



**Condensed Consolidated Financial Statements**

**For the Three and Nine Months Ended September 30, 2024 and 2023**

**CES Energy Solutions Corp.**

Condensed Consolidated Statement of Financial Position (unaudited)  
(stated in thousands of Canadian dollars)

	As at	
	September 30, 2024	December 31, 2023
<b>ASSETS</b>		
Current assets		
Accounts receivable	450,754	441,836
Financial derivative asset (note 10)	13,337	5,085
Income taxes receivable	585	66
Inventory	423,688	408,600
Prepaid expenses and deposits	31,774	25,185
	<b>920,138</b>	<b>880,772</b>
Property and equipment (note 5)	346,548	306,475
Right of use assets (note 6)	98,094	75,640
Intangible assets	28,555	25,993
Deferred income tax asset	4,113	16,467
Other assets	19,518	18,510
Goodwill	57,028	53,408
	<b>1,473,994</b>	<b>1,377,265</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued liabilities	266,260	234,349
Financial derivative liability	—	120
Dividends payable (note 11)	6,886	5,901
Income taxes payable	13,730	7,638
Current portion of deferred acquisition consideration	5,058	1,423
Current portion of lease obligations	34,646	27,980
Current portion of long-term debt (note 7)	—	20,800
	<b>326,580</b>	<b>298,211</b>
Long-term debt (note 7)	332,999	369,816
Lease obligations	59,704	45,121
Deferred acquisition consideration	2,362	1,320
Deferred income tax liability	1,475	1,643
Other long-term liabilities (note 9)	4,565	3,159
	<b>727,685</b>	<b>719,270</b>
Commitments (note 12)		
Shareholders' equity		
Common shares (note 8)	538,608	593,005
Contributed surplus	36,451	37,462
Deficit	(12,498)	(140,771)
Accumulated other comprehensive income	183,748	168,299
	<b>746,309</b>	<b>657,995</b>
	<b>1,473,994</b>	<b>1,377,265</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,	
	2024	2023	2024	2023
Revenue	<b>606,519</b>	536,517	<b>1,748,293</b>	1,610,055
Cost of sales	<b>459,943</b>	415,906	<b>1,315,032</b>	1,257,681
Gross margin	<b>146,576</b>	120,611	<b>433,261</b>	352,374
General and administrative expenses	<b>77,077</b>	66,586	<b>235,056</b>	191,874
Operating profit	<b>69,499</b>	54,025	<b>198,205</b>	160,500
Finance costs	<b>7,388</b>	7,303	<b>9,186</b>	24,238
Other loss (income)	<b>137</b>	(1,076)	<b>(1,590)</b>	(958)
Income before taxes	<b>61,974</b>	47,798	<b>190,609</b>	137,220
Current income tax expense	<b>11,829</b>	2,995	<b>28,833</b>	9,869
Deferred income tax expense	<b>3,507</b>	6,251	<b>12,525</b>	21,896
Net income	<b>46,638</b>	38,552	<b>149,251</b>	105,455
Other comprehensive income (items that may be subsequently reclassified to net income):				
Unrealized foreign exchange (loss) gain on translation of foreign operations	<b>(11,825)</b>	15,519	<b>15,674</b>	(1,145)
Change in fair value of other assets, net of tax	<b>609</b>	(137)	<b>(225)</b>	380
Comprehensive income	<b>35,422</b>	53,934	<b>164,700</b>	104,690
Net income per share (note 8)				
Basic	<b>0.20</b>	0.15	<b>0.64</b>	0.42
Diluted	<b>0.20</b>	0.15	<b>0.63</b>	0.41

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**CES Energy Solutions Corp.**

Condensed Consolidated Statements of Changes in Equity (unaudited)  
(stated in thousands of Canadian dollars)

	Nine Months Ended September 30,	
	2024	2023
<b>COMMON SHARES</b>		
Balance, beginning of period	593,005	658,820
Issued pursuant to stock-based compensation (note 8)	10,328	3,694
Issued pursuant to stock settled director fees	128	129
Common shares repurchased and canceled through NCIB (note 8)	(64,853)	(51,814)
Balance, end of period	538,608	610,829
<b>CONTRIBUTED SURPLUS</b>		
Balance, beginning of period	37,462	34,866
Reclassified pursuant to stock-based compensation (note 8)	(10,328)	(5,875)
Stock-based compensation expense (note 9)	9,317	7,631
Balance, end of period	36,451	36,622
<b>DEFICIT</b>		
Balance, beginning of period	(140,771)	(272,076)
Net income	149,251	105,455
Dividends declared (note 11)	(20,978)	(17,436)
Balance, end of period	(12,498)	(184,057)
<b>ACCUMULATED OTHER COMPREHENSIVE INCOME</b>		
Balance, beginning of period	168,299	187,439
Unrealized foreign exchange gain (loss) on translation of foreign operations	15,674	(1,145)
Change in fair value of other assets, net of tax	(225)	380
Balance, end of period	183,748	186,674
	<b>746,309</b>	<b>650,068</b>

*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,	
	2024	2023	2024	2023
<b>CASH PROVIDED BY (USED IN):</b>				
<b>OPERATING ACTIVITIES:</b>				
Net income	46,638	38,552	149,251	105,455
Adjustments for:				
Depreciation and amortization	22,414	18,399	63,057	55,192
Stock-based compensation (note 9)	2,946	2,574	9,317	7,631
Other non-cash loss (income)	13,972	(5,803)	(7,776)	(2,310)
Deferred income tax expense	3,507	6,251	12,525	21,896
Gain on disposal of assets	(967)	(2,122)	(2,139)	(4,393)
Funds flow from operations	88,510	57,851	224,235	183,471
Change in non-cash working capital (note 13)	(15,650)	42,071	18,198	79,016
	72,860	99,922	242,433	262,487
<b>FINANCING ACTIVITIES:</b>				
Repayment of lease obligations	(8,906)	(8,195)	(24,954)	(19,816)
Repayment of Canadian Term Loan Facility	—	—	(250,000)	—
Net proceeds from Senior Notes issuance	—	—	195,647	—
Increase (decrease) in Senior Facility	26,429	(28,037)	(2,795)	(116,222)
Shareholder dividends	(7,056)	(6,312)	(19,993)	(16,505)
Settlement of restricted share units	—	—	—	(2,181)
Repurchase and cancellation under NCIB (note 8)	(47,088)	(40,008)	(64,853)	(51,815)
	(36,621)	(82,552)	(166,948)	(206,539)
<b>INVESTING ACTIVITIES:</b>				
Investment in property and equipment	(26,158)	(20,739)	(67,838)	(53,890)
Investment in intangible assets	(634)	(516)	(2,537)	(972)
(Investment in) distribution of other assets	(1,191)	(162)	273	(7,775)
Deferred acquisition consideration	—	—	—	(1,518)
Business combination (note 4)	(10,210)	—	(10,210)	—
Proceeds on disposal of assets	1,954	4,047	4,828	8,207
	(36,239)	(17,370)	(75,484)	(55,948)
<b>CHANGE IN CASH:</b>				
Cash, beginning of period	—	—	—	—
Cash, end of period	—	—	—	—
<b>SUPPLEMENTARY CASH FLOW DISCLOSURE</b>				
Interest paid	4,717	4,511	22,664	23,030
Income taxes paid	5,365	963	24,397	9,055

*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 is incorporated under the Business Corporations Act (Alberta). 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, 2024 and 2023 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, AES Completion Services, 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*" and accordingly, do not include all disclosures required for annual financial statements. 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, 2023. These condensed consolidated financial statements were authorized for issue by the Company's Board of Directors on November 6, 2024.

### **3. Material Accounting Policy Information, 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, 2023. 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, 2023.

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, 2023.

### **4. Business Combination**

#### *Hydrolite Operating LLC.*

On July 1, 2024, CES closed the acquisition of all of the business assets of Hydrolite Operating LLC. ("Hydrolite"). Hydrolite provides comprehensive completion fluids solutions, including advanced mixing plant services, onsite solids processing, and wholesale chemicals and kill mud, with a focus on servicing the Permian basin. Operating as AES Completion Services, the acquisition augments the full-cycle service offerings of the Company's operations by providing solutions between the drilling and production phases and will be enhanced by CES' advanced technology and supply chain capabilities, extensive customer reach in its North American platform, and vertically integrated business model.

The aggregate purchase price was \$15,004 consisting of \$10,210 in cash consideration and \$4,794 in deferred consideration, which is payable in cash as an earn-out upon achieving certain EBITDA thresholds over a twenty-four month period post close, with an estimated range of potential outcomes for settlement of \$3,872 to \$4,794. In conjunction with the acquisition, the Company recorded \$26 in transaction costs to general and administrative expenses during the three months ended September 30, 2024.

**CES Energy Solutions Corp.**

Notes to the Condensed Consolidated Financial Statements (unaudited)

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

The Company's purchase price allocation for the Hydrolite acquisition is as follows:

***Allocation of purchase price***

Accounts receivable	3,263
Inventory	684
Property and equipment	2,858
Intangible assets	5,890
Goodwill	2,555
Current liabilities	(246)
<b>Net assets acquired</b>	<b>15,004</b>

***Consideration given***

Cash consideration paid	10,210
Deferred consideration	4,794
<b>Total consideration</b>	<b>15,004</b>

From the date of this acquisition to September 30, 2024, Hydrolite contributed an estimated \$8,906 of revenue to the Company. The amount of profit or loss attributable to the acquisition from the date of acquisition to September 30, 2024, and the amount of revenue or profit or loss attributable to the acquisition as if the business combination had been completed on January 1, 2024, is not readily determinable. At the date of acquisition, CES anticipates that it will collect all acquired contractual cash flows. The goodwill recognized on the acquisition is primarily attributed to the synergies existing within the acquired businesses, the synergies which will contribute to operational efficiencies within the rest of the Company and the assembled workforce. The goodwill is expected to be deducted straight-line over 15 years for US tax purposes.

**5. Property and Equipment**

<b>Balance at December 31, 2023</b>	<b>306,475</b>
Additions	68,890
Additions from business combination	2,858
Transfers	(117)
Disposals, net of depreciation	(1,225)
Depreciation	(34,896)
Effect of movements in exchange rates	4,563
<b>Balance at September 30, 2024</b>	<b>346,548</b>

**6. Right of Use Assets**

<b>Balance at December 31, 2023</b>	<b>75,640</b>
Additions	47,061
Transfers	117
Disposals, net of depreciation	(2,173)
Depreciation	(23,223)
Effect of movements in exchange rates	672
<b>Balance at September 30, 2024</b>	<b>98,094</b>

**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)

**7. Long-Term Debt**

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

	As at	
	September 30, 2024	December 31, 2023
Senior Facility	138,340	142,458
Canadian Term Loan Facility <sup>(1)</sup>	—	250,000
Senior Notes	200,000	—
	338,340	392,458
Less: unamortized debt issue costs	(5,341)	(1,842)
Total long-term debt	332,999	390,616

<sup>(1)</sup>Canadian Term Loan Facility as at December 31, 2023 includes current portion of \$20,800.*Senior Facility*

As at September 30, 2024, the Company has a syndicated and operating credit facility (the "Senior Facility") of approximately C\$ equivalent \$450,000. The Senior Facility matures on April 25, 2026, is secured by substantially all of the Company's assets, and includes customary terms, conditions and covenants. The Senior Facility is comprised of a Canadian facility of \$300,000 and a US facility of US\$110,000 and had a net draw of \$137,086 (December 31, 2023 - net draw of \$140,616), with capitalized transaction costs of \$1,254 (December 31, 2023 - \$1,842). Transaction costs attributable to the Senior Facility are recorded as part of the facility and amortized to finance costs over the remaining term.

As at September 30, 2024, the Company was in compliance with the terms and covenants of its lending agreements, as outlined below:

		Covenant
Total Net Debt to EBITDA for the four quarters ended	1.127	Not to exceed 4.0
Net Senior Debt to EBITDA for the four quarters ended	0.518	Not to exceed 3.5
EBITDA to Interest Expense, for the four quarters ended	9.491	Must exceed 2.5

*Senior Notes*

On May 24, 2024, the Company completed the private placement of \$200,000 of 6.875% senior unsecured notes (the "Senior Notes") due on May 24, 2029, for net proceeds after offering expenses and commission of \$195,647. The Company used the proceeds from the issuance of the Senior Notes, along with amounts available under the Senior Facility, to repay the \$250,000 Canadian Term Loan Facility.

The Senior Notes contain certain early redemption options, whereby the Company can choose to redeem all of or a portion of at various redemption prices, which include the principal amount plus any accrued and unpaid interest to the applicable redemption date. The Company has the ability to redeem all of its outstanding Senior Notes on or after May 24, 2026. Interest is payable on the Senior Notes semi-annually on May 24 and November 24. 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. Certain restrictions exist relating to items such as making restricted payments and incurring additional debt.

For the three and nine months ended September 30, 2024, the Company recorded \$8,418 and \$27,646 (2023 - \$10,831 and \$31,563, 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, 2024, are as follows:

2024 - 3 months	—
2025	—
2026	138,340
2027	—
2028 and thereafter	200,000
	<b>338,340</b>

**8. Share Capital***a) Authorized and issued common shares*

The Company is authorized to issue an unlimited number of common shares. A summary of the changes to common share capital is presented below:

	Nine Months Ended September 30, 2024		Year Ended December 31, 2023	
	Number of Shares	Amount	Number of Shares	Amount
Balance, beginning of period	<b>236,042,566</b>	<b>593,005</b>	254,515,682	658,820
Issued pursuant to stock-based compensation	<b>4,028,093</b>	—	3,262,192	(2,181)
Contributed surplus related to stock-based compensation	—	<b>10,328</b>	—	7,136
Issued pursuant to stock settled director fee	<b>27,110</b>	<b>128</b>	59,592	171
Common shares repurchased and canceled through NCIB	<b>(10,572,730)</b>	<b>(64,853)</b>	(21,794,900)	(70,941)
Balance, end of period	<b>229,525,039</b>	<b>538,608</b>	236,042,566	593,005

*b) Normal Course Issuer Bid ("NCIB")*

On July 22, 2024, the Company announced the renewal of its previous NCIB, which ended July 20, 2024, to repurchase for cancellation up to 19,198,719 common shares, being 10.0% of the public float of common shares at the time of renewal. The renewed NCIB will terminate on July 21, 2025, 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, excluding any associated taxes on share repurchases, is presented below:

	Renewed NCIB July 22, 2024 to September 30, 2024	Nine Months Ended September 30, 2024	Since Inception July 17, 2018 to September 30, 2024
Common shares repurchased and canceled through NCIB	5,996,600	10,572,730	64,625,987
Amount	46,022	63,787	200,068
Average price per share	7.67	6.03	3.10

As at September 30, 2024, the Company has repurchased 64,625,987 or approximately 24% of the common shares outstanding since inception of the NCIB programs on July 17, 2018. Subsequent to September 30, 2024, the Company repurchased 3,299,500 additional shares at a weighted average price of \$7.76 for a total of \$25,592.

## 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, 2024 and 2023, 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,	
	2024	2023	2024	2023
Net income	<b>46,638</b>	38,552	<b>149,251</b>	105,455
Weighted average number of shares outstanding:				
Basic shares outstanding	<b>233,176,879</b>	248,808,899	<b>234,233,827</b>	252,460,491
Effect of dilutive shares	<b>4,004,752</b>	5,780,097	<b>4,397,037</b>	5,937,659
Diluted shares outstanding	<b>237,181,631</b>	254,588,996	<b>238,630,864</b>	258,398,150
Net income per share - basic	<b>0.20</b>	0.15	<b>0.64</b>	0.42
Net income per share - diluted	<b>0.20</b>	0.15	<b>0.63</b>	0.41

Excluded from the calculation of dilutive shares for the three and nine months ended September 30, 2024, are nil and 29,369, respectively, (2023 - nil and nil, respectively) of RSUs that are considered anti-dilutive.

## 9. Stock-Based Compensation

For the three and nine months ended September 30, 2024, stock-based compensation expense of \$10,624 and \$38,754, respectively, (2023 - \$7,794 and \$15,522, respectively) was recorded in general and administrative expenses relating to the Company's stock-based compensation plans. As at September 30, 2024, a total of 11,476,252 common shares were reserved for issuance under the Company's Restricted Share Unit Plan and Stock Settled Director Fee Program, of which 7,470,447 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 RSUs will be entitled to the dividend equivalents in the form of additional RSUs 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, 2024		Year Ended December 31, 2023	
	Restricted Share Units	Average Price	Restricted Share Units	Average Price
Balance, beginning of period	<b>5,342,676</b>	<b>2.50</b>	5,922,363	1.83
Granted during the period	<b>2,637,430</b>	<b>4.82</b>	3,279,159	2.83
Reinvested during the period	<b>80,762</b>	<b>3.19</b>	183,236	2.35
Vested during the period	<b>(4,028,093)</b>	<b>2.56</b>	(4,042,082)	1.76
Forfeited during the period	<b>(26,970)</b>	<b>4.73</b>	—	—
Balance, end of period	<b>4,005,805</b>	<b>3.96</b>	5,342,676	2.50

Included in the stock-based compensation expense for the three and nine months ended September 30, 2024, is an expense of \$2,946 and \$9,317, respectively (2023 - \$2,574 and \$7,631, 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, 2024, was reduced by an estimated weighted average forfeiture rate of 0.65% (2023 - 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 record 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, 2024	Year Ended December 31, 2023
	Phantom Share Units	Phantom Share Units
Balance, beginning of period	6,480,451	5,860,999
Granted during the period	1,636,905	3,908,971
Reinvested during the period	128,560	171,531
Vested during the period	(3,099,563)	(3,312,943)
Forfeited during the period	(65,125)	(148,107)
Balance, end of period	5,081,228	6,480,451

Included in the stock-based compensation expense for the three and nine months ended September 30, 2024, is an expense of \$7,678 and \$29,437, respectively, (2023 - \$5,220 and \$7,891, respectively) relating to the Company's PSU Plan. As at September 30, 2024, \$11,492 (December 31, 2023 - \$7,030) was included in accounts payable and accrued liabilities and \$4,565 (December 31, 2023 - \$3,159) was included in other long-term liabilities for outstanding PSUs.

## 10. Financial Derivatives

The Company periodically enters into foreign currency and equity derivative contracts to manage its exposure to upcoming USD denominated purchases and mitigate equity price risk, respectively. As of September 30, 2024, the Company had a financial derivative asset of \$13,337 (December 31, 2023 - \$5,085) relating to outstanding derivative contracts. A summary of financial derivative gains and losses recognized in finance costs is presented below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Financial derivative (loss) gain	(1,216)	5,975	21,601	6,326

As September 30, 2024, the Company entered into the following foreign exchange USD forward purchase contracts to manage its exposure to upcoming USD denominated purchases pursuant to its Canadian and US operations:

Period	Notional Balance	Contract Type	Settlement	Average USDCAD Exchange Rate
October 2024	US\$2,000	Deliverable Forward	Physical Purchase	\$1.3504
November 2024	US\$2,000	Deliverable Forward	Physical Purchase	\$1.3504
December 2024	US\$2,000	Deliverable Forward	Physical Purchase	\$1.3504
Total	US\$6,000			\$1.3504

The following table details the outstanding equity derivative contracts as of September 30, 2024:

	Price	Contract	Notional Principal	Number of Units
November 2024	7.0373	Swap	7,037	1,000,000
July 2025	3.4268	Swap	6,857	2,001,074
July 2026	3.9882	Swap	5,471	1,371,771
July 2027	7.5000	Swap	2,970	396,000
	4.6836		22,335	4,768,845

**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. Dividends**

The Company declared dividends to holders of common shares for the nine months ended September 30, 2024, as follows:

	Dividend Record Date	Dividend Payment Date	Per Common Share	<b>Total</b>
March 2024	Mar 29	Apr 15	0.030	<b>7,036</b>
June 2024	Jun 28	Jul 15	0.030	<b>7,056</b>
September 2024	Sept 30	Oct 15	0.030	<b>6,886</b>
Total dividends declared			0.090	<b>20,978</b>

**12. Commitments**

The Company has commitments related to short-term leases, leases of low-value assets, variable payments associated with long-term leases, and inventory and capital commitments as at September 30, 2024, with payments due as follows:

Less than 1 year	13,965
1-5 years	—
5+ years	—
<b>Total</b>	<b>13,965</b>

*Payments denominated in foreign currencies have been translated using the September 30, 2024 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.

**13. Supplemental Information**

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	<b>2024</b>	2023	<b>2024</b>	2023
(Increase) decrease in current assets:				
Accounts receivable <sup>(1)</sup>	<b>(30,710)</b>	(23,089)	<b>(6,174)</b>	53,346
Inventory	<b>(11,263)</b>	21,640	<b>(14,404)</b>	41,091
Prepaid expenses and deposits	<b>(3,843)</b>	2,266	<b>(6,589)</b>	(6,329)
Increase (decrease) in current liabilities:				
Accounts payable and accrued liabilities <sup>(2)</sup>	<b>35,822</b>	31,024	<b>39,164</b>	(7,273)
Effects of movement in exchange rate	<b>(5,982)</b>	9,687	<b>8,386</b>	(1,185)
	<b>(15,976)</b>	41,528	<b>20,383</b>	79,650
Relating to:				
Operating activities	<b>(15,650)</b>	42,071	<b>18,198</b>	79,016
Investing activities	<b>(326)</b>	(543)	<b>2,185</b>	634

<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, 2024 and 2023, 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.

**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)

**14. Geographical Information**

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

	Revenue		Revenue	
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
United States	<b>402,632</b>	361,469	<b>1,181,230</b>	1,105,899
Canada	<b>203,887</b>	175,048	<b>567,063</b>	504,156
	<b>606,519</b>	536,517	<b>1,748,293</b>	1,610,055

	Long-Term Assets <sup>(1)</sup>	
	September 30, 2024	December 31, 2023
United States	<b>410,187</b>	346,725
Canada	<b>139,556</b>	133,301
	<b>549,743</b>	480,026

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

## **CES Energy Solutions Corp.**

### Information

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#### **STOCK EXCHANGE LISTINGS**

Toronto Stock Exchange  
Trading Symbol: CEU

#### **OTC**

Trading Symbol: CESDF

#### **BOARD OF DIRECTORS**

Kyle D. Kitagawa<sup>1,2</sup>  
Chairman

John M. Hooks<sup>2,3</sup>

Spencer D. Armour III<sup>2,3</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  
President, Canadian Operations

Anthony M. Aulicino  
Executive Vice President & Chief Financial Officer

James F. Strickland  
President, US Drilling Fluids

Vernon J. Disney  
President, US Production Chemicals

#### **CORPORATE SECRETARY**

Matthew S. Bell

#### **AUDITORS**

Deloitte LLP  
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  
Suite 1400, 332 – 6<sup>th</sup> Avenue SW  
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Toll Free: 1-888-785-6695  
Fax: 403-266-5708

PureChem Services  
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Phone: 403-269-2800  
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Toll Free: 1-800-335-0122  
Fax: 604-940-4757

Clear Environmental Solutions  
Suite 720, 736 – 8<sup>th</sup> Avenue SW  
Calgary, AB T2P 1H4  
Phone: 403-263-5953  
Fax: 403-229-1306

[www.cesenergysolutions.com](http://www.cesenergysolutions.com)