



CES ENERGY SOLUTIONS CORP. ANNOUNCES STRONG Q3 2023 RESULTS

CES Energy Solutions Corp. (“CES” or the “Company”) (TSX: CEU) (OTC: CESDF) is pleased to announce record third quarter financial results for Q3 2023, as quarterly revenue, Adjusted EBITDAC and cash flow generation continued to grow year over year. Third quarter highlights include:

- Revenue of \$536.5 million, increased 2% year over year
- Adjusted EBITDAC of \$80.2 million, increased 9% year over year
- Adjusted EBITDAC margin of 15.0%, increased 100 basis points year over year
- Cash Flow from Operations of \$99.9 million and Free Cash Flow of \$75.6 million
- Leverage declined to 1.46x Total Debt/Adjusted EBITDAC from 1.57x at June 30, 2023, and 2.17x at December 31, 2022
- Working Capital Surplus exceeded Total Debt at September 30, 2023 by \$160.6 million
- Repurchased \$40.0 million of common shares during the quarter and \$10.4 million of common shares subsequent to September 30, 2023

CES continued its trend of strong cash flow generation amid a constructive supply demand environment, increasing levels of service intensity and benefiting from leading market share positions throughout its business. With leverage down to very prudent levels and an effective capital structure in place supported by the recently announced Senior Notes redemption, CES has been able to aggressively pursue return of capital to its shareholders. During the quarter, CES returned \$46.3 million to shareholders, through \$40.0 million or 11,993,100 common shares repurchased under its NCIB and its quarterly dividend of \$6.3 million, collectively representing returns to shareholders of 46% of Cash Flow from Operations and 61% of Free Cash Flow.

Third Quarter Results

In the third quarter CES generated revenue of \$536.5 million, representing a sequential increase of \$20.7 million or 4% compared to Q2 2023, off of seasonally lower activity levels in Canada, and an increase of 2% compared to Q3 2022 as production levels have seen a modest increase year over year. For the nine months ended September 30, 2023, CES generated revenue of \$1.6 billion, an increase of \$250.4 million or 18% relative to the nine months ended September 30, 2022. As producers' capital spending and production levels have stabilized, higher production chemical volumes and increasing service intensity resulted in an overall uptick in revenue compared to prior year, despite a decline in the US and Canadian rig counts. CES continues to realize high levels of revenue underpinned by industry stabilization, and strong market share throughout the business.

Revenue generated in the US during Q3 2023 was \$361.5 million, representing a sequential decrease of \$14.0 million or 4% compared to Q2 2023 and an increase of 3% compared to Q3 2022. For the nine months ended September 30, 2023, revenue generated in the US was up 23% to \$1.1 billion relative to the nine months ended September 30, 2022. US revenues for the three and nine months ended September 30, 2023 were impacted by decreased industry drilling activity in the quarter, the effects of which were offset by higher production levels and market share gains year over year. CES maintained its strong industry positioning, with US Drilling Fluids Market Share of 21% and 20% for three and nine months ended September 30, 2023, respectively, and year over year improvement from 18% for the three and nine months ended September 30, 2022.

Revenue generated in Canada during Q3 2023 was \$175.0 million, representing a sequential increase of \$34.7 million or 25% compared to Q2 2023 as expected off of seasonally lower activity levels in Canada, and in line with revenue of \$175.2 from Q3 2022. Canadian revenues were positively impacted by a 47% sequential increase in rig counts relative to Q2 2023 coming out of spring breakup, and higher production volumes year over year. Canadian Drilling Fluids Market Share for Q3 2023 of 34% was behind Q3 2022 of 37%, but up from 32% on a sequential quarterly basis. For the nine months ended September 30, 2023 revenue generated in Canada of \$504.2 million was up 9% from \$461.2 million relative to the nine months ended September 30, 2022, driven by higher production volumes year over year.

CES achieved Adjusted EBITDAC of \$80.2 million in Q3 2023, representing a sequential increase of 9% compared to Q2 2023, and an increase of 9% compared to Q3 2022. Adjusted EBITDAC as a percentage of revenue of 15.0% achieved in Q3 2023 compared to 14.3% recorded in Q2 2023 and 14.0% recorded in Q3 2022. For the three month period, Adjusted EBITDAC improved both sequentially and year over year on higher revenue levels associated with increasing industry production volumes and improved margins. For the nine months ended September 30, 2023 Adjusted EBITDA was up 31% to \$231.2 million. The Company has continued to be effective in pricing and procurement activities while maintaining prudent G&A levels, combined with increased scale.

Net income for the three and nine months ended September 30, 2023 increased 58% to \$38.6 million from \$24.5 million, and 92% to \$105.5 million from \$54.8 million, respectively, compared to prior year periods, driven by higher activity levels.

During the quarter, CES returned \$46.3 million to shareholders (Q3 2022 - \$5.3 million), through \$40.0 million in common shares repurchased under its NCIB and its quarterly dividend of \$6.3 million. Year to date, CES has returned \$68.3 million (2022 - \$13.7 million) to shareholders, through \$51.8 million in common shares repurchased and \$16.5 million in dividends paid.

For Q3 2023, net cash provided by operating activities totaled \$99.9 million, compared to net cash used by operating activities of \$16.3 million during the three months ended September 30, 2022. For the nine months ended September 30, 2023 net cash provided by operating activities of \$262.5 million compared to net cash used by operating activities of \$41.5 million for the nine months ended September 30, 2022. The change was primarily driven by strong financial performance combined with a lower required investment in working capital as activity levels remained stable during the three and nine months ended periods of 2023, coupled with higher net income on associated activity levels relative to the comparative periods.

CES generated \$57.9 million in Funds Flow from Operations in Q3 2023, compared to \$63.0 million generated in Q2 2023 and up 18% from \$48.9 million generated in Q3 2022. For the nine months ended September 30, 2023 CES generated \$183.5 million of Funds Flow from Operations compared to \$128.1 million in 2022. Funds Flow from Operations excludes the impact of working capital, and is reflective of the continued strong surplus free cash flow generation in stable market conditions seen in the first three quarters of 2023.

CES generated \$75.6 million in Free Cash Flow in Q3 2023, up 13% from \$66.7 million generated in Q2 2023, and compared to a use of \$35.0 million in Q3 2022. For the nine months ended September 30, 2023 CES generated \$196.4 million of Free Cash Flow compared to a use of \$85.2 million in 2022. Free Cash Flow includes the impact of net capital expenditures and

lease repayments, and is reflective of the Company's surplus free cash flow generation in excess of required capital expenditures.

As at September 30, 2023, CES had a Working Capital Surplus of \$614.6 million, which decreased from \$641.4 million at June 30, 2023 (December 31, 2022 - \$691.1 million) as revenue and activity levels have stabilized and working capital investments have moderated. The reduction during the quarter was driven by a 5% reduction in inventory and a 16% increase in accounts payable and accrued liabilities, partially offset by a 6% increase in accounts receivable. The Company continues to focus on working capital optimization benefiting from the high quality of its customers and diligent internal credit monitoring processes.

CES exited the quarter with a net draw on its syndicated senior facility (the "Senior Facility") of \$92.2 million compared to \$120.2 million at June 30, 2023 and \$208.5 million at December 31, 2022. Total Debt of \$454.0 million at September 30, 2023 compared to \$478.0 million at June 30, 2023 and \$557.5 million at December 31, 2022, of which \$288.0 million relates to Senior Notes which mature on October 21, 2024. The decreases realized during the quarter were primarily driven by strong cash flow generation enhanced by a reduction in required working capital investments as described above, partly offset by \$40.0 million in share repurchases and \$6.3 million in dividends paid. Working Capital Surplus exceeded Total Debt at September 30, 2023 by \$160.6 million (December 31, 2022 - \$133.6 million). As of the date of this press release, the Company had a net draw on its Senior Facility of approximately \$118.0 million representing a reduction of approximately \$90.5 million since December 31, 2022. These reduced draw levels reflect the onset of strong free cash flow generation from sustained revenue levels supported by CES' capex-light business model and stabilizing end market activity levels.

On October 19, 2023, CES announced that it will redeem all of the Company's outstanding 6.375% Senior Notes due October 21, 2024, which have an aggregate principal amount of \$288.0 million, on November 30, 2023. CES will redeem the Notes by drawing down on its available \$250.0 million Canadian Term Loan Facility, with the balance of approximately \$38.0 million to be drawn from its \$450.0 million Senior Facility, which had a net draw of \$92.2 million at September 30, 2023. These facilities mature on April 25, 2026, and provide CES with ample liquidity to support its current business requirements and potential future needs.

During the quarter, CES repurchased 11,993,100 common shares at an average price of \$3.34 per share for a total of \$40.0 million. Since the July 21, 2023 commencement of the Company's current NCIB program, the Company repurchased 9,041,600 common shares up to September 30, 2023 at an average price of \$3.56 per share for a total of \$32.2 million. Since inception of the Company's NCIB programs on July 17, 2018, and up to September 30, 2023, the Company has repurchased 48,751,557 common shares at an average price of \$2.40 per share for a total of \$117.2 million. Subsequent to September 30, 2023, the Company repurchased 2,852,900 additional common shares at a weighted average price of \$3.66 per share for a total of \$10.4 million.

Outlook

The recovery in global energy demand combined with several years of lower investment in the upstream oil and gas sector have resulted in a balanced market for oil and natural gas, higher commodity prices, and a supportive outlook for the sector in CES' North American target market. We expect increased activity levels and higher service intensity to continue through 2023 and into 2024, moderated by potential broad economic headwinds related to recession risk, interest rates, and geopolitical instability, which may impact customer spending plans.

CES is optimistic in its outlook for the remainder of the year and into next year as it expects to benefit from strong upstream activity, increased service intensity levels, and continued strength in commodity pricing across North America by capitalizing on its established infrastructure, industry leading positioning, vertically integrated business model, and strategic procurement practices.

Commensurate with current record revenue levels, CES expects 2023 capital expenditures to be approximately \$65.0 million weighted towards expansion capital to support higher activity levels and business development opportunities. CES plans to continue its disciplined and prudent approach to capital expenditures 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 April 2023, CES successfully amended and extended its Senior Facility to April 2026. The Senior Facility effectively addresses CES' near-term and foreseeable longer-term requirements. The Canadian Term Loan Facility provides CES with the ability to repay and redeem the Senior Notes in full on November 30, 2023. Thereafter, CES has the opportunity to refinance and right-size the term portion of its capital structure on suitable terms at any time up until April of 2026. CES routinely considers its capital structure, including further increasing the capacity of its Senior Facility, refinancing of the Company's Senior Notes, and other potential financing options.

CES' underlying business model is capex light and asset light, enabling the 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 third quarter results, CES will host a conference call / webcast at 9:00 am MT (11:00 am ET) on Friday, November 10, 2023. 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

(\$000s, except per share amounts)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	% Change	2023	2022	% Change
Revenue						
United States ⁽¹⁾	361,469	349,503	3 %	1,105,899	898,466	23 %
Canada ⁽¹⁾	175,048	175,214	— %	504,156	461,182	9 %
Total Revenue	536,517	524,717	2 %	1,610,055	1,359,648	18 %
Net income	38,552	24,455	58 %	105,455	54,810	92 %
per share – basic	0.15	0.10	50 %	0.42	0.21	100 %
per share - diluted	0.15	0.09	67 %	0.41	0.21	95 %
Adjusted EBITDAC ⁽²⁾	80,218	73,289	9 %	231,214	176,773	31 %
Adjusted EBITDAC ⁽²⁾ % of Revenue	15.0 %	14.0 %	1.0 %	14.4 %	13.0 %	1.4 %
Cash provided by (used in) operating activities	99,922	(16,258)	nmf	262,487	(41,522)	nmf
Funds Flow from Operations ⁽³⁾	57,851	48,868	18 %	183,471	128,128	43 %
Capital expenditures						
Expansion Capital ⁽¹⁾	16,026	10,489	53 %	39,295	21,266	85 %
Maintenance Capital ⁽¹⁾	4,170	4,491	(7)%	15,230	13,544	12 %
Total capital expenditures	20,196	14,980	35 %	54,525	34,810	57 %
Dividends declared	6,021	4,092	47 %	17,436	12,269	42 %
per share	0.025	0.016	56 %	0.070	0.048	46 %
Common Shares Outstanding						
End of period - basic	240,859,525	255,728,104		240,859,525	255,728,104	
End of period - fully diluted ⁽⁴⁾	246,637,289	261,818,856		246,637,289	261,818,856	
Weighted average - basic	248,808,899	256,246,967		252,460,491	255,288,039	
Weighted average - diluted	254,588,996	262,332,402		258,398,150	261,758,242	

As at

Financial Position (\$000s)	September 30, 2023	June 30, 2023	% Change	December 31, 2022	% Change
Total assets	1,341,792	1,323,815	1 %	1,411,003	(5)%
Long-term financial liabilities ⁽⁵⁾	424,965	449,874	(6)%	532,771	(20)%
Total Debt ⁽⁶⁾	453,955	478,027	(5)%	557,531	(19)%
Working Capital Surplus ⁽⁶⁾	614,564	641,410	(4)%	691,096	(11)%
Net Debt ⁽⁶⁾	(160,609)	(163,383)	(2)%	(133,565)	20 %
Shareholders' equity	650,068	639,544	2 %	609,049	7 %

¹Supplementary 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" contained herein.

²Non-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" contained herein.

³Non-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" contained herein.

⁴Non-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 Shares Outstanding, End of period - fully diluted is Common Shares outstanding. Refer to the section entitled "Non-GAAP Measures and Other Financial Measures" contained herein.

⁵Includes current and long-term portion of the Senior Facility, the Senior Notes, lease obligations, deferred acquisition consideration, and long term portion of cash settled incentive obligations.

⁶Non-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" contained 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 herein, 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 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 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 determined in accordance with IFRS.

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

\$000s	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income	38,552	24,455	105,455	54,810
Add back (deduct):				
Depreciation on property and equipment in cost of sales	14,676	12,950	42,787	37,275
Depreciation on property and equipment in G&A	2,055	1,881	6,141	5,422
Amortization on intangible assets in G&A	1,668	4,132	6,264	12,117
Current income tax expense	2,995	2,113	9,869	5,013
Deferred income tax expense	6,251	5,982	21,896	16,824
Stock-based compensation	7,794	2,961	15,522	10,865
Finance costs	7,303	18,680	24,238	33,907
Other (income) loss	(1,076)	135	(958)	540
EBITDAC	80,218	73,289	231,214	176,773
Adjusted EBITDAC	80,218	73,289	231,214	176,773
Adjusted EBITDAC % of Revenue	15.0%	14.0%	14.4 %	13.0 %
Adjusted EBITDAC per share - basic	0.32	0.29	0.92	0.69
Adjusted EBITDAC per share - diluted	0.32	0.28	0.90	0.68

Distributable Earnings - is a non-GAAP measure that is defined as cash provided by operating activities, adjusted for change in non-cash operating working capital less Maintenance Capital and repayment of lease obligations. Distributable Earnings is a measure used by Management and investors to analyze the amount of funds available to distribute to shareholders as dividends or through the NCIB program before consideration of funds required for growth purposes.

Dividend Payout Ratio - is a non-GAAP ratio that is defined as dividends declared as a percentage of Distributable Earnings. Management believes it is a useful measure of the proportion of available funds committed to being returned to shareholders in the form of a dividend relative to the Company's total Distributable Earnings.

Readers are cautioned that Distributable Earnings should not be considered to be more meaningful than cash provided by operating activities determined in accordance with IFRS. Distributable Earnings and Dividend Payout Ratio are calculated as follows:

\$000's	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Cash provided by (used in) operating activities	99,922	(16,258)	262,487	(41,522)
Adjust for:				
Change in non-cash operating working capital	(42,071)	65,126	(79,016)	169,650
Less: Maintenance Capital ⁽¹⁾	(4,170)	(4,491)	(15,230)	(13,544)
Less: Repayment of lease obligations	(8,195)	(5,178)	(19,816)	(15,466)
Distributable Earnings	45,486	39,199	148,425	99,118
Dividends declared	6,021	4,092	17,436	12,269
Dividend Payout Ratio	13%	10%	12 %	12 %

¹Supplementary Financial Measure. Supplementary Financial Measures are provided herein because Management believes they assist the reader in understanding CES' results.

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. Readers are cautioned that this measure is not intended to be considered more meaningful than cash provided by operating activities, 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:

<i>\$000s</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Cash provided by (used in) operating activities	99,922	(16,258)	262,487	(41,522)
Adjust for:				
Change in non-cash operating working capital	(42,071)	65,126	(79,016)	169,650
Funds Flow from Operations	57,851	48,868	183,471	128,128

Free Cash Flow – Free Cash Flow 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. Free Cash Flow is defined as cash flow from operations after capital expenditures and repayment of lease obligations, net of proceeds on disposal of assets, and represents the Company's core operating results in excess of required capital expenditures. Readers are cautioned that this measure is not intended to be considered more meaningful than cash provided by operating activities, or other measures of financial performance calculated in accordance with IFRS. Free Cash Flow is used by Management to assess operating performance and leverage, and is calculated as follows:

<i>\$000s</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Cash provided by (used in) operating activities	99,922	(16,258)	262,487	(41,522)
Adjust for:				
Expansion Capital ⁽¹⁾	(16,026)	(10,489)	(39,295)	(21,266)
Maintenance Capital ⁽¹⁾	(4,170)	(4,491)	(15,230)	(13,544)
Repayment of lease obligations	(8,195)	(5,178)	(19,816)	(15,466)
Proceeds on disposal of assets	4,047	1,414	8,207	6,626
Free Cash Flow	75,578	(35,002)	196,353	(85,172)

¹Supplementary Financial Measure. Supplementary Financial Measures are provided herein because Management believes they assist the reader in understanding CES' results.

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:

\$000's	As at	
	September 30, 2023	December 31, 2022
Long-term financial liabilities ⁽¹⁾	424,965	532,771
Current portion of finance lease obligations	27,535	23,231
Current portion of deferred acquisition consideration	1,455	1,529
Total Debt	453,955	557,531
Deduct Working Capital Surplus:		
Current assets	850,645	933,680
Current liabilities ⁽²⁾	(236,081)	(242,584)
Working Capital Surplus	614,564	691,096
Net Debt	(160,609)	(133,565)

¹Includes current and long-term portion of the Senior Facility, the Senior Notes, lease obligations, deferred acquisition consideration, and long-term portion of cash settled incentive obligations.

²Excludes current portion of lease liabilities and deferred acquisition consideration.

Shares outstanding, End of period - fully diluted - Shares outstanding, End of period - fully diluted is a non-GAAP measure that has been reconciled to Common Shares outstanding for the financial periods, being the most directly comparable measure calculated in accordance with IFRS. This measure is not intended to be considered more meaningful than Common shares outstanding. Management believes that this metric is a key measure to assess the total potential shares outstanding for the financial periods and is calculated as follows:

	As at	
	September 30, 2023	December 31, 2022
Common shares outstanding	240,859,525	254,515,682
Restricted share units outstanding, end of period	5,777,764	5,922,363
Shares outstanding, end of period - fully diluted	246,637,289	260,438,045

Total Debt/Adjusted EBITDAC – is a non-GAAP ratio that Management believes to be a useful measure of the Company's liquidity and leverage levels, and is calculated as Total Debt divided by Adjusted EBITDAC for the most recently ended four quarters. Total Debt and Adjusted EBITDAC are 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. Total Debt and Adjusted EBITDAC are calculated as outlined above.

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 press 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 Adjusted EBITDAC will exceed the sum of expenditures on interest, taxes and capital expenditures; expectations of capital expenditures in 2023; expectations that Adjusted EBITDAC will provide sufficient free cash flow to pay down the Company's Senior Facility, repurchase common shares pursuant to the Company's NCIB, and add cash to the balance sheet; expectations regarding CES' revenue and surplus free cash flow generation and the potential use of such free cash flow including to increase its dividend or repurchase the common shares of the Company; expectations regarding end market activity levels; the strength of the Company's balance sheet, the achievement of the Company's strategic objectives, and the generation of shareholder value; expectations regarding improving industry conditions and the Company's ability to generate free cash flow to sustain and increase the quarterly dividend; 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; the sufficiency of liquidity and capital resources to meet long-term payment obligations; CES' ability to increase or maintain its market share; 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; 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 relating to general economic conditions, interest rates and geopolitical risk; expectations regarding end markets for production chemicals and drilling fluids in Canada and the US; 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, expectations relating to the timing of CES' refinancing of its Senior Notes using the proceeds of its Senior Facility; investments in current operations, issuing dividends, or market acquisitions; expectations regarding the timing and amount of common shares repurchased pursuant to the Company's NCIB; CES' ability to continue to comply with covenants in debt facilities; expectations regarding the impact and timing of the refinancing of CES' Senior Notes; 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, downturn in oilfield activity; 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, and oil, and pricing differentials between world pricing, pricing in North America, and pricing in Canada; competition, and pricing pressures from customers in the current commodity environment; conflict, war and political and societal unrest that may impact CES' operations, supply chains 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 and regulations restricting the use of hydraulic fracturing; pipeline capacity and other transportation infrastructure constraints; changes to 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 the 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 WCSB; access to capital and the liquidity of debt markets; fluctuations in foreign exchange and interest rates, including the impact of changing interest rates on the broader economy; 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, 2022 dated March 9, 2023, and "Risks and Uncertainties" in CES' MD&A for the three and nine months ended September 30, 2023, dated November 9, 2023.

For further information, please contact:

Ken Zinger
President and Chief Executive Officer
CES Energy Solutions Corp.
(403) 269-2800

Anthony Aulicino
Chief Financial Officer
CES Energy Solutions Corp.
(403) 269-2800

Or by email at: info@ceslp.ca

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