



Condensed Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2025 and 2024

CES Energy Solutions Corp.

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

	As at	
	June 30, 2025	December 31, 2024
ASSETS		
Current assets		
Accounts receivable	449,278	454,096
Financial derivative asset (note 10)	9,747	22,116
Income taxes receivable	198	14
Inventory	423,021	447,051
Prepaid expenses and deposits	42,522	28,873
	924,766	952,150
Property and equipment (note 5)	377,248	371,535
Right of use assets (note 6)	101,809	96,553
Intangible assets	38,304	30,498
Deferred income tax asset	5,267	7,684
Other assets	22,627	20,123
Goodwill	65,023	60,788
	1,535,044	1,539,331
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	232,158	248,144
Financial derivative liability (note 10)	257	—
Dividends payable (note 11)	9,347	6,760
Income taxes payable	11,400	16,161
Current portion of deferred acquisition consideration	6,126	5,391
Current portion of lease obligations	37,396	34,589
	296,684	311,045
Long-term debt (note 7)	373,917	344,888
Lease obligations	59,333	57,304
Deferred acquisition consideration	5,832	2,518
Deferred income tax liability	1,367	1,448
Other long-term liabilities (note 9)	8,324	7,898
	745,457	725,101
Commitments (note 12)		
Shareholders' equity		
Common shares (note 8)	457,528	502,045
Contributed surplus	34,262	37,246
Retained earnings	99,651	22,597
Accumulated other comprehensive income	198,146	252,342
	789,587	814,230
	1,535,044	1,539,331

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 June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenue	573,991	553,196	1,206,422	1,141,774
Cost of sales	439,491	412,171	925,846	855,089
Gross margin	134,500	141,025	280,576	286,685
General and administrative expenses	75,680	85,015	147,597	157,979
Operating profit	58,820	56,010	132,979	128,706
Finance (income) costs	(5,164)	(5,121)	12,365	1,798
Other (income)	(55)	(681)	(193)	(1,727)
Income before taxes	64,039	61,812	120,807	128,635
Current income tax expense	10,674	9,261	22,818	17,004
Deferred income tax expense	1,531	4,396	2,053	9,018
Net income	51,834	48,155	95,936	102,613
Other comprehensive income (items that may be subsequently reclassified to net income):				
Unrealized foreign exchange (loss) gain on translation of foreign operations	(53,534)	8,423	(54,366)	27,499
Change in fair value of other assets, net of tax	430	(53)	409	(834)
Comprehensive income	(1,270)	56,525	41,979	129,278
Net income per share (note 8)				
Basic	0.23	0.20	0.43	0.44
Diluted	0.23	0.20	0.42	0.43

The accompanying notes are an integral part of these condensed consolidated financial statements.

CES Energy Solutions Corp.

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

	Six Months Ended June 30,	
	2025	2024
COMMON SHARES		
Balance, beginning of period	502,045	593,005
Issued pursuant to stock-based compensation (note 8)	8,029	8,851
Issued pursuant to stock settled director fees	84	86
Common shares repurchased and canceled through NCIB (note 8)	(52,630)	(17,766)
Balance, end of period	457,528	584,176
CONTRIBUTED SURPLUS		
Balance, beginning of period	37,246	37,462
Reclassified pursuant to stock-based compensation (note 8)	(8,029)	(8,851)
Stock-based compensation expense (note 9)	5,045	6,371
Balance, end of period	34,262	34,982
RETAINED EARNINGS (DEFICIT)		
Balance, beginning of period	22,597	(140,771)
Net income	95,936	102,613
Dividends declared (note 11)	(18,882)	(14,092)
Balance, end of period	99,651	(52,250)
ACCUMULATED OTHER COMPREHENSIVE INCOME		
Balance, beginning of period	252,342	168,299
Reclassification of cumulative translation adjustment relating to foreign operations	(239)	—
Unrealized foreign exchange (loss) gain on translation of foreign operations	(54,366)	27,499
Change in fair value of other assets, net of tax	409	(834)
Balance, end of period	198,146	194,964
	789,587	761,872

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 June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES:				
Net income	51,834	48,155	95,936	102,613
Adjustments for:				
Depreciation and amortization	25,487	20,948	50,253	40,643
Stock-based compensation (note 9)	2,854	4,066	5,045	6,371
Other non-cash (income) loss	(4,367)	(15,577)	5,342	(21,748)
Deferred income tax expense	1,531	4,396	2,053	9,018
Gain on disposal of assets	(689)	(428)	(4,160)	(1,172)
Funds flow from operations	76,650	61,560	154,469	135,725
Change in non-cash working capital (note 13)	(10,656)	21,685	(28,384)	33,848
	65,994	83,245	126,085	169,573
FINANCING ACTIVITIES:				
Repayment of lease obligations	(11,333)	(8,348)	(20,871)	(16,048)
Repayment of Canadian Term Loan Facility	—	(250,000)	—	(250,000)
Net proceeds from Senior Notes issuance	—	195,647	—	195,647
Increase (decrease) in Senior Facility	19,596	5,938	28,381	(29,224)
Shareholder dividends	(9,535)	(7,036)	(16,295)	(12,937)
Common shares repurchased and cancelled through NCIB (note 8)	(31,336)	—	(52,630)	(17,766)
	(32,608)	(63,799)	(61,415)	(130,328)
INVESTING ACTIVITIES:				
Investment in property and equipment	(21,859)	(20,693)	(52,105)	(41,680)
Investment in intangible assets	(3,327)	(1,786)	(6,191)	(1,903)
Distribution of other assets	(3,281)	1,447	(3,060)	1,464
Deferred acquisition consideration	—	—	(2,871)	—
Business combination (note 4)	(6,975)	—	(6,975)	—
Proceeds on disposal of assets	2,056	1,586	6,532	2,874
	(33,386)	(19,446)	(64,670)	(39,245)
CHANGE IN CASH:				
Cash, beginning of period	—	—	—	—
Cash, end of period	—	—	—	—
SUPPLEMENTARY CASH FLOW DISCLOSURE				
Interest paid	11,931	6,446	17,362	17,947
Income taxes paid	11,589	16,618	28,149	19,032

The accompanying notes are an integral part of these condensed consolidated financial statements.

CES Energy Solutions Corp.

Notes to the Condensed Consolidated Financial Statements (unaudited)

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

1. The Company

CES Energy Solutions Corp. (the "Company" or "CES") is a company domiciled in Canada and is incorporated under the Business Corporations Act (Alberta). CES' principal place of business is located at Suite 1400, 332 – 6th Avenue SW, Calgary, Alberta, Canada T2P 0B2. The condensed consolidated financial statements of the Company as at and for the three and six months ended June 30, 2025 and 2024 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, Superior Weighting Products, Canadian Energy Services, PureChem Services, StimWrx Energy Services, Sialco Materials, 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, 2024. These condensed consolidated financial statements were authorized for issue by the Company's Board of Directors on August 7, 2025.

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, 2024. 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, 2024.

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, 2024.

4. Business Combination

Fossil Fluids LLC

On June 1, 2025, CES closed the acquisition of substantially all of the business assets of Fossil Fluids LLC. ("Fossil Fluids"). Fossil Fluids provides independent drilling fluids solutions for the upstream oil and gas industry, with a focus on servicing the Mid-Continent region. Operating under AES Drilling Fluids, the acquisition augments the Company's regional operations 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 \$14,192 consisting of \$6,975 in cash consideration and \$7,217 in deferred consideration, which is payable in cash as an earn-out upon achieving certain EBITDA thresholds over a three-year period post close, with an estimated range of potential outcomes for settlement of \$2,902 to \$7,217. In conjunction with the acquisition, the Company recorded \$80 in transaction costs to general and administrative expenses during the three and six months ended June 30, 2025.

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 Fossil Fluids acquisition is as follows:

Allocation of purchase price

Property and equipment	55
Intangible assets	6,716
Goodwill	7,421
Total assets acquired	14,192

Consideration given

Cash consideration	6,975
Deferred consideration	7,217
Total consideration	14,192

From the date of this acquisition to June 30, 2025, Fossil Fluids contributed an estimated \$3,275 of revenue to the Company. The amount of profit or loss attributable to the acquisition from the date of acquisition to June 30, 2025, and the amount of revenue or profit or loss attributable to the acquisition as if the business combination had been completed on January 1, 2025, is not readily determinable. 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

Balance at December 31, 2024	371,535
Additions	47,529
Additions from business combination	55
Transfers	3,184
Disposals, net of depreciation	(1,138)
Depreciation	(27,929)
Effect of movements in exchange rates	(15,988)
Balance at June 30, 2025	377,248

6. Right of Use Assets

Balance at December 31, 2024	96,553
Additions	33,392
Transfers	(3,244)
Disposals, net of depreciation	(1,923)
Depreciation	(19,044)
Effect of movements in exchange rates	(3,925)
Balance at June 30, 2025	101,809

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	
	June 30, 2025	December 31, 2024
Senior Facility	179,142	149,826
Senior Notes	200,000	200,000
	379,142	349,826
Less: unamortized debt issue costs	(5,225)	(4,938)
Total long-term debt	373,917	344,888

Senior Facility

On April 28, 2025, the Company entered into an amended and restated credit agreement with respect to its syndicated and operating credit facilities (the "Senior Facility"). The total size of the Senior Facility is approximately C\$ equivalent \$550,000, consisting of a Canadian facility of \$400,000 and a US facility US\$110,000. The Senior Facility matures on November 24, 2028, and is secured by substantially all of the Company's assets, and includes customary terms, conditions and covenants.

Amounts drawn on the Senior Facility incur interest at the bank's prime rate or US base rate plus an applicable pricing margin ranging from 0.25% to 1.50% or CORRA or SOFR rates plus an applicable pricing margin ranging from 1.25% to 2.50%. The Senior Facility has a standby fee ranging from 0.25% to 0.50%. The applicable pricing margins and standby fees are based on a sliding scale of Total Net Debt to EBITDA ratio.

As at June 30, 2025, the Senior Facility had a net draw of \$177,347 (December 31, 2024 - \$148,756), with capitalized transaction costs of \$1,795 (December 31, 2024 - \$1,070). 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 June 30, 2025, 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	1.213	Not to exceed 4.0
Net Senior Debt to EBITDA for the four quarters ended	0.633	Not to exceed 3.0
EBITDA to Interest Expense, for the four quarters ended	11.307	Must exceed 2.5

Senior Notes

At June 30, 2025, the Company had \$200,000 of outstanding principal on senior unsecured notes (the "Senior Notes") due on May 24, 2029. The Senior Notes incur interest at a rate of 6.875% per annum and interest is payable semi-annually on May 24 and November 24. 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. 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 six months ended June 30, 2025, the Company recorded \$8,990 and \$17,991 (2024 - \$9,315 and \$19,228) 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 June 30, 2025, are as follows:

2025 - 6 months	—
2026	—
2027	—
2028	179,142
2029 and thereafter	200,000
	379,142

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:

	Six Months Ended June 30, 2025		Year Ended December 31, 2024	
	Number of Shares	Amount	Number of Shares	Amount
Balance, beginning of period	225,329,085	502,045	236,042,566	593,005
Issued pursuant to stock-based compensation	2,123,191	—	4,429,999	—
Contributed surplus related to stock-based compensation	—	8,029	—	11,930
Issued pursuant to stock settled director fee	9,922	84	32,750	171
Common shares repurchased and canceled through NCIB	(7,521,956)	(52,630)	(15,176,230)	(103,061)
Balance, end of period	219,940,242	457,528	225,329,085	502,045

b) Normal Course Issuer Bid ("NCIB")

On July 22, 2024, the Company renewed its previous NCIB to repurchase for cancellation up to 19,198,719 common shares, being 10% of the public float of common shares at the time of renewal. The renewed NCIB had a termination date of 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. As at July 18, 2025, the Company had repurchased the maximum number of common shares and completed the current NCIB. A summary of the Company's NCIB program, excluding any associated taxes on share repurchases, is presented below:

	Renewed NCIB July 22, 2024 to June 30, 2025	Six Months Ended June 30, 2025	Since Inception July 17, 2018 to June 30, 2025
Common shares repurchased and canceled through NCIB	18,122,056	7,521,956	76,751,443
Cash outlay	135,643	51,917	289,689
Average price per share	7.48	6.90	3.77

On July 22, 2025, the Company renewed the previous NCIB to repurchase for cancellation up to 18,911,524 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, 2026, 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.

As at June 30, 2025, the Company has repurchased 76,751,443 or approximately 28% of the common shares outstanding since inception of the NCIB programs on July 17, 2018. Subsequent to June 30, 2025, the Company repurchased 1,076,663 additional shares at a weighted average price of \$7.18 for a total of \$7,728.

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 six months ended June 30, 2025 and 2024, the weighted average number of shares used in the calculation is shown in the table below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net income	51,834	48,155	95,936	102,613
Weighted average number of shares outstanding:				
Basic shares outstanding	221,616,603	235,162,870	223,328,099	234,768,108
Effect of dilutive shares	2,645,320	4,240,026	2,968,967	4,639,550
Diluted shares outstanding	224,261,923	239,402,896	226,297,066	239,407,658
Net income per share - basic	0.23	0.20	0.43	0.44
Net income per share - diluted	0.23	0.20	0.42	0.43

For the three and six months ended June 30, 2025, and 2024, there were no anti-dilutive RSUs.

9. Stock-Based Compensation

For the three and six months ended June 30, 2025, stock-based compensation expense of \$3,946 and \$4,919, respectively, (2024 – \$18,489 and \$28,130, respectively) was recorded in general and administrative expenses relating to the Company's stock-based compensation plans. As at June 30, 2025, a total of 10,997,012 common shares were reserved for issuance under the Company's Restricted Share Unit Plan and Stock Settled Director Fee Program, of which 8,348,392 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:

	Six Months Ended June 30, 2025		Year Ended December 31, 2024	
	Restricted Share Units	Average Price	Restricted Share Units	Average Price
Balance, beginning of period	3,619,138	3.96	5,342,676	2.50
Granted during the period	1,120,008	7.07	2,637,430	4.82
Reinvested during the period	32,665	4.85	96,009	3.32
Vested during the period	(2,123,191)	3.78	(4,429,999)	2.69
Forfeited during the period	—	—	(26,978)	4.73
Balance, end of period	2,648,620	5.43	3,619,138	3.96

Included in the stock-based compensation expense for the three and six months ended June 30, 2025 is an expense of \$2,854 and \$5,045, respectively, (2024 - \$4,066 and \$6,371, 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 associated with awards granted during the six months ended June 30, 2025, was reduced by an estimated weighted average forfeiture rate of 0.30% (2024 - 0.48%) 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:

	Six Months Ended June 30, 2025	Year Ended December 31, 2024
	Phantom Share Units	Phantom Share Units
Balance, beginning of period	5,025,015	6,480,451
Granted during the period	77,121	1,644,866
Reinvested during the period	61,483	144,040
Vested during the period	(3,164)	(3,118,210)
Forfeited during the period	(65,996)	(126,132)
Balance, end of period	5,094,459	5,025,015

Included in the stock-based compensation expense for the three and six months ended June 30, 2025, is an expense of \$1,092 and a recovery of \$126, respectively, (2024 - expense of \$14,423 and \$21,759, respectively) relating to the Company's PSU Plan. The amount of compensation expense associated with awards granted during the six months ended June 30, 2025, was reduced by an estimated weighted average forfeiture rate of 2.77% per year at the date of grant. As at June 30, 2025, \$17,494 (December 31, 2024 - \$18,071) was included in accounts payable and accrued liabilities and \$8,324 (December 31, 2024 - \$7,898) 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 June 30, 2025, the Company had a financial derivative asset of \$9,747 (December 31, 2024 - \$22,116) and a financial derivative liability of \$257 (December 31, 2024 - \$nil) relating to outstanding derivative contracts. A summary of financial derivative gains and losses recognized in finance costs is presented below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Financial derivative (loss) gain	(3,412)	16,134	(12,782)	22,817

As June 30, 2025, 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
July 2025	US\$4,000	Deliverable Forward	Physical Purchase	1.3750
August 2025	US\$4,000	Deliverable Forward	Physical Purchase	1.3750
September 2025	US\$4,000	Deliverable Forward	Physical Purchase	1.3750
October 2025	US\$4,000	Deliverable Forward	Physical Purchase	1.3750
November 2025	US\$4,000	Deliverable Forward	Physical Purchase	1.3750
December 2025	US\$4,000	Deliverable Forward	Physical Purchase	1.3750
Total	US\$24,000			1.3750

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 following table details the outstanding equity derivative contracts as of June 30, 2025:

Period	Price	Contract	Notional Principal	Number of Units
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
	4.0591		15,298	3,768,845

11. Dividends

The Company declared dividends to holders of common shares for the six months ended June 30, 2025, as follows:

	Dividend Record Date	Dividend Payment Date	Per Common Share	Total
March 2025	Mar 31	Apr 15	0.0425	9,535
June 2025	Jun 30	Jul 15	0.0425	9,347
Total dividends declared			0.0850	18,882

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 June 30, 2025, with payments due as follows:

Less than 1 year	21,772
1-5 years	43,996
5+ years	—
Total	65,768

Payments denominated in foreign currencies have been translated using the June 30, 2025, exchange rate.

The Company is also 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, provisions for outstanding litigation and potential claims are included in accounts payable and accrued liabilities.

13. Supplemental Information

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
(Increase) decrease in current assets:				
Accounts receivable ⁽¹⁾	46,059	51,226	4,634	24,536
Inventory	19,529	(4,708)	24,030	(3,141)
Prepaid expenses and deposits	(12,200)	(11,222)	(13,649)	(2,746)
Increase (decrease) in current liabilities:				
Accounts payable and accrued liabilities ⁽²⁾	(40,661)	(16,923)	(20,320)	3,342
Effects of movement in exchange rate	(23,807)	4,264	(24,320)	14,368
	(11,080)	22,637	(29,625)	36,359
Relating to:				
Operating activities	(10,656)	21,685	(28,384)	33,848
Investing activities	(424)	952	(1,241)	2,511

⁽¹⁾Includes income taxes receivable.

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

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)

For the three and six months ended June 30, 2025 and 2024, changes in non-cash working capital relating to investing activities have been included in "Investment in property and equipment" on the condensed consolidated statements of cash flows.

14. Geographical Information

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

	Revenue			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
United States	405,557	390,924	808,018	778,598
Canada	168,434	162,272	398,404	363,176
	573,991	553,196	1,206,422	1,141,774

	Long-Term Assets ⁽¹⁾	
	June 30, 2025	December 31, 2024
United States	462,638	439,432
Canada	142,373	140,065
	605,011	579,497

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

STOCK EXCHANGE LISTINGS

Toronto Stock Exchange
Trading Symbol: CEU

OTC

Trading Symbol: CESDF

BOARD OF DIRECTORS

Kyle D. Kitagawa^{1,2}
Chairman

John M. Hooks^{2,3}

Spencer D. Armour III^{2,3}

Stella Cosby^{3,4}

Ian Hardacre^{1,4}

Joe Wright^{1,4}

Kenneth E. Zinger

¹Member of the Audit Committee

²Member of the Compensation Committee

³Member of the Corporate Governance and Nominating
Committee

⁴Member of the Health, Safety and Environment
Committee

EXECUTIVE OFFICERS

Kenneth E. Zinger
President & Chief Executive Officer
President, Canadian Operations

Anthony M. Aulicino
Executive Vice President & Chief Financial Officer

Vernon J. Disney
President, US Production Chemicals

James F. Strickland
President, US Drilling Fluids

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 – 6th 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 – 6th Avenue SW
Calgary, AB T2P 0B2
Phone: 403-269-2800
Toll Free: 1-888-785-6695
Fax: 403-266-5708

PureChem Services
Suite 1400, 332 – 6th Avenue SW
Calgary, AB T2P 0B2
Phone: 403-269-2800
Toll Free: 1-888-785-6695
Fax: 403-266-5708

Sialco Materials Ltd.
6605 Dennett Place
Delta, BC V4G 1N4
Phone: 604-940-4777
Toll Free: 1-800-335-0122
Fax: 604-940-4757

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

www.cesenergysolutions.com