	<b>23,030</b>	15,112
Income taxes paid	<b>963</b>	5,218	<b>9,055</b>	5,698

*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 nine months ended September 30, 2023 and 2022 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, 2022. These condensed consolidated financial statements were authorized for issue by the Company’s Board of Directors on November 9, 2023.

### 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 annual consolidated financial statements for the year ended December 31, 2022 with the exception of certain amendments to accounting standards or new interpretations issued by the International Accounting Standards Board (“IASB”), which were adopted effective January 1, 2023. These are as follows: IFRS 17, “*Insurance Contracts*”, as well as the amendments to IAS 12, “*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*”, IAS 1, “*Disclosure of Material Accounting Policy Information*”, and IAS 8, “*Definition of Accounting Estimates*”. The adoption of these standards and amendments has not had a material impact on the accounting policies, methods of computation or presentation applied by the Company. 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, 2022.

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, 2022.

### 4. Property and Equipment

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<b>Balance at December 31, 2022</b>	<b>283,432</b>
Additions	53,859
Transfers	1,259
Disposals, net of depreciation	(2,441)
Depreciation	(31,312)
Effect of movements in exchange rates	(192)
<b>Balance at September 30, 2023</b>	<b>304,605</b>

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## 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)

### 5. Right of Use Assets

<b>Balance at December 31, 2022</b>	<b>62,199</b>
Additions	32,634
Transfers	(1,294)
Disposals, net of depreciation	(1,446)
Depreciation	(17,864)
Effect of movements in exchange rates	(39)
<b>Balance at September 30, 2023</b>	<b>74,190</b>

### 6. Long-Term Debt

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

	As at	
	September 30, 2023	December 31, 2022
Senior Facility	94,192	209,276
Senior unsecured notes due Oct 21, 2024 bearing interest at 6.375% payable semi-annually ("Senior Notes")	287,954	287,954
	382,146	497,230
Less: unamortized debt issue costs	(4,956)	(5,748)
Long-term debt	377,190	491,482

#### Senior Facility

On April 25, 2023, the Company entered into an amended and restated credit agreement with respect to its syndicated and operating credit facilities (the "Senior Facility"). The total size of the Senior Facility is approximately C\$ equivalent \$700,000 consisting of an aggregated revolving facility of approximately C\$ equivalent \$450,000 and a Canadian Term Loan Facility of \$250,000. The Canadian Term Loan Facility is undrawn and can only be used to repay and redeem the 6.375% senior unsecured notes scheduled to mature in October of 2024. The Senior Facility matures on April 25, 2026 and is secured by substantially all of the Company's assets and includes customary terms, conditions and covenants.

Amounts drawn on the Senior Facility, other than the Canadian Term Loan Facility, incur interest at the bank's prime rate or US base rate plus an applicable pricing margin ranging from 0.25% to 2.00% or the Canadian Bankers' Acceptance rate or the SOFR rate plus an applicable pricing margin ranging from 1.25% to 3.00%. The Senior Facility has a standby fee ranging from 0.281% to 0.675%. The applicable pricing margins and standby fees are based on a sliding scale of Total Net Debt to EBITDA ratio.

As at September 30, 2023, the Senior Facility is comprised of a Canadian facility of \$300,000, a US facility of US\$110,000 and a Canadian Term Loan Facility of \$250,000. As at September 30, 2023, the Company had a net draw of \$92,181 on the Senior Facility (December 31, 2022 - net draw of \$208,512), with capitalized transaction costs of \$2,011 (December 31, 2022 - \$764). Transaction costs attributable to the Senior Facility are recorded as part of the Senior Facility and amortized to finance costs over the remaining term.

Under the Senior Facility, CES is subject to the following financial covenants:

- The ratio of Total Net Debt to trailing EBITDA must not exceed 4.00:1.00 calculated on a rolling four-quarter basis;
- The ratio of Net Senior Debt to trailing EBITDA must not exceed 3.00:1.00 calculated on a rolling four-quarter basis. In the earlier of the fourth fiscal quarter end following the drawdown on the Canadian Term Loan Facility and the date of repayment in full, the ratio of Net Senior Debt to trailing EBITDA must not exceed 3.50:1.00; and
- The ratio of EBITDA to interest expense must be greater than 2.50:1.00, calculated on a rolling four-quarter basis.

## 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 relevant definitions of key ratio terms as set forth in the Senior Facility agreement are as follows:

- Total Net Debt is defined as all obligations, liabilities, and indebtedness excluding deferred income tax liabilities and deferred tax credits, office leases, other leases characterized as an operating lease, and accrued interest not yet due and payable.
- Net Senior Debt is defined as Total Net Debt, as defined below, minus the principal amount owing on the Company's Senior Notes, any permitted vendor take-back debt, and all cash and cash equivalents.
- EBITDA is defined as net income before interest, taxes, depreciation and amortization, gains and losses on disposal of assets, amortization of capitalized deferred financing costs, goodwill impairment, unrealized foreign exchange gains and losses, unrealized derivative gains and losses, equity settled stock-based compensation, and other gains and losses not considered reflective of underlying operations. EBITDA attributable to businesses acquired in the period are permitted to be added to EBITDA.

The above noted definitions are not recognized under IFRS and are provided strictly for the purposes of the Company's Senior Facility covenant calculations.

The covenant calculations as at September 30, 2023 and December 31, 2022, are as follows:

	As at	
	September 30, 2023	December 31, 2022
Total Net Debt	426,891	—
EBITDA for the four quarters ended	287,973	—
Ratio	1.482	—
Maximum <sup>(1)</sup>	4.000	—
Net Senior Debt	138,937	266,120
EBITDA for the four quarters ended	287,973	231,265
Ratio	0.482	1.151
Maximum	3.000	2.500
EBITDA for the four quarters ended	287,973	231,265
Interest Expense for the four quarters ended	37,386	28,062
Ratio	7.703	8.241
Minimum	2.500	2.500

<sup>1</sup> Total Net Debt to trailing EBITDA ratio covenant came into effect for quarters ending after April 25, 2023

### Senior Notes

As at September 30, 2023, 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.

Subsequent to September 30, 2023, the Company announced the redemption of all of the outstanding Senior Notes due October 21, 2024 on November 30, 2023 (the "Redemption Date"). The Senior Notes are redeemable at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to, but excluding, the Redemption Date. Interest on the Senior Notes will cease to accrue on and after the Redemption Date. CES will redeem the Senior Notes by drawing down on its available \$250,000 Canadian Term Loan Facility, with the balance to be drawn from its Senior Facility.

As at September 30, 2023, the Company was in compliance with the terms and covenants of its lending agreements. For the three and nine months ended September 30, 2023, the Company recorded \$10,831 and \$31,563, respectively (2022 - \$8,427 and \$21,272, 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, 2023, are as follows:

2023 - 3 months	—
2024	287,954
2025	—
2026	94,192
2027 and thereafter	—
	<b>382,146</b>

### 7. 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, 2023		Year Ended December 31, 2022	
	Number of Shares	Amount	Number of Shares	Amount
Balance, beginning of period	254,515,682	658,820	253,830,896	658,614
Issued pursuant to stock-based compensation	2,787,960	(2,181)	2,747,074	—
Contributed surplus related to stock-based compensation	—	5,875	—	5,292
Issued pursuant to stock settled director fee	49,083	129	69,212	156
Common shares repurchased and canceled through NCIB	(16,493,200)	(51,814)	(2,131,500)	(5,242)
Balance, end of period	240,859,525	610,829	254,515,682	658,820

During the nine months ended September 30, 2023, the Company elected to cash settle 779,890 RSUs that were vested and released for an aggregate value of \$2,181.

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

On July 21, 2023, the Company announced the renewal of its previous NCIB, which ended on July 20, 2023, to repurchase for cancellation up to 18,719,430 common shares, being 10.0% of the public float of common shares at the time of renewal. The renewed NCIB will terminate on July 20, 2024 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, 2023 to September 30, 2023	Nine Months Ended September 30, 2023	Since Inception July 17, 2018 to September 30, 2023
Common shares repurchased and canceled through NCIB	9,041,600	16,493,200	48,751,557
Cash outlay	32,183	51,814	117,154
Average price per share	\$3.56	\$3.14	\$2.40

Subsequent to September 30, 2023, the Company repurchased 2,852,900 additional shares at a weighted average price of \$3.66 for a total of \$10,441.

**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, 2023 and 2022, 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,	
	2023	2022	2023	2022
Net income	<b>38,552</b>	24,455	<b>105,455</b>	54,810
Weighted average number of shares outstanding:				
Basic shares outstanding	<b>248,808,899</b>	256,246,967	<b>252,460,491</b>	255,288,039
Effect of dilutive shares	<b>5,780,097</b>	6,085,435	<b>5,937,659</b>	6,470,203
Diluted shares outstanding	<b>254,588,996</b>	262,332,402	<b>258,398,150</b>	261,758,242
Net income per share - basic	<b>\$0.15</b>	\$0.10	<b>\$0.42</b>	\$0.21
Net income per share - diluted	<b>\$0.15</b>	\$0.09	<b>\$0.41</b>	\$0.21

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 of Share Rights that are considered anti-dilutive.

**8. Stock-Based Compensation**

For the three and nine months ended September 30, 2023, stock-based compensation expense of \$7,794 and \$15,522, respectively (2022 – \$2,961 and \$10,865, respectively) was recorded in general and administrative expenses relating to the Company's stock-based compensation plans. As at September 30, 2023, a total of 12,042,976 common shares were reserved for issuance under the Company's Restricted Share Unit Plan and Stock Settled Director Fee Program, of which 6,265,215 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, 2023		Year Ended December 31, 2022	
	Restricted Share Units	Average Price	Restricted Share Units	Average Price
Balance, beginning of period	<b>5,922,363</b>	<b>\$1.83</b>	6,604,022	\$1.62
Granted during the period	<b>3,279,159</b>	<b>2.83</b>	1,889,238	2.65
Reinvested during the period	<b>144,092</b>	<b>2.31</b>	182,433	1.79
Vested during the period	<b>(3,567,850)</b>	<b>1.64</b>	(2,747,074)	1.92
Forfeited during the period	—	—	(6,256)	2.31
Balance, end of period	<b>5,777,764</b>	<b>\$2.51</b>	5,922,363	\$1.83

During the nine months ended September 30, 2023, the Company elected to cash settle 779,890 RSUs that were vested and released for an aggregate value of \$2,181. Included in the stock-based compensation expense for the three and nine months ended September 30, 2023 is an expense of \$2,574 and \$7,631, respectively (2022 - \$1,572 and \$4,900, respectively) relating to the Company's RSU Plan. 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, 2023, was reduced by an estimated weighted average forfeiture rate of 0.85% 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, 2023	Year Ended December 31, 2022
	Phantom Share Units	Phantom Share Units
Balance, beginning of period	5,860,999	5,916,448
Granted during the period	3,903,107	2,525,894
Reinvested during the period	127,170	155,103
Vested during the period	(3,275,707)	(2,534,685)
Forfeited during the period	(73,416)	(201,761)
Balance, end of period	6,542,153	5,860,999

Included in the stock-based compensation expense for the three and nine months ended September 30, 2023 is an expense of \$5,220 and \$7,891, respectively (2022 - \$1,389 and \$5,965, respectively) relating to the Company's PSU Plan. As at September 30, 2023, \$5,922 (2022 - \$4,255) was included in accounts payable and accrued liabilities and \$2,227 (2022 - \$1,149) was included in other long-term liabilities for outstanding PSUs.

## 9. Dividends

The Company declared dividends to holders of common shares for the nine months ended September 30, 2023, as follows:

	Dividend Record Date	Dividend Payment Date	Per Common Share	Total
March 2023	Mar 31	Apr 14	\$0.020	5,103
June 2023	Jun 30	Jul 14	\$0.025	6,312
September 2023	Sep 29	Oct 13	\$0.025	6,021
Total dividends declared			\$0.070	17,436

## 10. 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	39,734
1-5 years	—
5+ years	—
Total	39,734

*Payments denominated in foreign currencies have been translated using the September 30, 2023 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)

### 11. Supplemental Information

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
(Increase) decrease in current assets				
Accounts receivable <sup>(1)</sup>	<b>(23,089)</b>	(72,592)	<b>53,346</b>	(157,312)
Inventory	<b>21,640</b>	(58,911)	<b>41,091</b>	(144,358)
Prepaid expenses and deposits	<b>2,266</b>	13,546	<b>(6,329)</b>	15,449
Increase (decrease) in current liabilities				
Accounts payable and accrued liabilities <sup>(2)</sup>	<b>31,024</b>	25,070	<b>(7,273)</b>	80,628
Effects of movement in exchange rate	<b>9,687</b>	27,813	<b>(1,185)</b>	33,630
	<b>41,528</b>	(65,074)	<b>79,650</b>	(171,963)
Relating to:				
Operating activities	<b>42,071</b>	(65,126)	<b>79,016</b>	(169,650)
Investing activities	<b>(543)</b>	52	<b>634</b>	(2,313)

<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 nine months ended September 30, 2023 and 2022, 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.

### 12. 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,	
	2023	2022	2023	2022
United States	<b>361,469</b>	349,503	<b>1,105,899</b>	898,466
Canada	<b>175,048</b>	175,214	<b>504,156</b>	461,182
	<b>536,517</b>	524,717	<b>1,610,055</b>	1,359,648

	Long-Term Assets <sup>(1)</sup>	
	September 30, 2023	December 31, 2022
	United States	<b>347,886</b>
Canada	<b>129,073</b>	119,001
	<b>476,959</b>	440,988

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

## **CES Energy Solutions Corp.**

Condensed Consolidated Financial Statements (unaudited)  
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)