

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 nine months ended September 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 November 13, 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, H₂S scavengers, paraffin control products, surfactants, scale inhibitors, biocides and other specialty products. Further, specialty chemicals are used throughout the pipeline and midstream industry to aid in hydrocarbon movement and manage transportation and processing challenges including corrosion, wax build-up and H₂S.

CES operates in all major basins throughout the United States ("US"), including the Permian, Eagleford, Bakken, Marcellus and Scoop/Stack, as well as in the Western Canadian Sedimentary Basin ("WCSB") with an emphasis on servicing the ongoing major resource plays: Montney, Duvernay, Deep Basin and SAGD. In the US, CES operates under the trade names AES Drilling Fluids ("AES"), 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.

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Three and Nine Months Ended September 30, 2025

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

FINANCIAL HIGHLIGHTS

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2025	2024	% Change	2025	2024	% Change
Revenue						
United States ⁽¹⁾	409,389	402,632	2 %	1,217,407	1,181,230	3 %
Canada ⁽¹⁾	213,832	203,887	5 %	612,236	567,063	8 %
Total Revenue	623,221	606,519	3 %	1,829,643	1,748,293	5 %
Net income	40,489	46,638	(13)%	136,425	149,251	(9)%
<i>per share - basic</i>	0.19	0.20	(5)%	0.62	0.64	(3)%
<i>per share - diluted</i>	0.18	0.20	(10)%	0.61	0.63	(3)%
Adjusted EBITDAC ⁽²⁾	103,320	102,537	1 %	291,471	300,016	(3)%
Adjusted EBITDAC ⁽²⁾ % of Revenue	16.6 %	16.9 %	(0.3)%	15.9 %	17.2 %	(1.3)%
Funds Flow from Operations ⁽²⁾	85,754	88,510	(3)%	240,223	224,235	7 %
Change in non-cash working capital	(34,111)	(15,650)	118 %	(62,495)	18,198	(443)%
Cash provided by (used in) operating activities	51,643	72,860	(29)%	177,728	242,433	(27)%
Free Cash Flow ⁽²⁾	27,190	40,077	(32)%	88,072	152,284	(42)%
Capital expenditures						
Expansion Capital ⁽¹⁾	8,804	20,484	(57)%	40,108	52,923	(24)%
Maintenance Capital ⁽¹⁾	6,187	5,349	16 %	25,747	17,100	51 %
Total capital expenditures	14,991	25,833	(42)%	65,855	70,023	(6)%
Dividends declared	9,169	6,886	33 %	28,051	20,978	34 %
<i>per share</i>	0.0425	0.0300	42 %	0.1275	0.0900	42 %
Common Shares Outstanding						
End of period - basic	215,738,676	229,525,039		215,738,676	229,525,039	
End of period - fully diluted ⁽²⁾	218,358,865	233,530,844		218,358,865	233,530,844	
Weighted average - basic	218,234,502	233,176,879		221,611,575	234,233,827	
Weighted average - diluted	220,845,867	237,181,631		224,460,031	238,630,864	

	As at				
Financial Position	September 30, 2025	June 30, 2025	% Change	December 31, 2024	% Change
Total assets	1,623,489	1,535,044	6 %	1,539,331	5 %
Long-term debt	400,561	373,917	7 %	344,888	16 %
Long-term financial liabilities ⁽³⁾	467,526	447,406	4 %	412,608	13 %
Total Debt ⁽²⁾	510,280	490,928	4 %	452,588	13 %
Working Capital Surplus ⁽²⁾	713,928	671,604	6 %	681,085	5 %
Net Debt ⁽²⁾	(203,648)	(180,676)	13 %	(228,497)	(11)%
Shareholders' equity	808,215	789,587	2 %	814,230	(1)%

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 the section entitled "Non-GAAP Measures and Other Financial Measures" contained within this MD&A.

²Non-GAAP measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. The most directly comparable GAAP measure for Adjusted EBITDAC is Net income, 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.

³Includes long-term portions of the Senior Facility, the Senior Notes, lease obligations, deferred acquisition consideration, and cash settled incentive obligations.

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

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

- **Revenue:** Revenue in the quarter was a third quarter record at \$623.2 million, representing a sequential increase of \$49.2 million or 9% compared to \$574.0 million in Q2 2025, on seasonally higher activity levels in Canada in the quarter, and an increase of \$16.7 million or 3% compared to \$606.5 million in Q3 2024. For the nine months ended September 30, 2025, CES generated revenue of \$1.8 billion, an increase of \$81.4 million or 5% relative to the nine months ended September 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 Q3 2025 set a new quarterly record at \$409.4 million, representing a sequential increase of \$3.8 million or 1% compared to Q2 2025, and an increase of \$6.8 million or 2% compared to Q3 2024. For the nine months ended September 30, 2025, revenue generated in the US of \$1.2 billion was up 3% relative to the nine months ended September 30, 2024. US revenues for both the three and nine month periods benefited from contributions from recent acquisitions and strengthened market positioning, achieving record US Drilling Fluids Market Share of 26% and 25% for the three and nine months ended September 30, 2025, respectively, compared to 22% for both the three and nine months ended September 30, 2024.
 - **Revenue - Canada:** Revenue generated in Canada during Q3 2025 was a third quarter record at \$213.8 million, representing a sequential increase of \$45.4 million or 27% compared to Q2 2025 as is expected on a seasonal basis, and an increase of \$9.9 million or 5% compared to Q3 2024. For the nine months ended September 30, 2025, revenue generated in Canada of \$612.2 million was up 8% relative to the nine months ended September 30, 2024. Canadian revenues for both the three and nine month periods benefited from strong market share and higher service intensity year over year. Canadian Drilling Fluids Market Share of 42% and 40% for the three and nine months ended September 30, 2025, respectively, compared to 35% and 33% for the three and nine months ended September 30, 2024, respectively.
- **Adjusted EBITDAC:** Adjusted EBITDAC set a quarterly record at \$103.3 million, representing a sequential increase of 17% compared to Q2 2025, on seasonally higher activity levels in Canada, and 1% compared to Q3 2024. Adjusted EBITDAC as a percentage of revenue of 16.6% in Q3 2025 improved from 15.4% in Q2 2025 and compares to 16.9% in Q3 2024. The improvement to Adjusted EBITDAC for the three months ended September 30, 2025, was driven by record third quarter revenue levels combined with strong margins, an attractive product mix, and continued increased service intensity. For the nine months ended September 30, 2025, Adjusted EBITDAC decreased 3% to \$291.5 million from \$300.0 million in the nine months ended September 30, 2024, impacted by personnel investments to support new business initiatives and the impacts of the Canadian forest fires in the second quarter, when compared to the prior year.
- **Net Income:** Net income for the three and nine months ended September 30, 2025, decreased 13% to \$40.5 million, and 9% to \$136.4 million, respectively, relative to the comparable periods of 2024. The decrease in the three and nine month periods was driven by increased depreciation expenses on a larger fixed asset base to support record revenue levels. The decrease in the nine month period was further impacted by personnel investments to support upcoming new business initiatives and the Canadian forest fires in the second quarter, partly offset by record market share, strong margins, and prudent management of expenses.
- **Shareholder Returns:** During the quarter, CES returned \$45.4 million to shareholders (Q3 2024 - \$54.1 million), through \$36.1 million in shares repurchased under its NCIB and its quarterly dividend of \$9.3 million (Q3 2024 - \$47.1 million and \$7.1 million, respectively). For the nine months ended September 30, 2025, CES returned \$114.3 million to shareholders (2024 - \$84.8 million), through \$88.7 million in shares repurchased under its NCIB and its quarterly dividends of \$25.6 million (2024 - \$64.9 million and \$20.0 million, respectively).
- **Funds Flow from Operations:** CES generated \$85.8 million in Funds Flow from Operations in Q3 2025, compared to \$76.7 million generated in Q2 2025 and \$88.5 million generated in Q3 2024. For the nine months ended September 30, 2025, CES generated \$240.2 million of Funds Flow from Operations compared to \$224.2 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 Q3 2025.

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- **Cash Flow From Operations:** For Q3 2025, net cash provided by operating activities totaled \$51.6 million compared to \$66.0 million in Q2 2025 and \$72.9 million in Q3 2024. For the nine months ended September 30, 2025, net cash provided by operating activities of \$177.7 million compared to \$242.4 million for the nine months ended September 30, 2024. The decrease in net cash provided by operating activities for the three and nine 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 \$27.2 million in Free Cash Flow in Q3 2025, compared to \$35.3 million generated in Q2 2025, and \$40.1 million generated in Q3 2024. For the nine months ended September 30, 2025, CES generated \$88.1 million of Free Cash Flow compared to \$152.3 million in 2024. The year over year decrease in both the three and nine 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 September 30, 2025, CES had a Working Capital Surplus of \$713.9 million, which increased from \$671.6 million at June 30, 2025, and \$681.1 million at December 31, 2024. The movement during the quarter was driven by increases to Accounts Receivable and Accounts Payable and Accrued Liabilities in line with the sequential increase 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:** As at September 30, 2025, CES had Total Debt of \$510.3 million compared to \$490.9 million at June 30, 2025, and \$452.6 million at December 31, 2024. Included in Total Debt at September 30, 2025, is the Senior Facility of \$203.8 million (December 31, 2024 - \$148.8 million), \$200.0 million of Senior Notes (December 31, 2024 - \$200.0 million), and lease obligations of \$98.1 million (December 31, 2024 - \$91.9 million). The increase in Total Debt during the period was driven by elevated shareholder returns and increased investments in working capital associated with elevated quarterly activity levels.
- **Senior Notes:** On October 23, 2025, the Company completed the private placement of \$75.0 million of 6.875% senior unsecured notes (the "Additional Senior Notes") due May 24, 2029, at a premium price of \$1,031.25 per \$1,000 principal amount of Senior Notes. The Additional Senior Notes were issued under the indenture governing the Company's \$200.0 million of Senior Notes and accordingly will form a single series with such previously issued Senior Notes. This financing further improves CES' capital structure and provides ample liquidity to support identified growth opportunities.
- **Net Debt:** Working Capital Surplus exceeded Total Debt at September 30, 2025, by \$203.6 million (December 31, 2024 - \$228.5 million). As of the date of this MD&A, the Company had total long-term debt of approximately \$400.0 million, comprised of a net draw on its Senior Facility of approximately \$125.0 million and its outstanding \$275.0 million Senior Notes due May 24, 2029.

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 and advanced chemical treatment 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+ cadence of production cut reversals, and ongoing global conflicts have tempered near-term energy supply-demand stability 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 depressed global exploration activity and diminishing 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 continue to generate potential near term uncertainty, including within the energy sector, CES' business model provides relative insulation 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, weighted towards expansion capital to support higher activity levels and business development opportunities, and expects this to increase to approximately \$85.0 million to \$90.0 million in 2026. CES plans to continue its disciplined and prudent approach to capital expenditures and will adjust its plans as required to support prudent growth initiatives throughout divisions.

CES has proactively managed both the duration and the flexibility of its debt. In April 2025, CES amended, extended, and upsized its Senior Facility, with improved terms and a maturity extension until November 2028, and in October 2025, CES successfully issued an additional \$75.0 million of Senior Notes due May 24, 2029, on favourable terms. 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.

CES Energy Solutions Corp.

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(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 September 30,			Nine Months Ended September 30,		
	2025	2024	% Change	2025	2024	% Change
United States ⁽¹⁾	409,389	402,632	2 %	1,217,407	1,181,230	3 %
Canada ⁽¹⁾	213,832	203,887	5 %	612,236	567,063	8 %
	623,221	606,519	3 %	1,829,643	1,748,293	5 %

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.

	Key Operating Metrics					
	Three Months Ended September 30,			Nine Months Ended September 30,		
	2025	2024	% Change	2025	2024	% Change
US	35,060	33,047	6 %	34,770	33,250	5 %
Canada	10,031	9,362	7 %	9,798	8,989	9 %
Total Treatment Points ⁽¹⁾	45,091	42,409	6 %	44,568	42,239	6 %
US	12,428	11,649	7 %	36,982	35,696	4 %
Canada	7,233	7,096	2 %	20,420	18,119	13 %
Total Operating Days ⁽¹⁾	19,661	18,745	5 %	57,402	53,815	7 %
US	135	127	6 %	136	131	4 %
Canada	79	77	3 %	75	66	14 %
Total Average Rig Count ⁽¹⁾	214	204	5 %	211	197	7 %
US industry rig count ⁽²⁾	525	566	(7)%	551	584	(6)%
Canadian industry rig count ⁽³⁾	189	223	(15)%	186	199	(7)%
US DF Market Share ⁽¹⁾	26 %	22 %	4 %	25 %	22 %	3 %
Canadian DF Market Share ⁽¹⁾	42 %	35 %	7 %	40 %	33 %	7 %

¹Refer to "Operational Definitions" for further detail.

²Based on the monthly average of Baker Hughes published weekly land data for the United States in the referenced period.

³Based on the monthly average of CAOEC published weekly data for Western Canada in the referenced period.

Revenue in the US for Q3 2025 set an all time quarterly record at \$409.4 million and for the nine months ended September 30, 2025, increased by \$36.2 million or 3% relative to the 2024 comparative period. These results for both the three and nine months ended September 30, 2025, benefited from contributions from the recent acquisitions, increased market share and higher production levels. CES furthered its strong industry positioning achieving US Drilling Fluids Market Share of 26% and 25% for the three and nine months ended September 30, 2025, respectively, compared to 22% for both the three and nine months ended September 30, 2024. CES' US average rig count increased for the three and nine months ended September 30, 2025, by 6% and 4%, respectively, compared to 2024, despite the industry declines in the period, illustrating CES' presence in attractive markets and favorable customer exposure. The US production chemicals business also saw strong sales in both the three and nine months ended September 30, 2025, following a 6% and 5% increase in treatment points, respectively.

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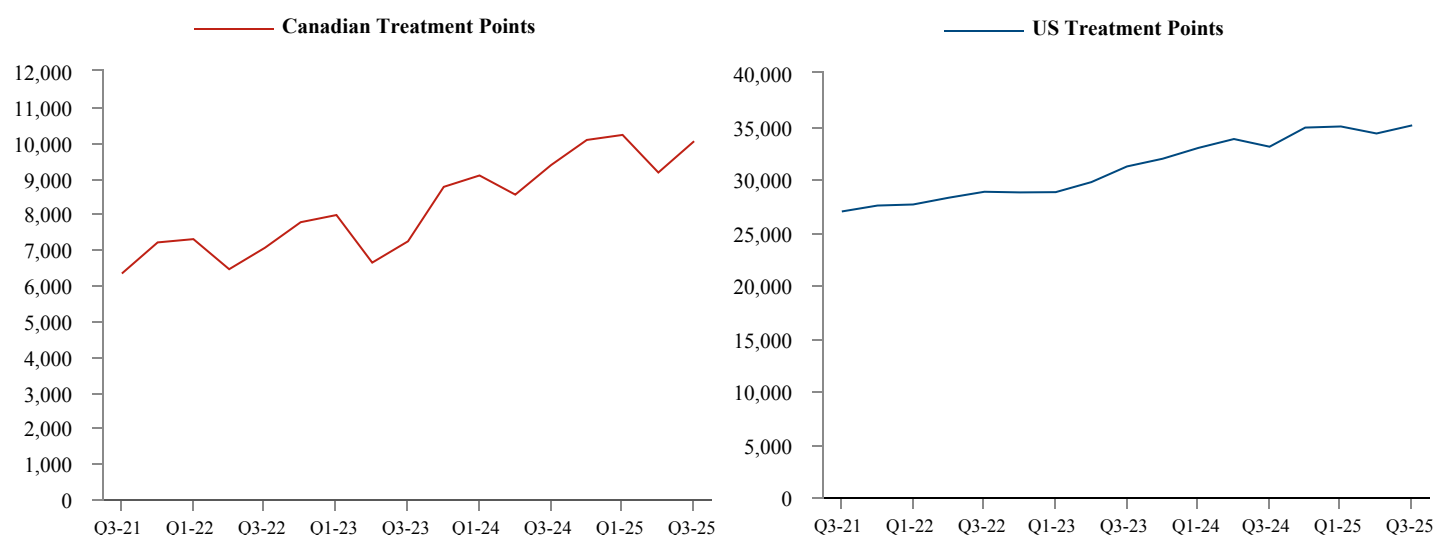
Three and Nine Months Ended September 30, 2025

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

Revenue in Canada increased compared to the prior year for both the three and nine months ended September 30, 2025, and set an all time third quarter record at \$213.8 million, with both periods benefiting from increased market share and higher production levels. CES maintained its strong industry positioning, achieving Canadian Drilling Fluids Market Share of 42% and 40% for the three and nine months ended September 30, 2025, respectively, compared to 35% and 33%, respectively, for the three and nine months ended September 30, 2024. Despite the declines in the Canadian industry rig count, CES' Canadian average rig count increased by 3% and 14% in the three and nine months ended September 30, 2025, respectively, compared to 2024. Canadian Treatment Points for the three and nine months ended September 30, 2025, also increased by 7% and 9%, 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 nine months ended September 30, 2025, is \$2.1 million and \$6.8 million, respectively, (2024 - \$2.4 million and \$6.8 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.

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

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2025	2024	Change	2025	2024	Change
Gross Margin	148,288	146,576	1,712	428,864	433,261	(4,397)
Gross Margin % of revenue ⁽¹⁾	24 %	24 %	— %	23 %	25 %	(2)%
Adjust for:						
Depreciation included in cost of sales	22,278	18,333	3,945	64,174	51,257	12,917
Adjusted Gross Margin ⁽²⁾	170,566	164,909	5,657	493,038	484,518	8,520
Adjusted Gross Margin ⁽²⁾ % of revenue	27 %	27 %	— %	27 %	28 %	(1)%

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.

²Non-GAAP measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. The most directly comparable GAAP measure for Adjusted 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 nine months ended September 30, 2025, Adjusted Gross Margin came in at \$170.6 million and \$493.0 million, respectively, compared to \$164.9 million and \$484.5 million, respectively, for the three and nine months ended September 30, 2024. As a percentage of revenue Adjusted Gross Margin of 27% for both the three and nine months ended September 30, 2025, compared to 27% and 28%, respectively, for the three and nine months ended September 30, 2024. The decrease in Adjusted Gross Margin for the nine months period was driven by a less favorable product mix, and the impacts of the Canadian forest fires and customer plant turnarounds during the second 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 September 30,			Nine Months Ended September 30,		
	2025	2024	Change	2025	2024	Change
General and administrative expenses	82,697	77,077	5,620	230,294	235,056	(4,762)
G&A expenses % of revenue ⁽¹⁾	13 %	13 %	— %	13 %	13 %	— %
Adjust for:						
Stock-based compensation	11,043	10,624	419	15,962	38,754	(22,792)
Depreciation & amortization	4,408	4,081	327	12,765	11,800	965
Adjusted General and Administrative Costs ⁽²⁾	67,246	62,372	4,874	201,567	184,502	17,065
Adjusted G&A costs ⁽²⁾ % of revenue	11 %	10 %	1 %	11 %	11 %	— %

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.

²Non-GAAP measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. The most directly comparable GAAP measure for Adjusted 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 nine months ended September 30, 2025, is primarily reflective of increased activity levels and associated headcount. As a percentage of revenue, Adjusted G&A costs of 11% for both the three and nine months ended September 30, 2025, respectively, compared with 10%, and 11% for the respective periods in 2024, as the increase in the fixed cost base outpaced the increase in revenue levels in the current periods compared to prior year.

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Stock-Based Compensation

Stock-based compensation expense increased by 4% and decreased by 59%, for the three and nine months ended September 30, 2025, respectively, in comparison to the same periods in 2024. The increase in the three month period was driven by the Company's cash-settled compensation plan, reflecting an increase in the Company's share price in the current quarter compared to a decrease in the prior year period. The decrease in the nine month period was driven by the Company's cash-settled compensation plan, reflecting a smaller net movement in the Company's share price in the current year, compared to a significant appreciation in the prior year, along with the timing and price of equity-based and cash-based grants under the Company's stock-based compensation plans.

Finance Costs

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Interest on debt, net of interest income	8,294	7,764	25,084	26,173
Amortization of debt issue costs	371	417	1,162	884
Foreign exchange loss (gain)	6,943	(2,034)	(11,094)	3,079
Financial derivative (gain) loss	(10,189)	1,216	2,593	(21,601)
Other finance costs	—	25	39	651
Finance costs	5,419	7,388	17,784	9,186

Interest expense

Finance costs for the three and nine months ended September 30, 2025, include interest on debt, net of interest income, of \$8.3 million and \$25.1 million, respectively, compared to \$7.8 million and \$26.2 million, respectively, for the comparative 2024 periods. The increase in the three month period was driven by higher draw levels on CES' Senior Facility relative to the comparative period in 2024. The decrease in the nine month period 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 nine months ended September 30, 2025, include a foreign exchange loss of \$6.9 million, and a foreign exchange gain of \$11.1 million, respectively, compared to foreign exchange gain of \$2.0 million and foreign exchange loss of \$3.1 million, respectively, for the three and nine months ended September 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 nine months ended September 30, 2025, include a net derivative gain of \$10.2 million and a net derivative loss of \$2.6 million, respectively, compared to a net derivative loss of \$1.2 million and a net derivative gain of \$21.6 million, respectively, for the three and nine months ended September 30, 2024, relating to the Company's foreign currency and equity derivative contracts. The movement in the three month period was driven by an increase in the Company's share price in the current quarter compared to a decrease in the prior year period. The decrease in the nine month period was driven by a relative decrease in the Company's share price in the current year, compared to a significant appreciation in the prior year. As of September 30, 2025, the Company had a financial derivative asset of \$12.7 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.

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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 September 30, 2025:

Period	Notional Balance	Contract Type	Settlement	Average USDCAD Exchange Rate
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\$12,000			\$1.3750

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 September 30, 2025:

Period	Price	Contract	Notional Principal	Number of Shares
July 2026	4.8078	Swap	9,262	1,926,490
July 2027	7.1119	Swap	6,761	950,721
July 2028	6.8348	Swap	3,791	554,721
Total	5.7737		19,814	3,431,932

Current and Deferred Income Taxes

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Current income tax expense	2,782	11,829	25,600	28,833
Deferred income tax expense	16,821	3,507	18,874	12,525
Total income tax expense	19,603	15,336	44,474	41,358

Current income tax expense decreased for the three and nine months ended September 30, 2025, relative to the comparable 2024 period, primarily due to the impact of new legislation in the US which resulted in lower US taxable earnings, partially offset by higher minimum taxes in the US. Deferred income tax expense increased for the three and nine months ended September 30, 2025, relative to the comparable 2024 period, primarily due to the impact of new legislation in the US impacting temporary differences in the US and Canada.

Working Capital Surplus

CES had a Working Capital Surplus of \$713.9 million as at September 30, 2025, which increased from \$671.6 million as at June 30, 2025, and \$681.1 million as at December 31, 2024. The movement during the quarter was driven by increases to Accounts Receivable and Accounts Payable and Accrued Liabilities in line with the sequential increase 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 September 30, 2025, of \$510.3 million increased from \$490.9 million at June 30, 2025, (\$452.6 million at December 31, 2024) and is primarily comprised of long-term debt, which totaled \$400.6 million as at September 30, 2025, compared to \$373.9 million at June 30, 2025 (\$344.9 million December 31, 2024). The increase in Total Debt during the period was driven by elevated shareholder returns and larger working capital requirements associated with elevated quarterly activity levels. 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.

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QUARTERLY FINANCIAL SUMMARY

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

	Three Months Ended							
	Sep 30, 2025	Jun 30, 2025	Mar 31, 2025	Dec 31, 2024	Sep 30, 2024	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023
Revenue								
United States ⁽¹⁾	409,389	405,557	402,461	390,203	402,632	390,924	387,674	361,091
Canada ⁽¹⁾	213,832	168,434	229,970	215,181	203,887	162,272	200,904	192,366
Revenue	623,221	573,991	632,431	605,384	606,519	553,196	588,578	553,457
Net income	40,489	51,834	44,102	41,855	46,638	48,155	54,458	49,187
<i>per share - basic</i>	0.19	0.23	0.20	0.18	0.20	0.20	0.23	0.21
<i>per share - diluted</i>	0.18	0.23	0.19	0.18	0.20	0.20	0.23	0.20
Adjusted EBITDAC ⁽²⁾	103,320	88,253	99,898	103,174	102,537	95,447	102,032	84,607
Adjusted EBITDAC % of Revenue ⁽²⁾	16.6 %	15.4 %	15.8 %	17.0 %	16.9 %	17.3 %	17.3 %	15.3 %
<i>per share - basic⁽²⁾</i>	0.47	0.40	0.44	0.46	0.44	0.41	0.44	0.35
<i>per share - diluted⁽²⁾</i>	0.47	0.39	0.44	0.45	0.43	0.40	0.43	0.35
Dividends declared	9,169	9,347	9,535	6,760	6,886	7,056	7,036	5,901
<i>per share</i>	0.0425	0.0425	0.0425	0.0300	0.0300	0.0300	0.0300	0.0250
Common Shares Outstanding								
End of period - basic	215,738,676	219,940,242	224,363,433	225,329,085	229,525,039	235,188,873	234,519,860	236,042,566
End of period - fully diluted ⁽²⁾	218,358,865	222,588,682	227,403,807	228,948,223	233,530,844	239,430,548	239,276,274	241,385,242
Weighted average - basic	218,234,502	221,616,603	225,058,610	226,704,896	233,176,879	235,162,870	234,373,347	239,160,013
Weighted average - diluted	220,845,867	224,261,923	228,354,820	230,379,790	237,181,631	239,402,896	238,934,382	244,555,366

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.

²Non-GAAP measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. The most directly comparable GAAP measure for Adjusted EBITDAC is Net income, 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.

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LIQUIDITY AND CAPITAL RESOURCES**Long-Term Debt**

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

	As at	
	September 30, 2025	December 31, 2024
Senior Facility	205,416	149,826
Senior Notes	200,000	200,000
	405,416	349,826
Less: net unamortized debt issue costs	(4,855)	(4,938)
Total long-term debt	400,561	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 September 30, 2025, the Senior Facility had a net draw of \$203.8 million (December 31, 2024 - \$148.8 million), with capitalized transaction costs of \$1.6 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 September 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	1.331	Not to exceed 4.0
Net Senior Debt to EBITDA for the four quarters ended	0.729	Not to exceed 3.0
EBITDA to Interest Expense, for the four quarters ended	10.803	Must exceed 2.5

Senior Notes

At September 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.

On October 23, 2025, the Company completed the private placement of \$75.0 million of 6.875% senior unsecured notes (the "Additional Senior Notes") due May 24, 2029, at a premium price of \$1,031.25 per \$1,000 principal amount of Senior Notes. The Additional Senior Notes were issued under the indenture governing the Company's \$200.0 million of Senior Notes and accordingly will form a single series with such previously issued Senior Notes.

For the three and nine months ended September 30, 2025, the Company recorded \$8.9 million and \$26.9 million, respectively (September 30, 2024 - \$8.4 million and \$27.6 million), in interest expense related to its long-term debt and lease balances, including the amortization of debt issue costs.

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Scheduled principal payments on the Company's long-term debt at September 30, 2025, are as follows:

2025 - 3 months	—
2026	—
2027	—
2028	205,416
2029 and thereafter	200,000
	405,416

Other Indebtedness

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

	Payments Due By Period ⁽¹⁾					Total
	Less than 3 months	3 months to 1 year	1-2 years	2-5 years	5+ years	
Accounts payable and accrued liabilities	259,039	13,099	—	—	—	272,138
Dividends payable ⁽²⁾	9,169	—	—	—	—	9,169
Income taxes payable	—	8,809	—	—	—	8,809
Deferred acquisition consideration	—	3,493	2,444	2,443	—	8,380
Senior Facility	—	—	—	205,416	—	205,416
Senior Notes ⁽³⁾	—	—	—	200,000	—	200,000
Interest on Senior Notes	6,875	6,875	13,750	27,500	—	55,000
Lease obligations ⁽⁴⁾	6,743	32,518	30,547	25,362	2,911	98,081
Commitments ⁽⁵⁾	9,422	31,816	25,615	8,313	—	75,166
Other long-term liabilities	—	—	2,730	528	—	3,258
	291,248	96,610	75,086	469,562	2,911	935,417

¹ Payments denominated in foreign currencies have been translated using the September 30, 2025, exchange rate.

² Dividends declared as of September 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.

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Summary of Statements of Cash Flows

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

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2025	2024	Change	2025	2024	Change
Net cash provided by (used in)						
Operating Activities	51,643	72,860	(21,217)	177,728	242,433	(64,705)
Investing Activities	(20,748)	(36,239)	15,491	(85,418)	(75,484)	(9,934)
Financing Activities	(30,895)	(36,621)	5,726	(92,310)	(166,949)	74,639

Cash Flows from Operating Activities

For the three months ended September 30, 2025, net cash provided by operating activities totaled \$51.6 million compared to \$72.9 million during the three months ended September 30, 2024. For the nine months ended September 30, 2025, net cash provided by operating activities of \$177.7 million compared to \$242.4 million for the nine months ended September 30, 2024. The decrease in net cash provided by operating activities for both the three and nine 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 nine months ended September 30, 2025, net cash flows used in investing activities totaled \$20.7 million and \$85.4 million, respectively, compared to \$36.2 million and \$75.5 million, respectively, for the comparable 2024 periods. The decrease in net cash flows used in investing activities for the three months ended September 30, 2025, was driven by higher capital investments and the Hydrolite acquisition in the prior year comparative period, while the increase in the nine months ended September 30, 2025, was driven by higher investments in intangible assets and payments for deferred acquisition consideration. Details of cash used for investment in property and equipment are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Expansion Capital ⁽¹⁾	8,804	20,484	40,108	52,923
Maintenance Capital ⁽¹⁾	6,187	5,349	25,747	17,100
Total investment in property and equipment	14,991	25,833	65,855	70,023
Change in non-cash investing working capital	226	326	1,467	(2,185)
Cash used for investment in property and equipment	15,217	26,159	67,322	67,838
Adjust for:				
Proceeds on disposal of assets	(1,817)	(1,954)	(8,349)	(4,828)
Net cash used for investment in property and equipment ⁽²⁾	13,400	24,205	58,973	63,010

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.

²Non-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 Q3 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 Q3 2025 primarily included the replacement of field and warehouse equipment, and vehicles and rolling stock throughout the business to support existing activity levels.

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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, weighted towards expansion capital to support higher activity levels and business development opportunities, and expects this to increase to \$85.0 to \$90.0 million in 2026. 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 nine months ended September 30, 2025, cash flows used by financing activities totaled \$30.9 million and \$92.3 million, respectively, compared to \$36.6 million and \$166.9 million, respectively, for the comparable 2024 periods. The decrease in cash flows used by financing activities for the three month period was driven by lower common share repurchases under the Company's NCIB, partially offset by increased leases repayments and dividends. The decrease in cash flows used by financing activities for the nine month period was a result of the repayment of the Company's Term Loan in the prior year period, partially offset by increases in shareholder returns by way of common share repurchases under the Company's NCIB and dividend payments, and lease repayments.

Dividend Policy

The Company declared dividends to holders of common shares for the nine months ended September 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
September 2025	Sept 30	Oct 15	\$0.0425	9,169
Total dividends declared			\$0.1275	28,051

For the three and nine months ended September 30, 2025, the Company's Dividend Payout Ratio averaged 13% and 15%, respectively, compared to 9% and 12%, 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. 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.

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NCIB

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. A summary of the Company's NCIB program, excluding any associated taxes on share repurchases, is presented below:

	Renewed NCIB July 22, 2025 to September 30, 2025	Nine Months Ended September 30, 2025	Since Inception July 17, 2018 to September 30, 2025
Common shares repurchased and canceled through NCIB	3,299,700	11,898,319	81,127,806
Cash outlay	27,661	87,305	325,077
Average price per share	8.38	7.34	4.01

As at September 30, 2025, the Company has repurchased 81,127,806 or approximately 30% of the common shares outstanding since inception of the NCIB programs on July 17, 2018. Subsequent to September 30, 2025, the Company repurchased 3,196,100 additional shares at a weighted average price of \$9.36 for a total of \$29,905.

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		
	November 13, 2025	September 30, 2025	December 31, 2024
Common shares outstanding	212,656,011	215,738,676	225,329,085
Restricted Share Unit Plan ("RSU")	2,523,252	2,620,189	3,619,138
Phantom Share Unit Plan ("PSU")	4,653,026	4,666,704	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.

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.

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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 September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net income	40,489	46,638	136,425	149,251
Adjust for:				
Depreciation and amortization	26,686	22,414	76,939	63,057
Current income tax expense	2,782	11,829	25,600	28,833
Deferred income tax expense	16,821	3,507	18,874	12,525
Stock-based compensation	11,043	10,624	15,962	38,754
Finance costs	5,419	7,388	17,784	9,186
Other loss (income)	80	137	(113)	(1,590)
EBITDAC	103,320	102,537	291,471	300,016
Adjusted EBITDAC	103,320	102,537	291,471	300,016
<i>Adjusted EBITDAC % of Revenue</i>	<i>16.6 %</i>	<i>16.9 %</i>	<i>15.9 %</i>	<i>17.2 %</i>
<i>Adjusted EBITDAC per share - basic</i>	<i>0.47</i>	<i>0.44</i>	<i>1.32</i>	<i>1.28</i>
<i>Adjusted EBITDAC per share - diluted</i>	<i>0.47</i>	<i>0.43</i>	<i>1.30</i>	<i>1.26</i>

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.

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Distributable Earnings and Dividend Payout Ratio are calculated as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Cash provided by (used in) operating activities	51,643	72,860	177,728	242,433
Adjust for:				
Change in non-cash operating working capital	34,111	15,650	62,495	(18,198)
Maintenance Capital ⁽¹⁾	(6,187)	(5,349)	(25,747)	(17,100)
Repayment of lease obligations	(11,279)	(8,906)	(32,150)	(24,954)
Distributable Earnings	68,288	74,255	182,326	182,181
Dividends declared	9,169	6,886	28,051	20,978
Dividend Payout Ratio	13 %	9 %	15 %	12 %

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 September 30,		Nine Months Ended September 30,	
\$000s	2025	2024	2025	2024
Gross Margin	148,288	146,576	428,864	433,261
Gross Margin % of revenue	24 %	24 %	23 %	25 %
Adjust for:				
Depreciation included in cost of sales	22,278	18,333	64,174	51,257
Adjusted Gross Margin	170,566	164,909	493,038	484,518
Adjusted Gross Margin % of revenue	27 %	27 %	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.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
General and administrative expenses	82,697	77,077	230,294	235,056
G&A expenses % of revenue	13 %	13 %	13 %	13 %
Adjust for:				
Stock-based compensation	11,043	10,624	15,962	38,754
Depreciation & amortization	4,408	4,081	12,765	11,800
Adjusted General and Administrative Costs	67,246	62,372	201,567	184,502
Adjusted G&A Costs % of revenue	11 %	10 %	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 September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Cash provided by (used in) operating activities	51,643	72,860	177,728	242,433
Adjust for:				
Change in non-cash operating working capital	34,111	15,650	62,495	(18,198)
Funds Flow from Operations	85,754	88,510	240,223	224,235

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 September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Cash provided by (used in) operating activities	51,643	72,860	177,728	242,433
Adjust for:				
Expansion Capital ⁽¹⁾	(8,804)	(20,484)	(40,108)	(52,923)
Maintenance Capital ⁽¹⁾	(6,187)	(5,349)	(25,747)	(17,100)
Repayment of lease obligations	(11,279)	(8,906)	(32,150)	(24,954)
Proceeds on disposal of assets	1,817	1,954	8,349	4,828
Free Cash Flow	27,190	40,075	88,072	152,284

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

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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 September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Cash used for investment in property and equipment	15,217	26,159	67,322	67,838
Adjust for:				
Proceeds on disposal of assets	(1,817)	(1,954)	(8,349)	(4,828)
Net Cash used for investment in property and equipment	13,400	24,205	58,973	63,010

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	
	September 30, 2025	December 31, 2024
Long-term financial liabilities ⁽¹⁾	467,526	412,608
Current portion of lease obligations	39,261	34,589
Current portion of deferred acquisition consideration	3,493	5,391
Total Debt	510,280	452,588
Deduct Working Capital Surplus:		
Current assets	1,004,044	952,150
Current liabilities ⁽²⁾	(290,116)	(271,065)
Working Capital Surplus	713,928	681,085
Net Debt	(203,648)	(228,497)

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

⁽²⁾Excludes current portion of lease liabilities, long-term debt and deferred acquisition consideration.

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

	As at	
	September 30, 2025	September 30, 2024
Common shares outstanding	215,738,676	229,525,039
Restricted share units outstanding, end of period	2,620,189	4,005,805
Shares outstanding, end of period - fully diluted	218,358,865	233,530,844

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.

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.

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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 nine months ended September 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 nine months ended September 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.

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In particular, this MD&A contains forward-looking information pertaining to the following: the Company's expectations regarding future revenue, profitability, and cash flow generation; anticipated capital expenditures, including maintenance and expansion capital, and the timing and allocation of such expenditures; the Company's business strategy and ability to execute growth initiatives in Canada, the United States, and internationally; expectations regarding market demand, customer activity levels, and industry conditions in the oilfield consumable chemicals sector; the impact of economic policy, tariffs, regulatory changes, and geopolitical risks on the energy sector and the Company; the Company's ability to maintain or increase market share in drilling fluids and production chemicals; adoption and development of advanced chemical solutions and new technologies; investments in research and development and scientific talent; management of working capital and optimization processes; sufficiency of liquidity and capital resources to meet long-term payment obligations and support business development opportunities; access to debt and capital markets, cost of capital, and impacts of financing activities including Senior Notes and the Senior Facility; anticipated drilling activity for natural gas projects and trends in upstream oil and gas activity; the impact of new drilling techniques, longer reach laterals, increased service intensity, and hydraulic fracturing; expectations regarding end market volatility, commodity prices, and global energy demand; the effect of acquisitions and potential mergers; the performance and expansion of operations and business units; the timing and impact of adoption of new accounting standards and application of critical accounting estimates and judgments; management's opinion of the impact of potential litigation or disputes; the ability to attract and retain qualified personnel; the sufficiency and adequacy of insurance coverage; the impact of supply chain disruptions, transportation infrastructure, and global events on operations; the business strategy regarding cash dividend payments and future dividend levels; 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

¹Member of the Audit Committee

²Member of the Compensation Committee

³Member of the Corporate Governance and Nominating
Committee

⁴Member of the Health, Safety and Environment
Committee

EXECUTIVE OFFICERS

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

Anthony M. Aulicino
Executive Vice President & Chief Financial Officer

Vernon J. Disney
President, US Production Chemicals

James F. Strickland
President, US Drilling Fluids

CORPORATE SECRETARY

Matthew S. Bell

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Calgary, AB

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