PRESS RELEASE **February 29, 2024**
FOR IMMEDIATE DISTRIBUTION

CES ENERGY SOLUTIONS CORP. ANNOUNCES STRONG FOURTH QUARTER AND FULL YEAR 2023 RESULTS WITH RECORD REVENUE AND ADJUSTED EBITDAC AND A 20% INCREASE TO ITS QUARTERLY DIVIDEND

CES Energy Solutions Corp. ("CES" or the "Company") **(TSX: CEU) (OTC: CESDF)** is pleased to announce strong financial results for the three and twelve months ended December 31, 2023, along with a 20% increase to its quarterly dividend from $0.025 per share to $0.030 per share, which will be paid on the Company's next scheduled dividend payment of April 15, 2024 to the shareholders of record at the close of business on March 29, 2024.

- Fourth quarter revenue of $553.5 million increased 3% sequentially and decreased 2% year over year
- Record quarterly Adjusted EBITDAC of $84.6 million at a 15.3% margin, increased 5% sequentially and year over year
- Record annual revenue of $2.16 billion representing an increase of 13% over $1.92 billion in 2022
- Record annual Adjusted EBITDAC of $315.8 million at a 14.6% margin representing a 23% increase over $257.0 million at 13.4% in 2022
- Annual Cash Flow from Operations of $301.8 million and Free Cash Flow of $211.6 million
- Total long-term debt reduced by $100.9 million to $390.6 million and Total Debt/Adjusted EBITDAC reduced to 1.49x from 2.17x year over year
- Annual return of $93.5 million to shareholders through $22.5 million in dividends and $70.9 million in share repurchases, representing 8.6% of common shares outstanding at January 1, 2023
- Announced a 20% increase to the quarterly dividend to $0.030 per share representing a 12% Payout Ratio

The record results achieved in 2023 demonstrate the unique resilience, cash flow generation, and profitability characteristics inherent in CES' capex light, asset light, consumable chemicals business model supported by industry leading people, infrastructure, and technology. These record results were achieved through strong contributions across all parts of the business. CES countered a declining industry rig count by providing valuable solutions to increasingly complicated drilling programs which required higher levels of service intensity. Attractive growth was also achieved by delivering superior production chemical services and technology to active, high quality customers as they continued to maximize returns on their producing wells through effective chemical treatments.

With strong free cash flow generation and prudent leverage, CES continued to aggressively return capital to its shareholders. During the quarter, CES returned $25.1 million to shareholders, through $19.1 million or 5,301,700 common shares repurchased under its NCIB and its quarterly dividend of $6.0 million. For the full year 2023, CES returned $93.5 million to shareholders, through $70.9 million or 21,794,900 common shares repurchased under its NCIB and its quarterly dividend of $22.5 million, collectively representing 31% of Cash Flow from Operations and 44% of Free Cash Flow for the year ended December 31, 2023.

CES remains confident in its ability to continue generating strong surplus free cash flow, supported by its financial performance, outlook, and capital structure. Furthermore, on February 29, 2024, the Company's Board of Directors approved a 20% increase to the quarterly dividend from $0.025 per share to $0.030 per share, resulting in an annualized dividend of $0.12 per share representing an implied yield of 3% and Payout Ratio of 12%. The increased dividend returns additional value to shareholders while preserving the strength of the Company's balance sheet and maintaining ample liquidity to fund capital allocation alternatives. The new dividend payment amount will be paid on the Company's next scheduled dividend payment of April 15, 2024 to the shareholders of record at the close of business on March 29, 2024.

Fourth Quarter and Annual Results

In the fourth quarter, CES generated revenue of $553.5 million, representing a sequential increase of $17.0 million or 3% compared to Q3 2023, and 2% behind the record revenue set in Q4 2022 as industry rig counts experienced decreases year over year in both the US and Canada. For the twelve months ended December 31, 2023, CES generated record revenue of $2.16 billion, an increase of $241.2 million or 13% relative to the twelve months ended December 31, 2022. Higher production chemical volumes, strong market share, and increasing service intensity resulted in an overall uptick in revenue compared to prior year, despite a decline in the US and Canadian industry rig counts.

Revenue generated in the US during Q4 2023 was $361.1 million, in line with Q3 2023 and represented a decrease of $17.4 million or 5% compared to Q4 2022. For the twelve months ended December 31, 2023, revenue generated in the US of $1.5 billion was up 15% from the twelve months ended December 31, 2022. US revenues for the three and twelve months ended December 31, 2023 benefited from higher production levels with increased service intensity, and market share gains which partly offset the impact of decreased industry drilling activity. CES maintained its strong industry positioning, with US Drilling Fluids Market Share of 22% and 21% for three and twelve months ended December 31, 2023, respectively, and a year over year improvement from 19% and 18% for the three and twelve months ended December 31, 2022, respectively.

Revenue generated in Canada during Q4 2023 set a new record at $192.4 million, representing a sequential increase of $17.4 million or 10% compared to Q3 2023, and an increase of $8.2 million or 4% compared to Q4 2022. Canadian revenues were positively impacted by higher production chemical volumes and increased service intensity, outpacing the 7% decrease in industry rig counts relative to Q4 2022. For the twelve months ended December 31, 2023, revenue generated in Canada of $696.5 million was up 8% from $645.4 million for the twelve months ended December 31, 2022, driven by higher production volumes year over year. Canadian Drilling Fluids Market Share of 33% and 34% for the three and twelve months ended December 31, 2023, respectively, compared to 38% and 36% for the three and twelve months ended December 31, 2022, respectively.

CES achieved record Adjusted EBITDAC of $84.6 million in Q4 2023, representing a sequential increase of 5% compared to Q3 2023, and an increase of 5% compared to Q4 2022. Adjusted EBITDAC as a percentage of revenue of 15.3% achieved in Q4 2023 compared to 15.0% recorded in Q3 2023 and 14.3% recorded in Q4 2022. For the twelve months ended December 31, 2023, Adjusted EBITDAC was up 23% to a record $315.8 million from $257.0 million in 2022 and Adjusted EBITDAC as a percentage of revenue of 14.6% compared to 13.4% a year ago. For both the three and twelve month periods, Adjusted EBITDAC improved on strong activity levels combined with improved margins as a result of increased service intensity, attractive product mix, strategic procurement initiatives, and a prudent cost structure.

Net income for the three months ended December 31, 2023 was $49.2 million compared to $40.4 million in Q4 2022. Net income for the twelve months ended December 31, 2023 was $154.6 million compared to $95.2 million for the twelve months ended December 31, 2022. Net Income for both the three and twelve months ended December 31, 2023 benefited from strong activity levels combined with improved margins and prudent management of expenses.

During the quarter, CES returned $25.1 million to shareholders (Q4 2022 - $7.8 million), through $19.1 million in shares repurchased under its NCIB and $6.0 million in dividends paid. For the twelve months ended December 31, 2023, CES returned $93.5 million (2022 - $21.6 million) to shareholders, through $70.9 million in shares repurchased and $22.5 million in dividends paid.

For Q4 2023, net cash provided by operating activities totaled $39.3 million, compared to $38.8 million during the three months ended December 31, 2022. For the twelve months ended December 31, 2023, net cash provided by operating activities of $301.8 million compared to net cash used by operating activities of $2.7 million for the twelve months ended December 31, 2022. This year over year improvement was driven by strong financial performance with higher contribution margins on associated activity levels relative to the comparative periods, combined with a lower required investment in working capital through stabilizing revenue growth rates and working capital optimization efforts.

CES generated $68.2 million in Funds Flow from Operations in Q4 2023, compared to $57.9 million generated in Q3 2023 and up 2% from $66.9 million generated in Q4 2022. For the twelve months ended December 31, 2023, CES generated $251.7 million of Funds Flow from Operations compared to $195.0 million in 2022. Funds Flow from Operations excludes the impact of working capital, and is reflective of the continued strong surplus free cash flow generated in 2023.

CES generated $15.2 million in Free Cash Flow in Q4 2023, compared to $75.6 million generated in Q3 2023, and $20.8 million generated in Q4 2022. The sequential decrease in Free Cash Flow was primarily driven by a $28.9 million investment in working capital as Canadian divisions ramped up inventory and accounts receivable balances commensurate with the winter drilling season. For the twelve months ended December 31, 2023, CES generated $211.6 million of Free Cash Flow compared to a use of $64.4 million in 2022. Free Cash Flow includes the impact of quarterly working capital variations, net capital expenditures, and lease repayments.

As at December 31, 2023, CES had a Working Capital Surplus of $632.8 million, which increased from $614.6 million at September 30, 2023 (December 31, 2022 - $691.1 million) as revenue levels increased compared to prior quarter. The increase during the quarter was driven by higher investments in working capital in support of elevated revenue levels quarter over quarter and in preparation for seasonally higher activity levels in Canada. The decrease year over year was driven by improving cash conversion cycle metrics on stable revenue and activity levels as compared to the year ended December 31, 2022. The Company continues to focus on working capital optimization benefiting from the high quality of its customers and diligent internal credit monitoring processes.

On November 30, 2023, CES redeemed all of the Company’s outstanding 6.375% Senior Notes due October 21, 2024, which had an aggregate principal amount of $288.0 million. CES redeemed the Notes by utilizing its available $250.0 million Canadian Term Loan Facility, with the balance of approximately $38.0 million drawn from its $450.0 million syndicated senior facility (the "Senior Facility"). These facilities mature on April 25, 2026, and provide CES with ample liquidity to support its current business requirements and potential future needs.

CES exited the quarter with total long-term debt of $390.6 million (December 31, 2022 - $491.5 million) comprised of a net draw on its Senior Facility of $140.6 million (December 31, 2022 - $208.5 million) and its Canadian Term Loan Facility of $250.0 million which replaced the previously outstanding Senior Notes. Total Debt, inclusive of lease obligations, was $469.6 million at December 31, 2023 compared to $454.0 million at September 30, 2023 and $557.5 million at December 31, 2022. During the quarter, CES settled the Company's outstanding Senior Notes net of the Canadian Term Loan Facility, increased working capital investments in support of the upcoming winter drilling season, and returned $25.1 million to shareholders. The decrease in total long-term debt and Total Debt year over year was driven by strong financial performance combined with lower working capital requirements as revenue growth levels stabilized. Working Capital Surplus exceeded Total Debt at December 31, 2023 by $163.1 million (December 31, 2022 - $133.6 million). As of the date of this press release, the Company had total long-term debt of approximately $370.0 million, comprised of a net draw on its Senior Facility of approximately $120.0 million and a draw of $250.0 million on its Canadian Term Loan Facility, representing a reduction of approximately $121.5 million since December 31, 2022.

During the quarter, CES repurchased 5,301,700 common shares at an average price of $3.61 per share for a total of $19.1 million. During 2023, CES repurchased 21,794,900 shares at an average price of $3.25 per share for a total of $70.9 million. Subsequent to December 31, 2023, the Company repurchased 3,482,600 additional common shares at an average price of $3.61 per share for a total of $12.6 million. Since the July 21, 2023 commencement of the Company's current NCIB program, the Company repurchased 17,625,900 common shares of the allowed 18,719,430 at an average price of $3.59 per share for a total of $63.3 million. Since inception of the Company's NCIB programs on July 17, 2018, and up to the date of this press release, the Company has repurchased 57,535,857 common shares at an average price of $2.59 per share for a total of $148.9 million, representing approximately 21% of common shares outstanding on July 17, 2018.

Outlook

The strong demand trends of developing countries and global demand requirements to support eventual energy transition initiatives, combined with depletion of existing resources, and reduced investment in the upstream oil and gas sector over recent years, has necessitated increased service intensity for available resources thereby resulting in continued constructive end markets for CES. This has led to stable commodity prices and a favorable outlook for CES' primary North American target market. Despite economic uncertainty and ongoing global conflicts, energy industry fundamentals continue to support critical drilling and production activity for oil and natural gas. Moreover, current depressed global inventories and fewer high-quality drilling locations provide cautious optimism for price improvements, despite potential economic headwinds such as recession risks and geopolitical instability impacting customer spending plans. Currently, oil prices are sustained by increasing global demand and limited supply growth, with OPEC adhering to lower production quotas, and while natural gas has demonstrated price weakness since early 2023, we anticipate a sustained period of elevated gas drilling activity in the US and Canada as projects under construction come online.

CES is optimistic in its outlook for the next year as it expects to benefit from stable 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 2024 capital expenditures, net of proceeds on disposals of assets, to be approximately $70.0 million, split evenly between maintenance and expansion capital to support sustained revenue 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 prudent growth initiatives 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 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 increasing or decreasing the capacity of its Senior Facility, refinancing of the Canadian Term Loan Facility, issuance of 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 fourth quarter results, CES will host a conference call / webcast at 9:00 am MT (11:00 am ET) on Friday, March 1, 2024. A recording of the live audio webcast of the conference call will also be available on our website at www.cesenergysolutions.com. The webcast will be archived for approximately 90 days.

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

Financial Highlights

	Three Months Ended December 31,			Year Ended December 31,		
($000s, except per share amounts)	**2023**	2022	% Change	**2023**	2022	% Change
Revenue						
United States[1]	**361,091**	378,478	(5)%	**1,466,990**	1,276,944	15 %
Canada[1]	**192,366**	184,193	4 %	**696,522**	645,375	8 %
Total Revenue	**553,457**	562,671	(2)%	**2,163,512**	1,922,319	13 %
Net income	**49,187**	40,408	22 %	**154,642**	95,218	62 %
per share – basic	***0.21***	*0.16*	31 %	***0.62***	*0.37*	68 %
per share - diluted	***0.20***	*0.15*	33 %	***0.61***	*0.36*	69 %
Adjusted EBITDAC[2]	**84,607**	80,249	5 %	**315,821**	257,022	23 %
Adjusted EBITDAC[2] % of Revenue	***15.3 %***	*14.3 %*	1.0 %	***14.6 %***	*13.4 %*	1.2 %
Funds Flow from Operations[2]	**68,180**	66,892	2 %	**251,651**	195,020	29 %
Change in non-cash working capital	**(28,888)**	(28,108)	3 %	**50,128**	(197,758)	nmf
Cash provided by (used in) operating activities	**39,292**	38,784	1 %	**301,779**	(2,738)	nmf
Capital expenditures						
Expansion Capital[1]	**16,541**	7,448	122 %	**55,835**	28,714	94 %
Maintenance Capital[1]	**2,345**	7,568	(69)%	**17,575**	21,112	(17)%
Total capital expenditures	**18,886**	15,016	26 %	**73,410**	49,826	47 %
Dividends declared	**5,901**	5,090	16 %	**23,337**	17,359	34 %
per share	***0.025***	*0.020*	25 %	***0.095***	*0.068*	40 %
Common Shares Outstanding						
End of period - basic	**236,042,566**	254,515,682		**236,042,566**	254,515,682	
End of period - fully diluted[2]	**241,385,242**	260,438,045		**241,385,242**	260,438,045	
Weighted average - basic	**239,160,013**	255,031,387		**249,108,042**	255,223,348	
Weighted average - diluted	**244,555,366**	261,003,345		**254,909,191**	261,567,966	

	As at				
Financial Position ($000s)	**December 31, 2023**	September 30, 2023	% Change	December 31, 2022	% Change
Total assets	**1,377,265**	1,341,792	3 %	1,411,003	(2)%
Total long-term debt	**390,616**	377,190	4 %	491,482	(21)%
Long-term financial liabilities[3]	**419,416**	424,965	(1)%	532,771	(21)%
Total Debt[2]	**469,619**	453,955	3 %	557,531	(16)%
Working Capital Surplus[2]	**632,764**	614,564	3 %	691,096	(8)%
Net Debt[2]	**(163,145)**	(160,609)	2 %	(133,565)	22 %
Shareholders' equity	**657,995**	650,068	1 %	609,049	8 %

[1]Supplementary Financial Measure. Supplementary Financial Measures are provided herein because Management believes they assist the reader in understanding CES' results. Refer to "Non-GAAP Measures and Other Financial Measures" contained herein.
[2]Non-GAAP measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. The most directly comparable GAAP measure for Adjusted EBITDAC is Net income, for Funds Flow from Operations is Cash provided by (used in) operating activities, for Shares Outstanding, End of period - fully diluted is Common Shares outstanding, and 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.
[3]Includes long-term portion of the Senior Facility, the Canadian Term Loan Facility, the Senior Notes, lease obligations, deferred acquisition consideration, and cash settled incentive obligations.

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:

	Three Months Ended December 31,		Year Ended December 31,	
$000s	**2023**	2022	**2023**	2022
Net income	**49,187**	40,408	**154,642**	95,218
Adjust for:				
Depreciation and amortization	**17,653**	19,670	**72,845**	74,484
Current income tax expense	**5,768**	1,924	**15,637**	6,937
Deferred income tax (recovery) expense	**(2,602)**	7,775	**19,294**	24,599
Stock-based compensation	**4,285**	4,687	**19,807**	15,552
Finance costs	**10,822**	5,661	**35,060**	39,568
Other (income) loss	**(506)**	124	**(1,464)**	664
EBITDAC	**84,607**	80,249	**315,821**	257,022
Adjusted EBITDAC	**84,607**	80,249	**315,821**	257,022
Adjusted EBITDAC % of Revenue	***15.3%***	*14.3%*	***14.6 %***	*13.4 %*
Adjusted EBITDAC per share - basic	***0.35***	*0.31*	***1.27***	*1.01*
Adjusted EBITDAC per share - diluted	***0.35***	*0.31*	***1.24***	*0.98*

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:

	Three Months Ended December 31,		Year Ended December 31,	
$000's	**2023**	2022	**2023**	2022
Cash provided by (used in) operating activities	**39,292**	38,784	**301,779**	(2,738)
Adjust for:				
Change in non-cash operating working capital	**28,888**	28,108	**(50,128)**	197,758
Less: Maintenance Capital (1)	**(2,345)**	(7,568)	**(17,575)**	(21,112)
Less: Repayment of lease obligations	**(8,128)**	(4,915)	**(27,944)**	(20,381)
Distributable Earnings	**57,707**	54,409	**206,132**	153,527
Dividends declared	**5,901**	5,090	**23,337**	17,359
Dividend Payout Ratio	**10 %**	9 %	**11 %**	11 %

[1]Supplementary 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:

	Three Months Ended December 31,		Year Ended December 31,	
$000s	**2023**	2022	**2023**	2022
Cash provided by (used in) operating activities	**39,292**	38,784	**301,779**	(2,738)
Adjust for:				
Change in non-cash operating working capital	**28,888**	28,108	**(50,128)**	197,758
Funds Flow from Operations	**68,180**	66,892	**251,651**	195,020

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:

	Three Months Ended December 31,		Year Ended December 31,	
$000s	**2023**	2022	**2023**	2022
Cash provided by (used in) operating activities	**39,292**	38,784	**301,779**	(2,738)
Adjust for:				
Expansion Capital(1)	**(16,541)**	(7,448)	**(55,835)**	(28,714)
Maintenance Capital(1)	**(2,345)**	(7,568)	**(17,575)**	(21,112)
Repayment of lease obligations	**(8,128)**	(4,915)	**(27,944)**	(20,381)
Proceeds on disposal of assets	**2,952**	1,947	**11,159**	8,573
Free Cash Flow	**15,230**	20,800	**211,584**	(64,372)

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

Net Cash Used for Investment in Property and Equipment **-** Net Cash Used for Investment in Property and Equipment is a non-GAAP measure that has been reconciled to Cash used for investment in property and equipment, being the most directly comparable measure calculated in accordance with IFRS. Management believes that this metric is a key measure to assess the total capital required to support ongoing business operations. Readers are cautioned that this measure is not intended to be considered more meaningful than cash used for investment in property and equipment or other measures of financial performance calculated in accordance with IFRS. Net Cash Used for Investment in Property and Equipment is calculated as follows:

	Three Months Ended December 31,		Year Ended December 31,	
$000's	**2023**	2022	**2023**	2022
Cash used for investment in property and equipment	**18,285**	15,271	**72,175**	52,394
Adjust for:				
Proceeds on disposal of assets	**(2,952)**	(1,947)	**(11,159)**	(8,573)
Net Cash used for investment in property and equipment	**15,333**	13,324	**61,016**	43,821

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

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

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

Total Debt, Working Capital Surplus, and Net Debt are calculated as follows:

	As at	
$000's	**December 31, 2023**	December 31, 2022
Long-term financial liabilities[(1)]	**419,416**	532,771
Current portion of finance lease obligations	**27,980**	23,231
Current portion of long-term debt	**20,800**	—
Current portion of deferred acquisition consideration	**1,423**	1,529
Total Debt	**469,619**	557,531
Deduct Working Capital Surplus:		
Current assets	**880,772**	933,680
Current liabilities[(2)]	**(248,008)**	(242,584)
Working Capital Surplus	**632,764**	691,096
Net Debt	**(163,145)**	(133,565)

[1]Includes long-term portion of the Senior Facility, the Canadian Term Loan Facility, the Senior Notes, lease obligations, deferred acquisition consideration, and long-term portion of cash settled incentive obligations.
[2]Excludes current portion of lease liabilities, long-term debt 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	
	December 31, 2023	December 31, 2022
Common shares outstanding	**236,042,566**	254,515,682
Restricted share units outstanding, end of period	**5,342,676**	5,922,363
Shares outstanding, end of period - fully diluted	**241,385,242**	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 and repurchase common shares pursuant to the Company's NCIB; 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; 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; 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; 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 Canadian Term Loan 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; 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, 2023 dated February 29, 2024, and "Risks and Uncertainties" in CES' MD&A for the three and twelve months ended December 31, 2023, dated February 29, 2024.*

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