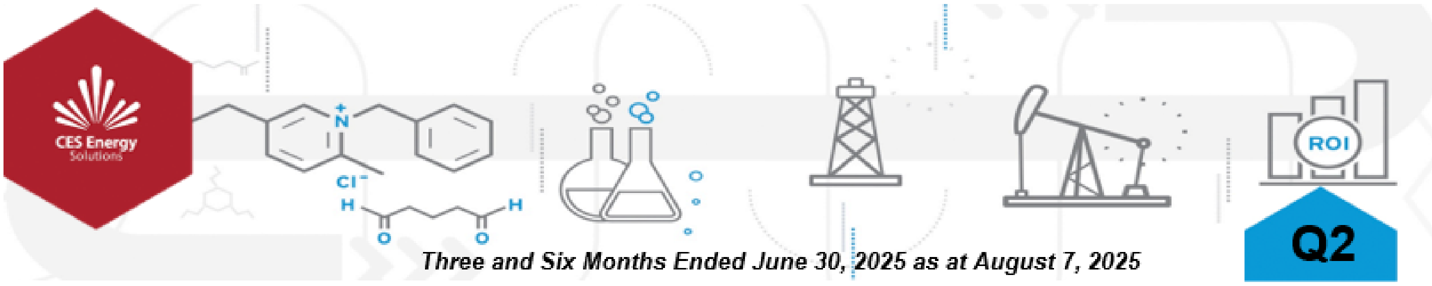


MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements and notes thereto of CES Energy Solutions Corp. ("CES" or the "Company") for three and six months ended June 30, 2025, and 2024, and CES' 2024 Annual Information Form. Readers should also refer to the "Forward-looking Information & Statements" legal advisory and the sections regarding "Non-GAAP Measures and Other Financial Measures" and "Operational Definitions" at the end of this MD&A. This MD&A is dated August 7, 2025, and incorporates all relevant Company information to that date. Amounts are stated in Canadian dollars unless otherwise noted.

USE OF NON-GAAP MEASURES AND OTHER FINANCIAL MEASURES

This MD&A contains certain financial measures that are not recognized by Canadian generally accepted accounting principles ("GAAP"), and which are used by Management to evaluate CES' financial performance, financial position and cash flow. These non-GAAP measures and other financial measures do not have a standardized meaning prescribed under IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB"), and therefore may not be comparable to similar measures presented by other entities. Securities regulations require that non-GAAP financial measures are clearly defined, qualified and reconciled with their most closely comparable GAAP measure. Please refer to the section titled "Non-GAAP Measures and Other Financial Measures" for further information on the definition, calculation and reconciliation of the non-GAAP measures and other financial measures contained in this MD&A.

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, H_2S 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 H_2S.

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"), AES Completion Services, Jacam Catalyst LLC ("Jacam Catalyst"), and Superior Weighting Products ("Superior Weighting"). In Canada, CES operates under the trade names Canadian Energy Services, CES Completion Services, PureChem Services ("PureChem"), StimWrx Energy ("StimWrx"), Sialco Materials ("Sialco"), and Clear Environmental Solutions ("Clear").

CES continues to invest in research and development of new technologies and in the top-end scientific talent that can develop and refine these technologies. CES operates 13 separate lab facilities across North America: two in Houston, Texas; one in each of Midland, Texas; Gardendale, Texas; Sterling, Kansas; Casper, Wyoming; Roosevelt, Utah; Dickinson, North Dakota; Johnstown, Colorado; Calgary, Alberta; Grande Prairie, Alberta; Carlyle, Saskatchewan; and Delta, British Columbia. In the US, CES' main chemical manufacturing and reacting facility is located in Sterling, Kansas with additional low temperature reacting and chemical blending capabilities just outside of Midland, Texas and chemical blending capabilities in Sonora, Texas. In Canada, CES has a chemical manufacturing and reacting facility located in Delta, British Columbia with additional chemical blending capabilities located in Carlyle, Saskatchewan; Nisku, Alberta; and Grande Prairie, Alberta. CES also leverages third party partner relationships to drive innovation in the consumable fluids and chemicals business.

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

FINANCIAL HIGHLIGHTS

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	% Change	**2025**	2024	% Change
Revenue						
United States[1]	**405,557**	390,924	4 %	**808,018**	778,598	4 %
Canada[1]	**168,434**	162,272	4 %	**398,404**	363,176	10 %
Total Revenue	**573,991**	553,196	4 %	**1,206,422**	1,141,774	6 %
Net income	**51,834**	48,155	8 %	**95,936**	102,613	(7)%
per share – basic	***0.23***	*0.20*	15 %	***0.43***	*0.44*	(2)%
per share - diluted	***0.23***	*0.20*	15 %	***0.42***	*0.43*	(2)%
Adjusted EBITDAC[2]	**88,253**	95,447	(8)%	**188,151**	197,479	(5)%
Adjusted EBITDAC[2] % of Revenue	***15.4 %***	*17.3 %*	(1.9)%	***15.6 %***	*17.3 %*	(1.7)%
Funds Flow from Operations[2]	**76,650**	61,560	25 %	**154,469**	135,725	14 %
Change in non-cash working capital	**(10,656)**	21,685	(149)%	**(28,384)**	33,848	(184)%
Cash provided by (used in) operating activities	**65,994**	83,245	(21)%	**126,085**	169,573	(26)%
Free Cash Flow[2]	**35,282**	54,837	(36)%	**60,882**	112,207	(46)%
Capital expenditures						
Expansion Capital[1]	**15,167**	15,357	(1)%	**31,304**	32,441	(4)%
Maintenance Capital[1]	**6,268**	6,289	— %	**19,560**	11,751	66 %
Total capital expenditures	**21,435**	21,646	(1)%	**50,863**	44,192	15 %
Dividends declared	**9,347**	7,056	32 %	**18,882**	14,092	34 %
per share	***0.0425***	*0.0300*	42 %	***0.0850***	*0.0600*	42 %
Common Shares Outstanding						
End of period - basic	**219,940,242**	235,188,873		**219,940,242**	235,188,873	
End of period - fully diluted[2]	**222,588,862**	239,430,548		**222,588,862**	239,430,548	
Weighted average - basic	**221,616,603**	235,162,870		**223,328,099**	234,768,108	
Weighted average - diluted	**224,261,923**	239,402,896		**226,297,066**	239,407,658	

	As at				
Financial Position	**June 30, 2025**	March 31, 2025	% Change	December 31, 2024	% Change
Total assets	**1,535,044**	1,593,828	(4)%	1,539,331	— %
Long-term debt	**373,917**	354,038	6 %	344,888	8 %
Long-term financial liabilities[3]	**447,406**	427,440	5 %	412,608	8 %
Total Debt[2]	**490,928**	469,233	5 %	452,588	8 %
Working Capital Surplus[2]	**671,604**	686,763	(2)%	681,085	(1)%
Net Debt[2]	**(180,676)**	(217,530)	(17)%	(228,497)	(21)%
Shareholders' equity	**789,587**	828,884	(5)%	814,230	(3)%

[1]*Supplementary Financial Measure. Supplementary Financial Measures are provided in this MD&A because Management believes they assist the reader in understanding CES' results. Refer to the section entitled "Non-GAAP Measures and Other Financial Measures" contained within this MD&A.*
[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 and Free Cash Flow 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 within this MD&A.*
[3]*Includes long-term portions of the Senior Facility, the Senior Notes, lease obligations, deferred acquisition consideration, and cash settled incentive obligations.*

Highlights for the three and six months ended June 30, 2025, in comparison to the three and six months ended June 30, 2024, for CES are as follows:

- **Revenue:** Revenue in the quarter was a second quarter record at $574.0 million, representing a sequential decrease of $58.4 million or 9% compared to $632.4 million in Q1 2025, on seasonally lower activity levels in Canada, and an increase of $20.8 million or 4% compared to $553.2 million in Q2 2024. For the six months ended June 30, 2025, CES generated revenue of $1.2 billion, an increase of $64.6 million or 6% relative to the six months ended June 30, 2024. The increases over prior year comparative periods are driven by strong market share positions and continued strength in service intensity, resulting in an overall uptick in revenue despite softening industry rig counts in both the US and Canada.

    - **Revenue - US:** Revenue generated in the US during Q2 2025 set a new quarterly record at $405.6 million, representing a sequential increase of $3.1 million or 1% compared to Q1 2025, and an increase of $14.6 million or 4% compared to Q2 2024. For the six months ended June 30, 2025, revenue generated in the US was up 4% to $808.0 million relative to the six months ended June 30, 2024. US revenues for both the three and six month periods benefited from strengthened market positioning, achieving record US Drilling Fluids Market Share of 25% and 24% for the three and six months ended June 30, 2025, respectively, compared to 22% for both the three and six months ended June 30, 2024.

    - **Revenue - Canada:** Revenue generated in Canada during Q2 2025 was a second quarter record at $168.4 million, representing a sequential decrease of $61.6 million or 27% compared to Q1 2025 as is expected on a seasonal basis given the 40% decline in industry rig count relative to Q1 2025, and an increase of $6.2 million or 4% compared to Q2 2024. For the six months ended June 30, 2025, revenue generated in Canada was up 10% to $398.4 million relative to the six months ended June 30, 2024. Canadian revenues for both the three and six month periods benefited from strong market share and higher service intensity year over year despite negative impacts from forest fires and customer plant turnarounds in the current period. Canadian Drilling Fluids Market Share of 36% and 40% for the three and six months ended June 30, 2025, respectively, compared to 31% and 33% for the three and six months ended June 30, 2024, respectively.

- **Adjusted EBITDAC:** CES achieved Adjusted EBITDAC of $88.3 million, representing a decrease of 12% compared to Q1 2025, reflective of seasonally lower activity levels in Canada, and 8% compared to Q2 2024. Adjusted EBITDAC as a percentage of revenue of 15.4% in Q2 2025 compared with 15.8% in Q1 2025 and 17.3% in Q2 2024. For the six months ended June 30, 2025, Adjusted EBITDAC decreased 5% to $188.2 million from $197.5 million in the six months ended June 30, 2024. Adjusted EBITDAC for both the three and six months ended was impacted by personnel investments to support new business initiatives, the impacts of the Canadian forest fires, and a less favorable product mix, partially offset by higher revenue levels when compared to the prior year.

- **Net Income:** Net income for the three months ended June 30, 2025, increased 8% to $51.8 million, relative to the comparable period of 2024. The increase was driven by a higher stock-based compensation expense in the prior year period associated with the appreciation in the Company's share price. Net income for the six months ended June 30, 2025, decreased 7% to $95.9 million relative to the prior year comparative period. The decrease was driven by higher finance costs associated with the impact of the Company's equity derivative contracts, partially offset by foreign exchange gain and record revenue levels.

- **Shareholder Returns:** During the quarter, CES returned $40.9 million to shareholders (Q2 2024 - $7.0 million), through $31.3 million in shares repurchased under its NCIB and its quarterly dividend of $9.5 million (Q2 2024 - nil and $7.0 million, respectively). For the six months ended June 30, 2025, CES returned $68.9 million to shareholders (2024 - $30.7 million), through $52.6 million in shares repurchased under its NCIB and its quarterly dividends of $16.3 million (2024 - $17.8 million and $12.9 million, respectively).

- **Funds Flow from Operations:** CES generated $76.7 million in Funds Flow from Operations in Q2 2025, compared to $77.8 million generated in Q1 2025 and $61.6 million generated in Q2 2024. For the six months ended June 30, 2025, CES generated $154.5 million of Funds Flow from Operations compared to $135.7 million in 2024. Funds Flow from Operations excludes the impact of working capital, and is reflective of the continued strong surplus free cash flow generated in Q2 2025.

- **Cash Flow From Operations:** For Q2 2025, net cash provided by operating activities totaled $66.0 million compared to $83.2 million during the three months ended June 30, 2024. For the six months ended June 30, 2025, net cash provided by operating activities of $126.1 million compared to $169.6 million for the six months ended June 30, 2024. The decrease in net cash provided by operating activities for the three and six month periods was driven by an increase to working capital requirements to support record revenue levels when compared to the prior year.

- **Free Cash Flow:** CES generated $35.3 million in Free Cash Flow in Q2 2025, compared to $25.6 million generated in Q1 2025, and $54.8 million generated in Q2 2024. For the six months ended June 30, 2025, CES generated $60.9 million of Free Cash Flow compared to $112.2 million in 2024. The year over year decrease in both the three and six month periods was driven by elevated working capital requirements to support record revenue levels and increased lease repayments. Free Cash Flow includes the impact of quarterly working capital variations, net of capital expenditures, and lease repayments.

- **Working Capital Surplus:** As at June 30, 2025, CES had a Working Capital Surplus of $671.6 million, which decreased from $686.8 million at March 31, 2025, and $681.1 million at December 31, 2024. The movement during the quarter was driven by decreases to Accounts Receivable and Accounts Payable and Accrued Liabilities in line with the sequential decrease in revenue. The Company continues to focus on working capital optimization benefiting from the high quality of its customers and diligent internal credit monitoring processes.

- **Financing:** On April 28, 2025, CES 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$550.0 million, representing a $100.0 million increase from the prior Senior Facility of C$450.0 million. 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.

- **Total Debt:** As at June 30, 2025, CES had Total Debt of $490.9 million compared to $469.2 million at March 31, 2025, and $452.6 million at December 31, 2024. Included in Total Debt at June 30, 2025, is the Senior Facility of $177.3 million (December 31, 2024 - $148.8 million), $200.0 million of Senior Notes (December 31, 2024 - $200.0 million), and lease obligations of $96.7 million (December 31, 2024 - $91.9 million). The increase in Total Debt during the period was driven by elevated shareholder returns and the strategic tuck-in acquisition of Fossil Fluids LLC, partially offset by continued strong financial performance.

- **Net Debt:** Working Capital Surplus exceeded Total Debt at June 30, 2025, by $180.7 million (December 31, 2024 - $228.5 million). As of the date of this MD&A, the Company had total long-term debt of approximately $368.0 million, comprised of a net draw on its Senior Facility of approximately $168.0 million and its outstanding $200.0 million Senior Notes due May 24, 2029.

- **Strategic Acquisition:** 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 $14.2 million consisting of $7.0 million in up front cash consideration and $7.2 million in deferred consideration, which is payable in cash as an earn-out upon achieving certain EBITDA thresholds over a three-year period post close.

OUTLOOK

The demand trends of developing countries and global demand requirements to support eventual energy transition initiatives, combined with depletion of existing resources, reduced investment in the upstream oil and gas sector over recent years, and diminished available inventory quality, has necessitated increased service intensity for available resources. The result is a continuation of constructive end markets for CES' products and services which enhance drilling and production performance.

Economic uncertainty, OPEC+ easing of production cuts, and ongoing global conflicts have tempered near-term energy supply-demand dynamics. Despite this, energy demand has continued to be resilient and industry fundamentals continue to support critical drilling and production activity for oil and natural gas as current depressed global inventories and fewer high-quality drilling locations provide cautious optimism for suitable pricing over the mid to longer term. In the shorter term the situation is more fluid as customers are closely monitoring fluctuating oil and gas pricing in the context of their inherent production economics which may impact activity levels, spending plans, and, by extension, product pricing. While the current political landscape and impact of recently imposed tariffs in both the US and Canada continues to generate potential uncertainty, including within the energy sector, CES' business model provides relative protection due to its significant proportion of revenue derived in the US versus Canada, its vertically integrated business models in both countries, and flexible supply chain capabilities.

CES expects to benefit from secular trends in upstream activity, increased service intensity levels, and adoption of advanced critical chemical solutions 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 2025 capital expenditures, net of proceeds on disposals of assets, to be approximately $80.0 million, evenly weighted between maintenance and expansion capital to support sustained activity levels and business development opportunities. CES plans to continue its disciplined and prudent approach to capital expenditures and will adjust its plans as required to support prudent growth initiatives throughout divisions.

CES has proactively managed both the duration and the flexibility of its debt. In May 2024, CES successfully issued $200.0 million of Senior Notes due May 24, 2029, and in April 2025, CES amended, extended, and upsized its Senior Facility, with improved terms and a maturity extension until November 2028. The combination of the Senior Notes and the Senior Facility further strengthens the Company's capital structure, reduces the cost of capital, and effectively addresses CES' near-term and foreseeable longer-term requirements. CES routinely considers its capital structure, including increasing or decreasing the capacity of its Senior Facility, issuance or redemption 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.

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

RESULTS FOR THE PERIODS

Revenue and Operating Activities

Geographical revenue information relating to the Company's activities and key operating metrics are as follows:

	Revenue					
	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	% Change	**2025**	2024	% Change
United States[1]	**405,557**	390,924	4 %	**808,018**	778,598	4 %
Canada[1]	**168,434**	162,272	4 %	**398,404**	363,176	10 %
	573,991	553,196	4 %	**1,206,422**	1,141,774	6 %

[1]*Supplementary Financial Measure. Supplementary Financial Measures are provided in this MD&A because Management believes they assist the reader in understanding CES' results. Refer to "Non-GAAP Measures and Other Financial Measures" for further detail.*

	Key Operating Metrics					
	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	% Change	**2025**	2024	% Change
US	**34,294**	33,771	2 %	**34,625**	33,351	4 %
Canada	**9,154**	8,534	7 %	**9,681**	8,803	10 %
Total Treatment Points[1]	**43,448**	42,305	3 %	**44,306**	42,154	5 %
US	**12,539**	11,812	6 %	**24,554**	24,047	2 %
Canada	**4,436**	4,098	8 %	**13,187**	11,023	20 %
Total Operating Days[1]	**16,975**	15,910	7 %	**37,741**	35,070	8 %
US	**138**	130	6 %	**136**	133	2 %
Canada	**49**	45	9 %	**74**	61	21 %
Total Average Rig Count[1]	**187**	175	7 %	**210**	194	8 %
US industry rig count[2]	**555**	583	(5)%	**564**	593	(5)%
Canadian industry rig count[3]	**138**	147	(6)%	**185**	187	(1)%
US DF Market Share[1]	**25 %**	22 %	3 %	**24 %**	22 %	2 %
Canadian DF Market Share[1]	**36 %**	31 %	5 %	**40 %**	33 %	7 %

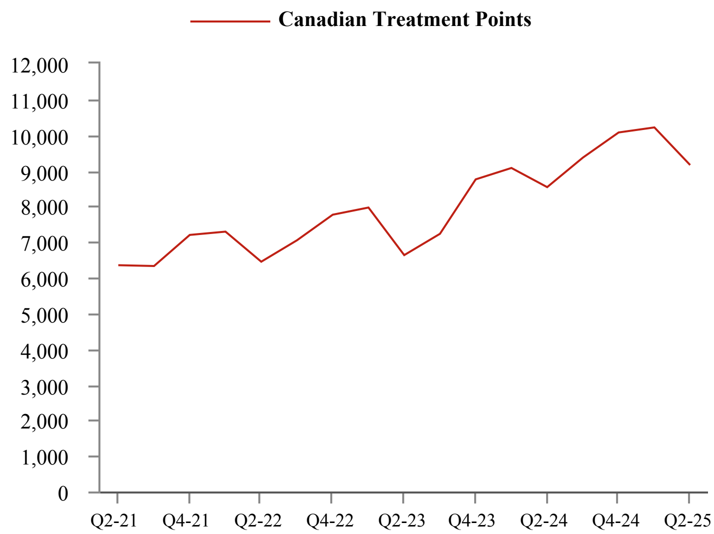
[1]*Refer to "Operational Definitions" for further detail.*
[2]*Based on the monthly average of Baker Hughes published weekly land data for the United States in the referenced period.*
[3]*Based on the monthly average of CAOEC published weekly data for Western Canada in the referenced period.*

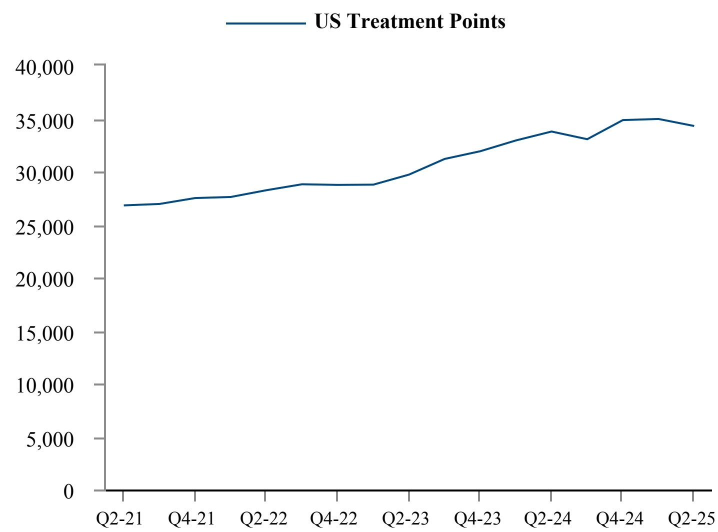
Revenue in the US for Q2 2025 set an all time quarterly record at $405.6 million and for the six months ended June 30, 2025, increased by $29.4 million or 4% relative to the 2024 comparative period. These results for both the three and six months ended June 30, 2025, benefited from increased market share and higher production levels. CES furthered its strong industry positioning, achieving US Drilling Fluids Market Share of 25% and 24% for the three and six months ended June 30, 2025, respectively, compared to 22% for both the three and six months ended June 30, 2024. CES' US average rig count increased for the three and six months ended June 30, 2025, by 6% and 2%, respectively, compared compared to 2024, despite the industry decline for the periods, illustrating CES' presence in attractive markets and favorable customer exposure. The US production chemicals business also saw an increase in sales in both the three and six months ended June 30, 2025, relative to the 2024 comparative periods, as actual volumes continued to increase following a 2% and 4% increase in treatment points, respectively.

Revenue in Canada increased compared to the prior year for both the three and six month ended June 30, 2025, and set an all time second quarter record, with both periods benefiting from increased market share and higher production levels. CES continued its strong industry positioning, achieving Canadian Drilling Fluids Market Share of 36% and 40% for the three and six months ended June 30, 2025, respectively, compared to 31% and 33%, respectively, for the three and six months ended June 30, 2024. Despite the declines in the Canadian industry rig count, CES' Canadian average rig count increased by 9% and 21% in the three and six months ended June 30, 2025, respectively, compared to 2024. Canadian Treatment Points for the three and six months ended June 30, 2025, also increased by 7% and 10%, respectively, compared to 2024, with increased production volumes and associated production related chemical sales year over year.

Although absolute Treatment Points are a guiding indicator of activity levels for the production chemical business, these individual treated wells increasingly exhibit higher volumes of produced oil, natural gas, and associated water, which correspondingly requires higher volumes of production chemicals. These favorable characteristics are associated with increased measured depths and higher production volume attributes of many modern wells. As evidenced by the graphs below, Treatment Points have continued to generally trend upward.

Quarterly Treatment Points





Included in revenue generated in Canada for the three and six months ended June 30, 2025, is $1.6 million and $4.8 million, respectively, (2024 - $1.6 million and $4.4 million, respectively) of revenue generated by Clear, the Company's Environmental Services segment. Clear is a vertically integrated environmental service provider, providing environmental consulting, water management and water transfer services, as well as drilling fluids waste disposal services. The financial results of Clear are otherwise not material and as such have been aggregated with the consolidated results of the Company throughout this MD&A.

Cost of Sales and Gross Margin

Gross Margin represents the operating profit earned on revenue after deducting the associated costs of sales including cost of products, operational labour, operational related depreciation, transportation, and all other operational related costs. Margins vary due to changes in the type of products sold, relative product mix, well type, geographic area, and nature of activity. Generally, labour costs, although a significant component of cost of sales, have less of an impact on CES' margins than other cost elements such as product costs. Use of consultants and the variable component of compensation for employees provide CES with a means to manage seasonal activity swings, as well as overall fluctuations in the demand for CES' products and services.

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

The table below details the calculation of Adjusted Gross Margin relative to Gross Margin determined in accordance with IFRS.

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	**2025**	2024	Change
Gross Margin	**134,500**	141,025	(6,525)	**280,576**	286,685	(6,109)
Gross Margin % of revenue[(1)]	**23 %**	25 %	(2)%	**23 %**	25 %	(2)%
Adjust for:						
Depreciation included in cost of sales	**21,345**	16,936	4,409	**41,896**	32,924	8,972
Adjusted Gross Margin[(2)]	**155,845**	157,961	(2,116)	**322,472**	319,609	2,863
Adjusted Gross Margin[(2)] % of revenue	**27 %**	29 %	(2)%	**27 %**	28 %	(1)%

[1]Supplementary Financial Measure. Supplementary Financial Measures are provided in this MD&A because Management believes they assist the reader in understanding CES' results. Refer to "Non-GAAP Measures and Other Financial Measures" for further detail.
[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 Gross Margin is Gross Margin. Refer to the section entitled "Non-GAAP Measures and Other Financial Measures" contained within this MD&A.

For the three and six months ended June 30, 2025, Adjusted Gross Margin came in at $155.8 million and $322.5 million, respectively, compared to $158.0 million and $319.6 million, respectively, for the three and six months ended June 30, 2024. As a percentage of revenue Adjusted Gross Margin of 27% for both the three and six months ended June 30, 2025, compared to 29% and 28%, respectively, for the three and six months ended June 30, 2024. The decrease in Adjusted Gross Margin for both the three and six months periods was driven by a less favorable product mix, and the impacts of the Canadian forest fires and customer plant turnarounds during the current quarter, partially offset by higher revenue levels when compared to the prior year.

General and Administrative Expenses ("G&A")

The table below details the calculation of Adjusted General and Administrative Costs ("Adjusted G&A") relative to general and administrative expenses under IFRS.

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	**2025**	2024	Change
General and administrative expenses	**75,680**	85,015	(9,335)	**147,597**	157,979	(10,382)
G&A expenses % of revenue[(1)]	**13 %**	15 %	(2)%	**12 %**	14 %	(2)%
Adjust for:						
Stock-based compensation	**3,946**	18,489	(14,543)	**4,919**	28,130	(23,211)
Depreciation & amortization	**4,142**	4,012	130	**8,357**	7,719	638
Adjusted General and Administrative Costs[(2)]	**67,592**	62,514	5,078	**134,321**	122,130	12,191
Adjusted G&A costs[(2)] % of revenue	**12 %**	11 %	1 %	**11 %**	11 %	— %

[1]Supplementary Financial Measure. Supplementary Financial Measures are provided in this MD&A because Management believes they assist the reader in understanding CES' results. Refer to "Non-GAAP Measures and Other Financial Measures" for further detail.
[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 General and Administrative Costs is General and Administrative Expenses. Refer to the section entitled "Non-GAAP Measures and Other Financial Measures" contained within this MD&A.

The increase in Adjusted General and Administrative Costs for both the three and six months ended June 30, 2025, is primarily reflective of increased activity levels and associated headcount. As a percentage of revenue, Adjusted G&A costs of 12% and 11%, for the three and six months ended June 30, 2025, respectively, compared with 11% for both the periods in 2024, as the increase in the fixed cost base outpaced the increase in revenue levels in the current quarter compared to prior year.

Stock-Based Compensation

Stock-based compensation expense decreased by 79% and 83%, for the three and six months ended June 30, 2025, respectively, in comparison to the same periods in 2024. The decrease was primarily driven by the Company's cash-settled compensation plan, reflecting a decrease in the Company's share price throughout both the referenced periods, along with the timing and price of equity-based and cash-based grants under the Company's stock-based compensation plans.

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

Finance Costs

For the three and six months ended June 30, 2025, and 2024, finance costs were comprised of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	**2025**	2024
Interest on debt, net of interest income	**8,416**	8,796	**16,790**	18,409
Amortization of debt issue costs	**371**	270	**791**	467
Foreign exchange (gain) loss	**(17,368)**	1,733	**(18,037)**	5,113
Financial derivative loss (gain)	**3,412**	(16,134)	**12,782**	(22,817)
Other finance costs	**5**	214	**39**	626
Finance costs	**(5,164)**	(5,121)	**12,365**	1,798

Interest expense

Finance costs for the three and six months ended June 30, 2025, include interest on debt, net of interest income, of $8.4 million and $16.8 million, respectively, compared to $8.8 million and $18.4 million, respectively, for the comparative 2024 periods. The decrease in both periods was driven by lower reference interest rates, partially offset by higher draw levels on CES' Senior Facility relative to the comparative periods in 2024. Included in these amounts is interest on the Company's Senior Notes and Canadian Term Loan Facility for the relevant periods.

Foreign exchange gains and losses

Finance costs for the three and six months ended June 30, 2025, include foreign exchange gains of $17.4 million and $18.0 million, respectively, compared to foreign exchange losses of $1.7 million and $5.1 million, respectively, for the three and six months ended June 30, 2024. Foreign exchange gains and losses are primarily related to the Company's USD denominated balances held in Canada.

Financial derivative gains and losses

Finance costs for the three and six months ended June 30, 2025, include net derivative losses of $3.4 million and $12.8 million, respectively, compared to net derivative gains of $16.1 million and $22.8 million, respectively, for the three and six months ended June 30, 2024, relating to the Company's foreign currency and equity derivative contracts. The movement in both the three and six month periods reflect decreases in the Company's share price, compared to increases in the prior year periods. As of June 30, 2025, the Company had a financial derivative asset of $9.7 million (December 31, 2024 - $22.1 million). CES has a Board approved hedging and derivative policy that sets out the guidelines and parameters Management follows when approaching its risk management strategies.

The Company periodically uses USD forward purchase contracts to manage its exposure to upcoming USD denominated purchases pursuant to its Canadian and US operations. The following table details the outstanding foreign exchange contracts as of June 30, 2025:

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

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

The Company periodically enters into equity derivative contracts to mitigate equity price risk, primarily related to the cash-based portion of the stock-based compensation plan. The equity derivatives mitigate exposure to fluctuations in share price by fixing the future settlement cost on a portion of the cash-settled plan. The following table details the outstanding equity derivative contracts as of June 30, 2025:

Period	**Price**	**Contract**	**Notional Principal**	**Number of Shares**
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
Total	4.0591		15,298	3,768,845

Current and Deferred Income Taxes
Income tax expense is related to taxable income in Canada, the US, and other international jurisdictions.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	**2025**	2024
Current income tax expense	**10,674**	9,261	**22,818**	17,004
Deferred income tax expense	**1,531**	4,396	**2,053**	9,018
Total income tax expense	**12,205**	13,657	**24,871**	26,022

Current income tax expense increased for the three and six months ended June 30, 2025, relative to the comparable 2024 periods, primarily due to higher taxable earnings in the US and Canada and the impact of a prior period adjustment in Canada. Deferred income tax expense decreased for the three and six months ended June 30, 2025, relative to the comparable 2024 periods, primarily due to temporary difference movements in the US and Canada and the impact of a prior period adjustment in Canada, partially offset by changes in the recognition of deferred tax assets.

Working Capital Surplus
CES had a Working Capital Surplus of $671.6 million as at June 30, 2025, which decreased from $686.8 million as at March 31, 2025, and $681.1 million as at December 31, 2024. The movement during the quarter was driven by decreases to Accounts Receivable and Accounts Payable and Accrued Liabilities in line with the sequential decrease in revenue. The Company continues to focus on working capital optimization benefiting from the high quality of its customers and diligent internal credit monitoring processes.

Total Debt
Total Debt as at June 30, 2025, of $490.9 million increased from $469.2 million at March 31, 2025, ($452.6 million at December 31, 2024) and is primarily comprised of long-term debt, which totaled $373.9 million as at June 30, 2025, compared to $354.0 million at March 31, 2025 ($344.9 million December 31, 2024). The increase in Total Debt during the period was driven by elevated shareholder returns and the strategic acquisition of Fossil Fluids, partially offset by continued strong financial performance. Additional discussion relating to the Company's Senior Facility, Senior Notes, and other long-term financial liabilities is included in the Liquidity and Capital Resources section of this MD&A.

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

QUARTERLY FINANCIAL SUMMARY

The following is a summary of selected financial information of the Company for the last eight completed quarters:

	Three Months Ended							
	Jun 30, 2025	Mar 31, 2025	Dec 31, 2024	Sep 30, 2024	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023
Revenue								
United States[1]	**405,557**	402,461	390,203	402,632	390,924	387,674	361,091	361,469
Canada[1]	**168,434**	229,970	215,181	203,887	162,272	200,904	192,366	175,048
Revenue	**573,991**	632,431	605,384	606,519	553,196	588,578	553,457	536,517
Net income	**51,834**	44,102	41,855	46,638	48,155	54,458	49,187	38,552
per share - basic	***0.23***	*0.20*	*0.18*	*0.20*	*0.20*	*0.23*	*0.21*	*0.15*
per share - diluted	***0.23***	*0.19*	*0.18*	*0.20*	*0.20*	*0.23*	*0.20*	*0.15*
Adjusted EBITDAC[2]	**88,253**	99,898	103,174	102,537	95,447	102,032	84,607	80,218
Adjusted EBITDAC % of Revenue[2]	15.4 %	15.8 %	17.0 %	16.9 %	17.3 %	17.3 %	15.3 %	15.0 %
per share - basic[2]	***0.40***	*0.44*	*0.46*	*0.44*	*0.41*	*0.44*	*0.35*	*0.32*
per share - diluted[2]	***0.39***	*0.44*	*0.45*	*0.43*	*0.40*	*0.43*	*0.35*	*0.32*
Dividends declared	**9,347**	9,535	6,760	6,886	7,056	7,036	5,901	6,021
per share	***0.0425***	*0.0425*	*0.0300*	*0.0300*	*0.0300*	*0.0300*	*0.0250*	*0.0250*
Common Shares Outstanding								
End of period - basic	**219,940,242**	224,363,433	225,329,085	229,525,039	235,188,873	234,519,860	236,042,566	240,859,525
End of period - fully diluted[2]	**222,588,862**	227,403,807	228,948,223	233,530,844	239,430,548	239,276,274	241,385,242	246,637,289
Weighted average - basic	**221,616,603**	225,058,610	226,704,896	233,176,879	235,162,870	234,373,347	239,160,013	248,808,899
Weighted average - diluted	**224,261,923**	228,354,820	230,379,790	237,181,631	239,402,896	238,934,382	244,555,366	254,588,996

[1]*Supplementary Financial Measure. Supplementary Financial Measures are provided in this MD&A because Management believes they assist the reader in understanding CES' results. Refer to "Non-GAAP Measures and Other Financial Measures" for further detail.*
[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, and for Shares Outstanding, End of period - fully diluted is Common shares outstanding. Refer to the section entitled "Non-GAAP Measures and Other Financial Measures" contained within this MD&A.*

Seasonality of Operations

The Western Canadian drilling industry is subject to seasonality with activity usually peaking during the winter months in the first and last quarters of any given calendar year. As temperatures rise in the spring, the ground thaws and becomes unstable, resulting in government road bans, which severely restrict activity in the second quarter. These seasonal trends typically lead to quarterly fluctuations in Canadian operating results and working capital requirements, which should be considered in any quarter over quarter analysis of the Company. The overall seasonality of the Company's operations has, and will continue to become less pronounced as a result of expansion in the US and increased diversification of operations away from the drill-bit.

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

LIQUIDITY AND CAPITAL RESOURCES

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: net 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 $550.0 million, consisting of a Canadian facility of $400.0 million and a US facility US$110.0 million. 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 $177.3 million (December 31, 2024 - $148.8 million), with capitalized transaction costs of $1.8 million (December 31, 2024 - $1.1 million). 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 $200.0 million 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 $9.0 million and $18.0 million (2024 - $9.3 million and $19.2 million) in interest expense related to its long-term debt and lease balances, including the amortization of debt issue costs.

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

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

Other Indebtedness

The following table details the remaining contractual maturities of the Company's financial liabilities as of June 30, 2025:

	Payments Due By Period[1]					
	Less than 3 months	3 months to 1 year	1-2 years	2-5 years	5+ years	**Total**
Accounts payable and accrued liabilities	214,664	17,494	—	—	—	**232,158**
Dividends payable[2]	9,347	—	—	—	—	**9,347**
Income taxes payable	—	11,400	—	—	—	**11,400**
Deferred acquisition consideration	—	6,126	3,888	1,944	—	**11,958**
Senior Facility	—	—	—	179,142	—	**179,142**
Senior Notes [3]	—	—	—	200,000	—	**200,000**
Interest on Senior Notes	—	13,750	13,750	27,500	—	**55,000**
Lease obligations[4]	6,765	30,631	30,583	25,527	3,223	**96,729**
Commitments[5]	2,479	19,293	29,254	14,742	—	**65,768**
Other long-term liabilities	—	—	7,201	1,123	—	**8,324**
	233,255	98,694	84,676	449,978	3,223	**869,826**

1 Payments denominated in foreign currencies have been translated using the June 30, 2025, exchange rate.
2 Dividends declared as of June 30, 2025.
3 The Senior Notes are due on May 24, 2029.
4 Lease obligations reflect principal payments and excludes any associated interest portion.
5 Commitments include amounts relating to short-term leases, leases of low-value assets, variable payments associated with long-term leases, and inventory and capital commitments.

As of the date of this MD&A, Management is satisfied that CES has sufficient liquidity and capital resources to meet the long-term payment obligations of its outstanding loans and commitments. To support growth in the business and related working capital needs CES routinely considers its capital structure, including increasing or decreasing the capacity of its Senior Facility, issuing new senior notes, and other potential financing options. CES assesses its requirements for capital on an ongoing basis and there can be no guarantee that CES will not have to obtain additional capital to finance the expansion plans of the business or to finance future working capital requirements. In the event that additional capital is required, based on the market conditions at the time, it may be difficult to issue additional equity or increase credit capacity and the cost of any new capital may exceed historical norms and/or impose more stringent covenants and/or restrictions on CES. CES continues to focus on evaluating credit capacity, credit counterparties, and liquidity to ensure its ability to meet its ongoing commitments and obligations.

The Company is involved in litigation and disputes arising in the normal course of operations. Management is of the opinion that any potential litigation it is aware of will not have a material adverse impact on the Company's financial position or results of operations and therefore, provisions for any outstanding litigation or potential claims are included in accounts payable and accrued liabilities.

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

Summary of Statements of Cash Flows

The following table summarizes the Company's Statements of Cash Flows for the three and six months ended June 30, 2025, and 2024:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	**2025**	2024	Change
Net cash provided by (used in)						
Operating Activities	**65,994**	83,245	(17,251)	**126,085**	169,573	(43,488)
Investing Activities	**(33,386)**	(19,446)	(13,940)	**(64,670)**	(39,245)	(25,425)
Financing Activities	**(32,608)**	(63,799)	31,191	**(61,415)**	(130,328)	68,913

Cash Flows from Operating Activities

For the three months ended June 30, 2025, net cash provided by operating activities totaled $66.0 million compared to $83.2 million during the three months ended June 30, 2024. For the six months ended June 30, 2025, net cash provided by operating activities of $126.1 million compared to $169.6 million for the six months ended June 30, 2024. The decrease in net cash provided by operating activities for both the three and six month periods was driven by an increase to working capital requirements to support record revenue levels when compared to the prior year.

Cash Flows from Investing Activities

For the three and six months ended June 30, 2025, net cash flows used in investing activities totaled $33.4 million and $64.7 million, respectively, compared to $19.4 million and $39.2 million, respectively, for the comparable 2024 periods. The increase in net cash flows used in investing activities for the three months ended June 30, 2025, was driven by the acquisition of Fossil Fluids, while the increase in the six months ended June 30, 2025, was driven by the acquisition of Fossil Fluids combined with higher capital expenditures in support of sustained revenue levels in the first quarter. Details of cash used for investment in property and equipment are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	**2025**	2024
Expansion Capital[(1)]	**15,167**	15,357	**31,304**	32,441
Maintenance Capital[(1)]	**6,268**	6,289	**19,560**	11,751
Total investment in property and equipment	**21,435**	21,646	**50,863**	44,192
Change in non-cash investing working capital	**424**	(953)	**1,242**	(2,512)
Cash used for investment in property and equipment	**21,859**	20,693	**52,105**	41,680
Adjust for:				
Proceeds on disposal of assets	**(2,056)**	(1,586)	**(6,532)**	(2,874)
Net cash used for investment in property and equipment[(2)]	**19,803**	19,107	**45,573**	38,806

[1]*Supplementary Financial Measure. Supplementary Financial Measures are provided in this MD&A because Management believes they assist the reader in understanding CES' results. Refer to "Non-GAAP Measures and Other Financial Measures" for further detail.*

[2]*Non-GAAP measure or ratio 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 Net cash used for investment in property and equipment is Cash used for investment in property and equipment. Refer to the section entitled "Non-GAAP Measures and Other Financial Measures" contained within this MD&A.*

Expansion Capital expenditures in Q2 2025 included additions for field equipment, processing and warehouse equipment, and vehicles and rolling stock to support growth throughout the business, particularly in the US. Maintenance Capital expenditures in Q2 2025 primarily included the replacement of field and warehouse equipment, railcar leases, and vehicles and rolling stock throughout the business to support existing activity levels.

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

Historically, the long-term capital investments required for CES to execute its business plan are not significant in relation to the total revenue and EBITDAC generated by the Company and the majority of capital expenditures are made at the discretion of CES based on the timing and the expected overall return on the investment. CES expects 2025 capital expenditures, net of proceeds on disposals of assets, to be approximately $80.0 million, evenly weighted between maintenance and expansion capital to support sustained activity levels and business development opportunities. CES plans to continue its disciplined and prudent approach to capital expenditures and will adjust its plans as required to support prudent growth initiatives throughout divisions.

Cash Flows from Financing Activities
For the three and six months ended June 30, 2025, cash flows used by financing activities totaled $32.6 million and $61.4 million, respectively, compared to $63.8 million and $130.3 million, respectively, for the comparable 2024 periods. The lower cash flows used by financing activities for both the three and six month periods were a result of the repayment of the Company's Term Loan in the prior year period, partially offset by increases in common share repurchases under the Company's NCIB and lease repayments.

Dividend Policy
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**

For the three and six months ended June 30, 2025, the Company's Dividend Payout Ratio averaged 16% and 17%, respectively, compared to 15% and 13%, respectively, in the comparable periods in 2024. The increase in the Company's Dividend Payout Ratio was driven by a 42% increase to dividends declared, from $0.03 to $0.0425 per share starting in Q1 2025, partially offset by increases to Distributable Earnings and reductions in common shares outstanding relative to the comparable periods. Refer to "Non-GAAP Measures and Other Financial Measures" for further details on the calculation of Dividend Payout Ratio.

CES will continue to be protective of its balance sheet and provide liquidity to fund potential growth initiatives by being prudent with its cash dividend going forward. Through the course of the year, dividends declared as a proportion of net income and Distributable Earnings will vary based on the Company's financial performance. During periods of relatively strong financial performance, typically associated with higher activity levels, dividends declared as a percentage of net income and Distributable Earnings will decrease, and likewise, during periods of relatively weaker financial performance dividends declared as a percentage of net income and Distributable Earnings will increase. Dividends are funded by cash provided by operating activities. During periods of insufficient cash availability, due to relatively weaker financial performance or changes in the level of working capital, dividends may be funded by available cash or through CES' credit facilities.

Management and the Board of Directors review the appropriateness of dividends on a quarterly basis taking into account, among other considerations, the applicable solvency requirements under corporate legislation; current and anticipated industry conditions; and particularly, growth opportunities requiring Expansion Capital, management's forecast of Distributable Earnings, its forecasted Dividend Payout Ratio, and forecasted capital to be deployed under its NCIB. At this time, CES intends to continue to pay cash dividends to shareholders. In addition, future expansion, investments, acquisitions, or future share repurchases under CES' NCIB program may be funded internally by allocating a portion of cash flow in conjunction with, or in replacement of, external sources of capital such as debt or the issuance of equity. To the extent that CES deploys cash flow to finance these activities, the amount of cash dividends to shareholders may be affected. Alternatively, to the extent that CES' sustainable operating after tax cash flow improves, the amount of cash dividends to shareholders may be increased. Over the long-term, CES' business model has historically shown it can support a proportion of cash flow from operations being paid out as a dividend or through share repurchases as the long-term Expansion Capital investments and Maintenance Capital expenditures required for CES to execute its business plan have not been significant in relation to the total revenue and Adjusted EBITDAC generated. Refer to "Non-GAAP Measures and Other Financial Measures" for further details on the calculation of Distributable Earnings.

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

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 $7.7 million.

Share Capital and Stock-Based Compensation Plans

A summary of the Company's common shares and stock-based compensation plans outstanding is as follows:

	As at		
	August 7, 2025	June 30, 2025	December 31, 2024
Common shares outstanding	219,037,279	219,940,242	225,329,085
Restricted Share Unit Plan ("RSU")	2,621,285	2,648,620	3,619,138
Phantom Share Unit Plan ("PSU")	4,681,531	5,094,459	5,025,015

NON-GAAP MEASURES AND OTHER FINANCIAL MEASURES

The accompanying consolidated financial statements have been prepared in accordance with IFRS. Certain supplementary information and measures not recognized under IFRS are also provided in this MD&A 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 in this MD&A, 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 for use throughout this MD&A 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.

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

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.

Adjusted EBITDAC per share (basic and diluted) - is a non-GAAP ratio calculated as Adjusted EBITDAC divided by the weighted average number of basic and diluted shares outstanding, respectively. Adjusted EBITDAC is a non-GAAP measure. Management believes it is a useful measure of the Company's normalized operating performance on a per share basis.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	**2025**	2024
Net income	**51,834**	48,155	**95,936**	102,613
Adjust for:				
Depreciation and amortization	**25,487**	20,948	**50,253**	40,643
Current income tax expense	**10,674**	9,261	**22,818**	17,004
Deferred income tax expense	**1,531**	4,396	**2,053**	9,018
Stock-based compensation	**3,946**	18,489	**4,919**	28,130
Finance (income) costs	**(5,164)**	(5,121)	**12,365**	1,798
Other (income)	**(55)**	(681)	**(193)**	(1,727)
EBITDAC	**88,253**	95,447	**188,151**	197,479
Adjusted EBITDAC	**88,253**	95,447	**188,151**	197,479
Adjusted EBITDAC % of Revenue	***15.4 %***	*17.3 %*	***15.6 %***	*17.3 %*
Adjusted EBITDAC per share - basic	***0.40***	*0.41*	***0.84***	*0.84*
Adjusted EBITDAC per share - diluted	***0.39***	*0.40*	***0.83***	*0.83*

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 June 30,		Six Months Ended June 30,	
	2025	2024	**2025**	2024
Cash provided by (used in) operating activities	**65,994**	83,245	**126,085**	169,573
Adjust for:				
Change in non-cash operating working capital	**10,656**	(21,685)	**28,384**	(33,848)
Maintenance Capital(1)	**(6,268)**	(6,289)	**(19,560)**	(11,751)
Repayment of lease obligations	**(11,333)**	(8,348)	**(20,871)**	(16,048)
Distributable Earnings	**59,049**	46,923	**114,038**	107,926
Dividends declared	**9,347**	7,056	**18,882**	14,092
Dividend Payout Ratio	**16 %**	15 %	**17 %**	13 %

1Supplementary Financial Measure. Supplementary Financial Measures are provided in this MD&A because Management believes they assist the reader in understanding CES' results. Refer to "Non-GAAP Measures and Other Financial Measures" for further detail.

Adjusted Gross Margin - is a non-GAAP measure that has been reconciled to Gross Margin for the financial periods, being the most directly comparable measure calculated in accordance with IFRS. It represents Gross Margin under IFRS adjusted to exclude depreciation included in cost of sales as it relates to assets associated with operations and operating related activities, as well as adjusted for specific items that are considered to be non-recurring in nature. Management believes that this metric assists in determining CES' profitability prior to charges for depreciation. This non-GAAP financial measure is also used by Management to quantify the operating costs inherent in the Company's business activities, prior to operational related depreciation.

Adjusted Gross Margin % of Revenue - is a non-GAAP ratio that is calculated as Adjusted Gross Margin divided by revenue. Management believes that this metric is a useful measure of the Company's normalized cost of sales relative to its top line revenue generation. Readers are cautioned that Adjusted Gross Margin should not be considered to be more meaningful than Gross Margin determined in accordance with IFRS. Adjusted Gross Margin and Adjusted Gross Margin % of Revenue are calculated as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
$000s	**2025**	2024	**2025**	2024
Gross Margin	**134,500**	141,025	**280,576**	286,685
Gross Margin % of revenue	**23 %**	25 %	**23 %**	25 %
Adjust for:				
Depreciation included in cost of sales	**21,345**	16,936	**41,896**	32,924
Adjusted Gross Margin	**155,845**	157,961	**322,472**	319,609
Adjusted Gross Margin % of revenue	**27 %**	29 %	**27 %**	28 %

Adjusted General & Administrative Costs - is a non-GAAP measure that has been reconciled to General and Administrative expenses for the financial periods, being the most directly comparable measure calculated in accordance with IFRS. Adjusted G&A costs excludes stock-based compensation, which is not reflective of underlying operations, depreciation and amortization, as it relates to assets not associated with operations and operating related activities, and specific items that are considered to be non-recurring in nature. Management believes that Adjusted G&A costs and Adjusted G&A costs % of Revenue assist in demonstrating CES' profitability.

Adjusted General & Administrative Costs % of Revenue - is a non-GAAP ratio that is calculated as Adjusted General and Administrative costs divided by revenue. Management believes that this metric is a useful measure of the Company's normalized G&A relative to its top line revenue generation. Readers are cautioned that Adjusted G&A costs should not be considered to be more meaningful than G&A expenses determined in accordance with IFRS.

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

Adjusted G&A costs and Adjusted G&A costs % of Revenue are calculated as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	**2025**	2024
General and administrative expenses	**75,680**	85,015	**147,597**	157,979
G&A expenses % of revenue	**13 %**	15 %	**12 %**	14 %
Adjust for:				
Stock-based compensation	**3,946**	18,489	**4,919**	28,130
Depreciation & amortization	**4,142**	4,012	**8,357**	7,719
Adjusted General and Administrative Costs	**67,592**	62,514	**134,321**	122,130
Adjusted G&A Costs % of revenue	**12 %**	11 %	**11 %**	11 %

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 June 30,		Six Months Ended June 30,	
	2025	2024	**2025**	2024
Cash provided by (used in) operating activities	**65,994**	83,245	**126,085**	169,573
Adjust for:				
Change in non-cash operating working capital	**10,656**	(21,685)	**28,384**	(33,848)
Funds Flow from Operations	**76,650**	61,560	**154,469**	135,725

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 adjusted for 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, comprehensive income (loss), 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 June 30,		Six Months Ended June 30,	
	2025	2024	**2025**	2024
Cash provided by (used in) operating activities	**65,994**	83,245	**126,085**	169,573
Adjust for:				
Expansion Capital(1)	**(15,167)**	(15,357)	**(31,304)**	(32,441)
Maintenance Capital(1)	**(6,268)**	(6,289)	**(19,560)**	(11,751)
Repayment of lease obligations	**(11,333)**	(8,348)	**(20,871)**	(16,048)
Proceeds on disposal of assets	**2,056**	1,586	**6,532**	2,874
Free Cash Flow	**35,282**	54,837	**60,882**	112,207

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

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

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 June 30,		Six Months Ended June 30,	
	2025	2024	**2025**	2024
Cash used for investment in property and equipment	**21,859**	20,693	**52,105**	41,680
Adjust for:				
Proceeds on disposal of assets	**(2,056)**	(1,586)	**(6,532)**	(2,874)
Net Cash used for investment in property and equipment	**19,803**	19,107	**45,573**	38,806

Working Capital Surplus - is a non-GAAP measure that is calculated as current assets less current liabilities, excluding the current portions of lease obligations, long-term debt, and deferred acquisition consideration. 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 - 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, and deferred acquisition consideration, 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 as determined in accordance with IFRS. Total Debt, Working Capital Surplus, and Net Debt are calculated as follows:

	As at	
	June 30, 2025	December 31, 2024
Long-term financial liabilities(1)	**447,406**	412,608
Current portion of lease obligations	**37,396**	34,589
Current portion of deferred acquisition consideration	**6,126**	5,391
Total Debt	**490,928**	452,588
Deduct Working Capital Surplus:		
Current assets	**924,766**	952,150
Current liabilities(2)	**(253,162)**	(271,065)
Working Capital Surplus	**671,604**	681,085
Net Debt	**(180,676)**	(228,497)

1Includes long-term portion of the Senior Facility, the Senior Notes, lease obligations, deferred acquisition consideration, and cash settled incentive obligations.
2Excludes current portion of lease liabilities, long-term debt and deferred acquisition consideration.

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

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	
	June 30, 2025	December 31, 2024
Common shares outstanding	**219,940,242**	225,329,085
Restricted share units outstanding, end of period	**2,648,620**	3,619,138
Shares outstanding, end of period - fully diluted	**222,588,862**	228,948,223

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 MD&A 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.

Top 5 customers as a % of total revenue - calculated as revenue recorded from the five customers comprising the largest individual components of revenue divided by total revenue, as determined in accordance with IFRS, for the period.

Top customer as a % of total revenue - calculated as revenue recorded from the one customer comprising the largest individual components of revenue divided by total revenue, as determined in accordance with IFRS, for the period.

Gross Margin % of Revenue - calculated as gross margin, as determined in accordance with IFRS, divided by revenue, as determined in accordance with IFRS, for the period.

General and Administrative Expenses % of Revenue - calculated as general and administrative expenses, as determined in accordance with IFRS, divided by revenue, as determined in accordance with IFRS, for the period.

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.

OPERATIONAL DEFINITIONS

Operational terms used throughout this MD&A include:

Canadian DF Market Share - CES estimates its market share in Canada for its drilling fluids operations by comparing, on a semi-weekly basis, active rigs where CES was contracted to provide services to the total active rigs for Western Canada. The number of total active rigs for Western Canada is based on Canadian Association of Energy Contractors ("CAOEC") published data for Western Canada.

US DF Market Share - CES estimates its market share in the US for its drilling fluids operations by comparing, on a semi-weekly basis, active rigs where CES was contracted to provide services to the total active land rigs in the United States. The number of total active rigs in the United States is based on the weekly land based Baker Hughes North American Rotary Rig Count.

Operating Days - For its drilling fluids operations, CES estimates its Operating Days, which are revenue generating days, by multiplying the average number of active rigs where CES was providing drilling fluid services by the number of days in the period.

Average Rig Count - For its drilling fluids operations, CES estimates its Average Rig Count, which is the average monthly number of active rigs where CES was providing drilling fluids in the referenced period.

Treatment Points - Represents the average estimated number of unique wells or oilfield sites serviced monthly by CES in the referenced period with production and specialty chemicals.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

As a routine element of the financial statement preparation process, Management is required to make estimates and assumptions based on information available as at the financial statement date. These estimates and assumptions affect the reported amounts of assets and liabilities, and the possible disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenue and expenses for the period. These estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The current fluctuation in market conditions introduce additional uncertainties, risks and complexities in Management's determination of the estimates and assumptions used to prepare CES' financial results. As such, actual results may differ from estimates and the effect of such differences may be material. The impacts of such estimates are pervasive throughout the condensed consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods. The most significant estimates in CES' condensed consolidated financial statements have been set out in the Company's MD&A for the year ended December 31, 2024, and its audited annual consolidated financial statements and notes thereto for the year ended December 31, 2024.

MATERIAL ACCOUNTING POLICY INFORMATION

The Company's material accounting policy information can be found in Note 3 of the consolidated financial statements for the year ended December 31, 2024. There have been no new standards or interpretations issued during the three and six months ended June 30, 2025, that materially impact the Company.

CORPORATE GOVERNANCE

Disclosure Controls and Procedures ("DC&P")
DC&P have been designed to provide reasonable assurance that information required to be reported by CES is gathered, recorded, processed, summarized and reported to senior management, including the President and Chief Executive Officer and Chief Financial Officer of CES, to allow timely decisions regarding required public disclosure by CES in its annual filings, interim filings, or other reports filed or submitted in accordance with Canadian securities legislation.

Internal Controls over Financial Reporting ("ICFR")
Management of CES is responsible for establishing and maintaining ICFR for CES to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. There have been no changes to CES' internal controls over financial reporting during the three and six months ended June 30, 2025, that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

While the President and Chief Executive Officer and Chief Financial Officer believe that CES' DC&P and ICFR provide a reasonable level of assurance that they are effective, they do not expect that the DC&P or ICFR will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

For information regarding the corporate governance policies and practices of CES, the reader should refer to CES' 2024 Annual Report, CES' Annual Information Form dated March 6, 2025, in respect of the year ended December 31, 2024, and CES' Information Circular in respect of the June 17, 2025, Annual General and Special Meeting of shareholders each of which are available on the CES' SEDAR+ profile at www.sedarplus.ca.

RISKS AND UNCERTAINTIES AND NEW DEVELOPMENTS

CES' financial results described herein demonstrated the Company's capabilities in the markets in which the Company operates along with a proven defensible balance sheet and business model.

CES' customers are primarily North American oil and gas producers. Activity in the oil and gas industry is cyclical in nature. CES is directly affected by fluctuations in the level and complexity of oil and gas exploration and development activity carried on by its clients. In Canada, drilling activity is seasonal and, in turn, throughout North America it is directly affected by a variety of factors including: weather; natural disasters such as floods, tornadoes, and hurricanes; oil, natural gas, and natural gas liquids commodity prices; pipeline takeaway capacity; outcomes of major LNG projects; access to capital markets; government policies including, but not limited to, royalty, environmental, and industry regulations; and oil and natural gas demand fluctuations, which may be impacted by global political, military, economic, and social factors. Any prolonged or significant decrease in energy prices, economic activity or demand, or an adverse change in government regulations could have a significant negative impact on exploration and development drilling and completion activity in North America and, in turn, demand for CES' products and services.

As a provider of technically advanced consumable chemical solutions throughout the life-cycle of the oilfield, the volatility in activity experienced at the drill-bit, fracturing and completion stages is somewhat muted by the long-term and less variable revenue generated by CES at the pump-jack and wellhead during the production stage and in the mid-stream, pipeline and transportation phases. As CES grows these facets of its business, the predictability of its earnings should also increase. The revenue and general market consumption of consumable chemicals in these market segments is more stable and predictable than the drilling fluids market, however a material reduction in the demand for oil and gas may impact the demand for consumable chemicals as operators shut-in production.

The volatility in the financial markets has impacted the general availability of both credit and equity financing in the marketplace. World-wide political and economic risks are also intensifying, including the shift in US foreign policy and the use and threat of tariffs to achieve political and economic objectives. Should there be significant economic contraction as a result of changes to US foreign or tariff policy, if the conflict in Ukraine escalates or expands beyond Ukraine's borders, if conflict in the Middle East reintensifies, or if the trade and economic dispute between China and the United States is prolonged, this could have a significant impact not only on credit and equity markets, but also on global supply chains and demand for CES' products and services.

Although there has been a significant recovery in capital markets as it relates to the oil and gas industry, if there is a significant economic slowdown, it may prove to be difficult under future market conditions to issue additional equity, maintain or increase credit capacity, or re-finance existing credit without significant costs. CES is also reliant on its Senior Facility to fund working capital and other growth initiatives. In the event CES' lenders are unable to, or choose not to continue to fund CES, it would impair CES' ability to operate until alternative sources of financing were obtained, as access to the Senior Facility is critical to the effective execution of CES' business plan. At June 30, 2025, CES is in compliance with terms and covenants of all of its lending agreements including the Senior Facility and Senior Notes indenture.

The ability of CES to sell and expand its services will also depend upon the ability to attract and retain qualified personnel as needed. The demand for skilled employees has increased in recent years and the supply of top quality, experienced talent has been limited. The unexpected loss of CES' key personnel, the inability to retain or recruit skilled personnel, or potential disruptions to our employees' ability to perform their duties as a result of unforeseen events such as natural disasters or impacts from global pandemics, could have an adverse effect on CES' results. CES addresses these risks by:

- attracting well trained and experienced professionals;
- offering competitive compensation at all levels;
- providing a variety of tools and technologies to enable employees to work remotely;
- ensuring a safe working environment with clearly defined standards and procedures; and
- offering its employees both internal and external training programs.

CES takes its health, safety, and environmental responsibilities seriously and has standards, policies, and procedures to address these risks. In addition, CES maintains insurance policies with respect to its operations providing coverage over what it considers to be material insurable risks. Although the Company maintains insurance policies, such insurance may not provide adequate coverage in all circumstances, nor are all such risks insurable. There can also be assurance that the Company will be able to maintain adequate insurance in the future at rates it considers reasonable and commercially justifiable. It is possible that the Company's insurance coverage will not be sufficient to address the costs arising out of the allocation of liabilities and risk of loss.

Significant changes in the oil and gas industry including economic conditions, commodity prices, environmental regulations, government policy, pipeline takeaway capacity, and other factors may adversely affect CES' ability to realize the full value of its accounts receivable. In addition, a concentration of credit risk exists in trade accounts receivable since they are predominantly with companies operating in the WCSB in Canada and in the Texas, Mid-continent, Rockies, and Northeast regions of the US. CES continues to attempt to mitigate the credit risk associated with its customer receivables by performing credit checks as considered necessary, managing the amount and timing of exposure to individual customers, reviewing its credit procedures on a regular basis, reviewing and actively following up on older accounts, and insuring trade credit risks where deemed appropriate. CES does not anticipate any significant issues in the collection of its customer receivables at this time outside of those which have already been provided for, but continues to monitor these risks on an ongoing basis. If oil and gas prices were to be depressed for an extended period of time, particularly with respect to pricing differentials affecting producers in the WCSB, and if access to capital markets remains weak for CES' customers, there would be a risk of increased bad debts. It is not possible at this time to predict the likelihood, or magnitude, of this risk.

CES' US footprint and size of operations continues to make up the majority of CES' business. CES' significant US presence provides for upside potential and reduces certain risks through diversification of operations. It also exposes the Company to additional specific risks including: currency risk with added exposure to fluctuations in the USD; regulatory risks associated with environmental concerns; and the future impact of increased regulatory requirements. In addition, the outcome of the US election has created additional uncertainty with respect to the regulatory environment as well as tariffs and other policies impacting trade between the US, Canada, and the rest of the world.

The Company's ability to provide services to its customers is also dependent upon the availability at reasonable prices of raw materials, which the Company purchases from various suppliers, many of whom are located in North America but also increasingly from overseas including Asia and the Middle East. The availability and supply of materials has been consistent in the past; however there have been increasing supply chain issues and disruptions which have periodically emerged. Coupled with increasing demand from the Company's customers, periodic shortages of certain materials have been experienced and costs have been affected. The Company does source some limited, non-exclusive products from the Middle East, however, the specific source countries do not appear to be impacted by the conflict in the Middle East and the Company does not anticipate these countries to be impacted going forward. The Company can source these products from other regions should the conflict in the Middle East expand in a significant way. Additionally, increased political tensions relating to China and its relationship with the rest of the western world, could cause significant supply chain disruptions, particularly as the Company sources more materials from Asia. Moreover, disruptions to transportation networks, impacts from pandemics, shortages of transportation infrastructure (including container availability), or other disruptions to global supply chains may impact the Company's ability to deliver products and services to its customers. These disruptions may also impact global demand for oil and gas, which may in turn result in a reduction in drilling activity and production economics globally. CES continues to evaluate potential changes to customer activity levels and the potential impacts to our business.

The foregoing risks and uncertainties are not intended to be exhaustive. Reference should be made to CES' Annual Information Form dated March 6, 2025, for the year ended December 31, 2024, and in particular to the heading "Risk Factors" for further risks associated with the business, operations, and structure of CES, which is available on CES' SEDAR+ profile at www.sedarplus.ca.

FORWARD-LOOKING INFORMATION & STATEMENTS

Certain statements in this MD&A 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 MD&A, 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 MD&A. 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. 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.

In particular, this MD&A contains forward-looking information pertaining to the following: the seasonality of CES' business and the ability of CES to manage seasonal activity swings; the certainty and predictability of future cash flows, profitability, and earnings; Management's proposed corporate strategy for the Company; ability of CES to manage overall fluctuations in demand for CES' products and services; expectations regarding industry conditions; expectations regarding CES' revenue and free cash flow generation and the 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; expectations regarding CES' customer's capital expenditures and exploration and development activities; expectations regarding the impact of economic policy and tariffs on the energy sector and specifically the Company, including the degree of impact to the Company; CES' ability to execute on financial goals relating to its balance sheet, liquidity, working capital and cost structure; expectations regarding the performance of CES' business model and counter cyclical balance sheet during downturns; the expectation that cash interest costs and maintenance capital will be funded from available cash or through CES' credit facilities; future estimates as to dividend levels; the business strategy regarding cash dividend payments in the future; the sufficiency of liquidity and capital resources to meet long-term payment obligations or other commitments not included as liabilities on its statement of financial position; potential M&A opportunities; the long-term capital investments required for CES to execute on its business plan; the amount of CES' non-acquisition related capital expenditures in 2025, including maintenance capital and discretionary expansion capital and the anticipated timing for spending such capital; the repurchase of CES' common shares pursuant to the NCIB; Management's opinion of the impact of any potential litigation or disputes; the application of critical accounting estimates and judgements; the timing of adoption of new accounting standards and the potential impact of new accounting standards on CES' financial statements; the collectability of accounts receivable; the effectiveness of CES' credit risk mitigation strategies; CES' ability to increase or maintain its market share; expectations regarding the number of Treatment Points in Canada and the US; CES' ability to leverage third party partner relationships to drive innovation in the consumable fluids and chemicals business; supply and demand for CES' products and services, including expectations for growth in CES' production and specialty chemical sales, expected growth in the consumable chemicals market, and the impact of such increased sales on operating leverage and cost structure; impact of new drilling techniques, longer reach laterals and the increased intensity and size of hydraulic fracturing; industry activity levels and divergence in activity levels between Canada and the US; expectations regarding service intensity in the upstream oil and gas sector; expectations regarding the adoption of advanced critical chemical solutions; inherent production economics, reduced availability of high quality drilling locations; anticipated drilling activity for natural gas projects; any forward curves for commodity prices; treatment under governmental regulatory and taxation regimes; expectations regarding expansion of services in Canada and the US; development of new technologies; expectations regarding CES' growth opportunities in Canada, the US and overseas; the effect of acquisitions on the Company; expectations regarding the performance or expansion of CES' operations; expectations regarding end markets for production chemicals and drilling fluids in Canada and the US including anticipated volatility throughout 2025; expectations regarding the demand for oil and natural gas; expectations relating to general economic conditions, interest rates and geopolitical risk; expectations regarding the diversification of operations away from the drill-bit; expectations regarding demand for CES' services and technology; investments in research and development and technology advancements; access to debt and capital markets and cost of capital; impacts of the Company's issuance of Senior Notes on the Company's capital structure and reduced cost of capital; CES' ability to continue to comply with covenants in debt facilities; expectations regarding the timing and amount of common shares repurchased pursuant to the Company's NCIB; 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; decreased service intensity levels; 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; decisions by OPEC+ regarding production quotas; the impact of the removal of sanctions on Russia and the potential for additional oil and gas supply to the global markets; 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 or Canadian 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, or trade policies; impact of tariffs on the global economy, supply chains, the energy industry, and the Company; 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, 2024, and "Risks and Uncertainties" in this MD&A.

Without limiting the foregoing, the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

MARKET AND INDUSTRY DATA

Unless otherwise indicated, the market and industry data contained in this MD&A is based upon independent industry publications and websites or was based on estimates derived from the same along with the knowledge of and experience of management in the markets in which the Company operates. Government and industry publications and reports generally indicate that they have obtained their information from sources believed to be reliable, but do not guarantee the accuracy and completeness of their information. None of these sources have provided any form of consultation, advice or counsel regarding any aspect of, or is in any way whatsoever associated with, CES. Actual outcomes may vary materially from those forecasted in such reports or publications, and the prospect for material variation can be expected to increase as the length of the forecast period increases. While the Company believes this data can be reasonably relied on, market and industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. The Company has not independently verified any of the data from third party sources referred to in this MD&A or ascertained the underlying assumptions relied upon by such sources.

ADDITIONAL INFORMATION

Additional information related to CES can be found on the System for Electronic Document Analysis and Retrieval (SEDAR+) at www.sedarplus.ca. Information is also accessible on CES' web site at www.cesenergysolutions.com.

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

[1]Member of the Audit Committee
[2]Member of the Compensation Committee
[3]Member of the Corporate Governance and Nominating Committee
[4]Member of the Health, Safety and Environment Committee

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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

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