



CES ENERGY SOLUTIONS CORP. ANNOUNCES STRONG Q1 2023 RESULTS AND AN INCREASED DIVIDEND

CES Energy Solutions Corp. (“CES” or the “Company”) (TSX: CEU) (OTC: CESDF) announced today the Company’s results for the three months ended March 31, 2023, along with a 25% increase to its quarterly dividend from \$0.020 per share to \$0.025 per share, which will take effect and be paid on the Company’s next scheduled dividend payment of July 14, 2023 to the shareholders of record at the close of business on June 30, 2023.

First Quarter Highlights

- Quarterly revenue of \$557.7 million
- Adjusted EBITDAC of \$77.1 million, representing a 13.8% margin
- Cash Flow from Operations of \$73.2 million
- Leverage reduced to 1.78x Total Debt/Adjusted EBITDAC from 2.17x at December 31, 2022
- Working Capital Surplus exceeded Total Debt at March 31, 2023 by \$160.3 million

CES is pleased to announce strong Q1 2023 financial results, as quarterly revenue, Adjusted EBITDAC and Cash Flow from Operations remained stable near all time high levels. These solid financial results reflect CES’ ability to leverage its established infrastructure, strong industry positioning and dedicated people to capitalize on the constructive environment in the broader industry.

CES remains confident in its ability to continue generating strong surplus free cash flow, supported by its financial results, outlook, and recent refinancing efforts aimed at addressing the 6.375% senior unsecured notes (the “Senior Notes”) that are scheduled to mature in October of 2024. Furthermore, on May 11, 2023, the Company’s Board of Directors approved a 25% increase to the quarterly dividend from \$0.020 per share to \$0.025 per share, resulting in an annualized dividend of \$0.10 per share representing an implied yield of 4% and an implied Payout Ratio of 12%. The increased dividend returns additional value to shareholders while preserving the strength of the Company’s balance sheet and maintaining ample liquidity to fund capital allocation alternatives. The new dividend payment amount will be paid on the Company’s next scheduled dividend payment date of July 14, 2023 to the shareholders of record at the close of business on June 30, 2023.

Revenue for the quarter remained stable near all time high levels at \$557.7 million, representing a sequential decrease of \$5.0 million or 1% relative to CES’ previous record of \$562.7 million in Q4 2022 and an increase of \$156.4 million or 39% relative to Q1 2022. Adjusted EBITDAC for the quarter came in at \$77.1 million, compared to \$80.2 million in Q4 2022 and \$42.5 million in Q1 2022, as CES continues to realize high levels of revenue underpinned by industry stabilization, and continued strong market share throughout the business. Industry conditions continue to provide a supportive backdrop for the Company with positive macro trends in supply demand balance, activity levels, rig counts and production levels. While cost inflation persists in certain

facets of the value chain, margin compression has been mitigated by the maintenance of prudent G&A levels and targeted pricing increases.

CES exited the quarter with a net draw on its syndicated senior facility (the "Senior Facility") of \$166.7 million compared to \$208.5 million at December 31, 2022. Total Debt of \$518.8 million at March 31, 2023 compared to \$557.5 million at December 31, 2022, of which \$288.0 million relates to Senior Notes which mature on October 21, 2024. The decreases realized during the quarter were primarily driven by strong cash flow generation enhanced by the reduction in required working capital investments, partly offset by \$4.2 million in share repurchases and \$5.1 million in dividend payments. Working Capital Surplus exceeded Total Debt at March 31, 2023 by \$160.3 million (December 31, 2022 - \$133.6 million).

As at the date of this MD&A, the Company had a net draw on its Amended Senior Facility of approximately \$130.0 million representing a reduction of approximately \$78.5 million since December 31, 2022. These reduced draw levels reflect the onset of strong free cash flow generation from strong revenue levels supported by CES' capex-light business model and stabilizing end market activity levels.

First Quarter Results

In the first quarter CES generated revenue of \$557.7 million, representing a sequential decrease of \$5.0 million or 1% compared to Q4 2022, as revenue and activity levels stabilized throughout the business. Q1 2023 revenue also represented an increase of 39% compared to Q1 2022 as activity levels have seen a significant increase year over year. As producers' capital spending increased and production levels have improved year over year, activity and industry rig counts have seen a significant uptick since the comparative period, which was still impacted by a lower commodity price environment.

Revenue generated in the US during Q1 2023 was \$369.0 million, representing a sequential decrease of \$9.5 million or 3% compared to Q4 2022 and an increase of 48% compared to Q1 2022. US revenues for the three month period were positively impacted by increased industry activity, higher production levels and improved pricing year over year. US land drilling activity in Q1 2023 decreased by 2% on a sequential quarterly basis and increased by 21% from Q1 2022. CES also saw a sequential and year over year improvement in its strong industry positioning, with a US Drilling Fluids Market Share of 20% for Q1 2023 versus 19% for Q4 2022, and 18% for Q1 2022.

Revenue generated in Canada during Q1 2023 was \$188.7 million, representing a sequential increase of \$4.5 million or 2% compared to Q4 2022 and an increase of 24% from Q1 2022. Canadian revenues benefited from an 11% increase in rig counts relative to Q4 2022 and Q1 2022, with drilling and production levels up year over year in the three month period. Canadian Drilling Fluids Market Share for Q1 2023 of 38% was in line with Q4 2022 of 38%, and up from 35% on a year over year basis.

CES achieved Adjusted EBITDAC of \$77.1 million in Q1 2023, representing a sequential decrease of 4% compared to Q4 2022 and an increase of 82% compared to Q1 2022. Adjusted EBITDAC as a percentage of revenue of 13.8% achieved in Q1 2023 compared to 14.3% recorded in Q4 2022 and 10.6% recorded in Q1 2022. The Company has been effective in passing through pricing increases where warranted and maintaining prudent G&A levels, which combined with increased scale to deliver continued strong margins for Q1 2023. For the three month period, Adjusted EBITDAC improved on significantly higher industry activity levels and improved pricing year over year.

Net income for the three months ended March 31, 2023 was \$33.0 million compared to \$10.3 million in Q1 2022. Net income increased by 222% over prior year, primarily as a result of significantly higher industry activity levels year over year.

CES generated \$62.6 million in Funds Flow from Operations in Q1 2023, down 6% from \$66.9 million generated in Q4 2022 and up 89% from \$33.1 million generated in Q1 2022. Funds Flow from Operations excludes the impact of working capital investment and is reflective of strong surplus free cash flow generation amid significant improvements in market conditions in the quarter relative to the comparative period.

For Q1 2023, net cash provided by operating activities totaled \$73.2 million, compared to net cash used by operating activities of \$12.4 million during the three months ended March 31, 2022. The change was primarily driven by a lower required investment in working capital as activity levels stabilized during the quarter, coupled with higher net income on associated activity levels relative to the comparative period.

As at March 31, 2023, CES had a Working Capital Surplus of \$679.1 million, which has decreased from \$691.1 million at December 31, 2022 as revenue and activity levels stabilized in the current quarter. The reduction during the quarter was driven by a 3% reduction in accounts receivable, partially offset by a 2% increase in inventory. The Company continues to focus on working capital optimization and to benefit from the high quality of its customers and diligent internal credit monitoring processes.

CES exited the quarter with a net draw on its syndicated senior facility (the "Senior Facility") of \$166.7 million compared to \$208.5 million at December 31, 2022. Total Debt of \$518.8 million at March 31, 2023 compared to \$557.5 million at December 31, 2022, of which \$288.0 million relates to Senior Notes which mature on October 21, 2024. The decreases realized during the quarter were primarily driven by strong cash flow generation enhanced by the reduction in required working capital investments as described above, partly offset by \$4.2 million in share repurchases and \$5.1 million in dividend payments. Working Capital Surplus exceeded Total Debt at March 31, 2023 by \$160.3 million (December 31, 2022 - \$133.6 million). As at the date of this MD&A, the Company had a net draw on its Senior Facility of approximately \$130.0 million.

On April 25, 2023 CES entered into an amended and restated credit agreement with respect to its syndicated and operating credit facilities (the "Amended Senior Facility"). The total size of the increased Amended Senior Facility is approximately C\$700.0 million consisting of an aggregated revolving facility of approximately C\$450.0 million and a Canadian Term Loan Facility of \$250.0 million. The Canadian Term Loan Facility is undrawn and can only be used to repay and redeem the 6.375% senior unsecured notes scheduled to mature in October of 2024. The Amended Senior Facility matures on April 25, 2026 and is secured by substantially all of the Company's assets and includes customary terms, conditions and covenants. The Amended Senior Facility effectively addresses CES' near-term and foreseeable longer-term requirements. The Canadian Term Loan Facility provides CES with the ability to repay the Senior Notes in full on its own schedule over the next seven months. Thereafter, CES has the opportunity to refinance and right-size the term portion of its capital structure on suitable terms at any time up until April of 2026.

During Q1 2023, under its NCIB program the Company purchased 1,591,000 common shares at an average price of \$2.65 per share for a total of \$4.2 million. Since inception of the Company's NCIB programs on July 17, 2018, and up to March 31, 2023, the Company has repurchased 33,849,357 common shares at an average price of \$2.05 per share for a total amount of \$69.6 million. Subsequent to March 31, 2023, the Company repurchased 1,600,200 additional shares at a weighted average price of \$2.73 for a total amount of \$4.4 million.

Outlook

The recovery in global energy demand combined with several years of lower investment in the upstream oil and gas sector have resulted in a balanced market for oil and natural gas, higher commodity prices, and a supportive outlook for the sector in CES' North American target market. While oil and natural gas prices have declined since the second quarter of 2022, increased activity and demand have led to improved production levels and drilling activity. We expect current activity levels to continue through 2023, moderated by potential challenges with availability of labour and supply chain constraints. Further, broad economic concerns exist with respect to recession risk, interest rates and geopolitical instability, which may impact customer spending plans. CES is optimistic in its outlook for 2023 as it expects to benefit from elevated upstream activity and continued strength in commodity pricing across North America by capitalizing on its established infrastructure, industry leading positioning, vertically integrated business model, and strategic procurement practices.

Commensurate with current revenue levels, CES expects 2023 capital expenditures to be approximately \$55.0 million split evenly between maintenance and expansion capital. CES plans to continue its disciplined and prudent approach to capital expenditures and will adjust its plans as required to support growth throughout divisions.

CES has proactively managed both the duration and the flexibility of its debt. In April 2023, CES successfully amended and extended its Senior Facility to April 2026. The Amended Senior Facility effectively addresses CES' near-term and foreseeable longer-term requirements. The Canadian Term Loan Facility provides CES with the ability to repay and redeem the Senior Notes in full on its own schedule over the coming months. Thereafter, CES has the opportunity to refinance and right-size the term portion of its capital structure on suitable terms at any time up until April of 2026. CES routinely considers its capital structure, including further increasing the capacity of its Senior Facility, refinancing of the Company's Senior Notes, and other potential financing options.

CES prioritizes cash flow and as significant surplus free cash flow is generated from continued heightened revenue levels, CES intends to continue to reduce leverage and assess increases to its dividend and share buyback activity.

CES' underlying business model is capex light and asset light, enabling generation of significant surplus free cash flow. As our customers endeavor to maintain or grow production in the current environment, CES will leverage its established infrastructure, business model, and nimble customer-oriented culture to deliver superior products and services to the industry. CES sees the consumable chemical market increasing its share of the oilfield spend as operators continue to: drill longer reach laterals and drill them faster; expand and optimize the utilization of pad drilling; increase the intensity and size of their fracs; and require increasingly technical and specialized chemical treatments to effectively maintain existing cash flow generating wells and treat growing production volumes and water cuts from new wells.

Conference Call Details

With respect to the first quarter results, CES will host a conference call / webcast at 9:00 am MT (11:00 am ET) on Friday, May 12, 2023. A recording of the live audio webcast of the conference call will also be available on our website at www.cesenergysolutions.com. The webcast will be archived for approximately 90 days.

North American toll-free: 1-(800)-319-4610

International / Toronto callers: (416)-915-3239

Link to Webcast: <http://www.cesenergysolutions.com/>

Financial Highlights

(\$000s, except per share amounts)	Three Months Ended March 31,		
	2023	2022	%Change
Revenue			
United States ⁽¹⁾	368,975	248,796	48 %
Canada ⁽¹⁾	188,721	152,485	24 %
Total Revenue	557,696	401,281	39 %
Net income	33,002	10,250	222 %
per share – basic	0.13	0.04	225 %
per share - diluted	0.13	0.04	225 %
Adjusted EBITDAC ⁽²⁾	77,103	42,457	82 %
Adjusted EBITDAC ⁽²⁾ % of Revenue	13.8 %	10.6 %	3.2 %
Cash provided by (used in) operating activities	73,238	(12,435)	nmf
Funds Flow from Operations ⁽³⁾	62,625	33,119	89 %
Capital expenditures			
Expansion Capital ⁽¹⁾	10,630	5,240	103 %
Maintenance Capital ⁽¹⁾	4,299	3,275	31 %
Total capital expenditures	14,929	8,515	75 %
Dividends declared	5,103	4,078	25 %
per share	0.0200	0.0160	25 %
Common Shares Outstanding			
End of period - basic	255,129,525	254,863,235	
End of period - fully diluted ⁽⁴⁾	261,101,788	262,100,659	
Weighted average - basic	254,882,825	254,024,573	
Weighted average - diluted	260,850,689	260,718,253	

Financial Position (\$000s)	As at		
	March 31, 2023	December 31, 2022	%Change
Total assets	1,393,628	1,411,003	(1)%
Long-term financial liabilities ⁽⁵⁾	492,413	532,771	(8)%
Total Debt ⁽⁶⁾	518,822	557,531	(7)%
Working Capital Surplus ⁽⁶⁾	679,075	691,096	(2)%
Net Debt ⁽⁶⁾	(160,253)	(133,565)	20 %
Shareholders' equity	632,084	609,049	4 %

¹Supplementary Financial Measure. Supplementary Financial Measures are provided herein because Management believes they assist the reader in understanding CES' results. Refer to "Non-GAAP Measures and Other Financial Measures" 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. Refer to the section entitled "Non-GAAP Measures and Other Financial Measures" contained herein.

³Non-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 Funds Flow from Operations is Cash provided by (used in) operating activities. Refer to the section entitled "Non-GAAP Measures and Other Financial Measures" contained herein.

⁴Non-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 Shares Outstanding, End of period - fully diluted is Common Shares outstanding. Refer to the section entitled "Non-GAAP Measures and Other Financial Measures" contained herein.

⁵Includes long-term portion of the Senior Facility, the Senior Notes, lease obligations, deferred acquisition consideration, and cash settled incentive obligations.

⁶Non-GAAP measures that do 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 Total Debt, Net Debt, and Working Capital Surplus is Long-term financial liabilities. Refer to the section entitled "Non-GAAP Measures and Other Financial Measures" contained herein.

Business of CES

CES is a leading provider of technically advanced consumable chemical solutions throughout the life-cycle of the oilfield. This includes total solutions at the drill-bit, at the point of completion and stimulation, at the wellhead and pump-jack, and finally through to the pipeline and midstream market. Key solutions include corrosion inhibitors, demulsifiers, H₂S scavengers, paraffin control products, surfactants, scale inhibitors, biocides and other specialty products. Further, specialty chemicals are used throughout the pipeline and midstream industry to aid in hydrocarbon movement and manage transportation and processing challenges including corrosion, wax build-up and H₂S.

CES operates in all major basins throughout the United States ("US"), including the Permian, Eagleford, Bakken, Marcellus and Scoop/Stack, as well as in the Western Canadian Sedimentary Basin ("WCSB") with an emphasis on servicing the ongoing major resource plays: Montney, Duvernay, Deep Basin and SAGD. In the US, CES operates under the trade names AES Drilling Fluids ("AES"), Jacam Catalyst LLC ("Jacam Catalyst"), Proflow Solutions ("Proflow"), and Superior Weighting Products ("Superior Weighting"). In Canada, CES operates under the trade names Canadian Energy Services, PureChem Services ("PureChem"), StimWrx Energy Services Ltd. ("StimWrx"), Sialco Materials Ltd. ("Sialco"), and Clear Environmental Solutions ("Clear").

Non-GAAP Measures and Other Financial Measures

CES uses certain supplementary information and measures not recognized under IFRS where management believes they assist the reader in understanding CES' results. These measures are calculated by CES on a consistent basis unless otherwise specifically explained. These measures do not have a standardized meaning under IFRS and may therefore not be comparable to similar measures used by other issuers.

Non-GAAP financial measures and non-GAAP ratios have the definition set out in National Instrument 52-112 "Non-GAAP and Other Financial Measures Disclosure". The non-GAAP measures, non-GAAP ratios and supplementary financial measures used 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 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 includes government relief subsidies received to help mitigate the impact of the COVID-19 pandemic. EBITDAC is a metric used to assess the financial performance of an entity's operations. Management believes that this metric provides an indication of the results generated by the Company's business activities prior to how these activities are financed, how the Company is taxed in various jurisdictions, and how the results are impacted by foreign exchange and non-cash charges. This non-GAAP financial measure is also used by Management as a key performance metric supporting decision making and assessing divisional results.

Adjusted EBITDAC - is a non-GAAP measure that is defined as EBITDAC noted above, adjusted for specific items that are considered to be non-recurring in nature. Management believes that this metric is relevant when assessing normalized operating performance.

Adjusted EBITDAC % of Revenue - is a non-GAAP ratio calculated as Adjusted EBITDAC divided by revenue. Management believes that this metric is a useful measure of the Company's normalized operating performance relative to its top line revenue generation and a key industry performance measure.

Readers are cautioned that EBITDAC and Adjusted EBITDAC should not be considered to be more meaningful than net income determined in accordance with IFRS.

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

<i>\$000s</i>	Three Months Ended March 31,	
	2023	2022
Net income	33,002	10,250
Add back (deduct):		
Depreciation on property and equipment in cost of sales	13,869	12,052
Depreciation on property and equipment in G&A	2,057	1,672
Amortization on intangible assets in G&A	2,984	4,153
Current income tax expense	3,277	1,259
Deferred income tax expense	8,216	4,508
Stock-based compensation	3,139	4,643
Finance costs	10,482	3,995
Other loss (income)	77	(75)
EBITDAC	77,103	42,457
Adjusted EBITDAC	77,103	42,457
Adjusted EBITDAC % of Revenue	13.8%	10.6%
Adjusted EBITDAC per share - basic	0.30	0.17
Adjusted EBITDAC per share - diluted	0.30	0.16

Distributable Earnings - is a non-GAAP measure that is defined as cash provided by operating activities, adjusted for change in non-cash operating working capital less Maintenance Capital and repayment of lease obligations. Distributable Earnings is a measure used by Management and investors to analyze the amount of funds available to distribute to shareholders as dividends or through the NCIB program before consideration of funds required for growth purposes.

Dividend Payout Ratio - is a non-GAAP ratio that is defined as dividends declared as a percentage of Distributable Earnings. Management believes it is a useful measure of the proportion of available funds committed to being returned to shareholders in the form of a dividend relative to the Company's total Distributable Earnings.

Readers are cautioned that Distributable Earnings should not be considered to be more meaningful than cash provided by operating activities determined in accordance with IFRS. Distributable Earnings and Dividend Payout Ratio are calculated as follows:

<i>\$000's</i>	Three Months Ended March 31,	
	2023	2022
Cash provided by (used in) operating activities	73,238	(12,435)
Adjust for:		
Change in non-cash operating working capital	(10,613)	45,554
Less: Maintenance Capital ⁽¹⁾	(4,299)	(3,275)
Less: Repayment of lease obligations	(5,460)	(4,810)
Distributable Earnings	52,866	25,034
Dividends declared	5,103	4,078
Dividend Payout Ratio	10%	16%

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

Funds Flow From Operations - is a non-GAAP measure that has been reconciled to Cash provided by (used in) operating activities for the financial periods, being the most directly comparable measure calculated in accordance with IFRS. Funds Flow from Operations is defined as cash flow from operations before changes in non-cash operating working capital and represents the Company's after tax operating cash flows. 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. Funds Flow from Operations is used by Management to assess operating performance and leverage, and is calculated as follows:

<i>\$000s</i>	Three Months Ended March 31,	
	2023	2022
Cash provided by (used in) operating activities	73,238	(12,435)
Adjust for:		
Change in non-cash operating working capital	(10,613)	45,554
Funds Flow from Operations	62,625	33,119

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

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

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

<i>\$000's</i>	As at	
	March 31, 2023	December 31, 2022
Long-term financial liabilities ⁽¹⁾	492,413	532,771
Current portion of finance lease obligations	24,953	23,231
Current portion of deferred acquisition consideration	1,456	1,529
Total Debt	518,822	557,531
Deduct Working Capital Surplus:		
Current assets	920,014	933,680
Current liabilities ⁽²⁾	(240,939)	(242,584)
Working Capital Surplus	679,075	691,096
Net Debt	(160,253)	(133,565)

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

²Excludes current portion of lease liabilities and deferred acquisition consideration.

Shares outstanding, End of period - fully diluted - Shares outstanding, End of period - fully diluted is a non-GAAP measure that has been reconciled to Common Shares outstanding for the financial periods, being the most directly comparable measure calculated in accordance with IFRS.

This measure is not intended to be considered more meaningful than Common shares outstanding. Management believes that this metric is a key measure to assess the total potential shares outstanding for the financial periods and is calculated as follows:

	Three Months Ended March 31,	
	2023	2022
Common shares outstanding	255,129,525	254,863,235
Restricted share units outstanding, end of period	5,972,263	7,237,424
Shares outstanding, end of period - fully diluted	261,101,788	262,100,659

Total Debt/Adjusted EBITDAC – is a non-GAAP ratio that Management believes to be a useful measure of the Company's liquidity and leverage levels, and is calculated as Total Debt divided by Adjusted EBITDAC for the most recently ended four quarters. Total Debt and Adjusted EBITDAC are non-GAAP measures that do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. Total Debt and Adjusted EBITDAC are calculated as outlined above.

Supplementary Financial Measures

A Supplementary Financial Measure: (a) is, or is intended to be, disclosed on a periodic basis to depict the historical or expected future financial performance, financial position or cash flow of the Company; (b) is not presented in the financial statements of the Company; (c) is not a non-GAAP financial measure; and (d) is not a non-GAAP ratio. Supplementary financial measures found within this press release are as follows:

Revenue - United States - comprises a component of total revenue, as determined in accordance with IFRS, and is calculated as revenue recorded from the Company's US divisions.

Revenue - Canada - comprises a component of total revenue, as determined in accordance with IFRS, and is calculated as revenue recorded from the Company's Canadian divisions.

Expansion Capital - comprises a component of total investment in property and equipment as determined in accordance with IFRS, and represents the amount of capital expenditure that has been or will be incurred to grow or expand the business or would otherwise improve the productive capacity of the operations of the business.

Maintenance Capital - comprises a component of total investment in property and equipment as determined in accordance with IFRS, and represents the amount of capital expenditure that has been or will be incurred to sustain the current level of operations.

Cautionary Statement

Except for the historical and present factual information contained herein, the matters set forth in this press release, may constitute forward-looking information or forward-looking statements (collectively referred to as "forward-looking information") which involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of CES, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. When used in this press release, such information uses such words as "may", "would", "could", "will", "intend", "expect", "believe", "plan", "anticipate", "estimate", and other similar terminology. This information reflects CES' current expectations regarding future events and operating performance and speaks only as of the date of the press release. Forward-looking information involves significant risks and uncertainties, should not be read as a guarantee of future performance or results, and will not necessarily be an accurate indication of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking information, including, but not limited to, the factors discussed below. The management of CES believes the material factors, expectations and assumptions reflected in the forward-looking information are reasonable but no assurance can be given that these factors, expectations and assumptions will prove to be correct. The forward-looking information contained in this document speaks only as of the date of the document, and CES assumes no obligation to publicly update or revise such information to reflect new events or circumstances, except as may be required pursuant to applicable securities laws or regulations. The material assumptions in making forward-looking statements include, but are not limited to, assumptions relating to demand levels and pricing for the oilfield consumable chemical offerings of the Company; fluctuations in the price and demand for oil and natural gas; anticipated activity levels of the Company's significant customers; commodity pricing; general economic and financial market conditions; the successful integration of recent acquisitions; the Company's ability to finance its operations; levels of drilling and other activity in the WCSB, the Permian and other US basins, the effects of seasonal and weather conditions on operations and facilities; changes in laws or regulations; currency exchange fluctuations; the ability of the Company to attract and retain skilled labour and qualified management; and other unforeseen conditions which could impact the Company's business of supplying oilfield consumable chemistry to the Canadian and US markets and the Company's ability to respond to such conditions.

In particular, this press release contains forward-looking information pertaining to the following: the certainty and predictability of future cash flows and earnings; expectations that Adjusted EBITDAC will exceed the sum of expenditures on interest, taxes and capital expenditures; expectations of capital expenditures in 2023; expectations that Adjusted EBITDAC will provide sufficient free cash flow to pay down the Company's Senior Facility and add cash to the balance sheet; expectations regarding CES' revenue and surplus free cash flow generation and the potential use of such free cash flow including to increase its dividend or repurchase the common shares of the Company; expectations regarding the stabilization of end market activity levels; the strength of the Company's balance sheet, the achievement of the Company's strategic objectives, and the generation of shareholder value; expectations regarding improving industry conditions and the Company's ability to generate free cash flow to sustain and increase the quarterly dividend; CES' ability to execute on financial goals relating to its balance sheet, liquidity, working capital and cost structure; expectations regarding the performance of CES' business model and counter cyclical balance sheet during downturns; the sufficiency of liquidity and capital resources to meet long-term payment obligations; CES' ability to increase or maintain its market share; optimism with respect to future prospects for CES; impact of CES' vertically integrated business model on future financial performance; CES' ability to leverage third party partner relationships to drive innovation in the consumable fluids and chemicals business; supply and demand for CES' products and services, including expectations for growth in CES' production and specialty chemical sales, expected growth in the consumable chemicals market; industry activity levels; commodity prices; development of new technologies; expectations regarding CES' growth opportunities in Canada the US and overseas; expectations regarding the performance or expansion of CES' operations and working capital optimization; expectations regarding the impact of conflict (including the conflict in Ukraine) and global unrest on commodity prices as well as CES' business and operations; expectations regarding end markets for production chemicals and drilling fluids in Canada and the US; expectations regarding demand for CES' services and technology; investments in research and development and technology advancements; access to debt and capital markets and cost of capital; expectations regarding capital allocation including the use of surplus free cash flow, the purchase of CES' common shares by CES pursuant to the NCIB, debt reduction through the repayment of the Company's Senior Facility or repurchases of the Company's Senior Notes, expectations relating to the timing of CES' refinancing of its Senior Notes using the proceeds of its Senior Facility; investments in current operations, issuing dividends, or market acquisitions; CES' ability to continue to comply with covenants in debt facilities; and competitive conditions.

CES' actual results could differ materially from those anticipated in the forward-looking information as a result of the following factors: general economic conditions in the US, Canada, and internationally; geopolitical risk; fluctuations in demand for consumable fluids and chemical oilfield services, downturn in oilfield activity; oilfield activity in the Permian, the WCSB, and other basins in which the Company operates; a decline in frac related chemical sales; a decline in operator usage of chemicals on wells; an increase in the number of customer well shut-ins; a shift in types of wells drilled; volatility in market prices for oil, natural gas, and natural gas liquids and the effect of this volatility on the demand for oilfield services generally; declines in prices for natural gas, natural gas liquids, and oil, and pricing differentials between world pricing, pricing in North America, and pricing in Canada; competition, and pricing pressures from customers in the current commodity environment; conflict, war and political and societal unrest that may impact CES' operations, supply chains as well as impact the market for oil and natural gas generally; currency risk as a result of fluctuations in value of the US dollar; liabilities and risks, including environmental liabilities and risks inherent in oil and natural gas operations; sourcing, pricing and availability of raw materials, consumables, component parts, equipment, suppliers, facilities, shipping containers, and skilled management, technical and field personnel; the collectability of accounts receivable; ability to integrate technological advances and match advances of competitors; ability to protect the Company's proprietary technologies; availability of capital; uncertainties in weather and temperature affecting the duration of the oilfield service periods and the activities that can be completed; the ability to successfully integrate and achieve synergies from the Company's acquisitions; changes in legislation and the regulatory environment, including uncertainties with respect to oil and gas royalty regimes, programs to reduce greenhouse gas and other emissions and regulations restricting the use of hydraulic fracturing; pipeline capacity and other transportation infrastructure constraints; changes to government mandated production curtailments; reassessment and audit risk and other tax filing matters; changes and proposed changes to US policies including tax policies or policies relating to the oil and gas industry; international and domestic trade disputes, including restrictions on the transportation of oil and natural gas and regulations governing the sale and export of oil, natural gas and refined petroleum products;

the impact of climate change policies in the regions which CES operates; the impact and speed of adoption of low carbon technologies; potential changes to the crude by rail industry; changes to the fiscal regimes applicable to entities operating in the US and WCSB; access to capital and the liquidity of debt markets; fluctuations in foreign exchange and interest rates; 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, 2022 dated March 9, 2023, and "Risks and Uncertainties" in CES' MD&A for the three months ended March 31, 2023, dated May 11, 2023.

For further information, please contact:

Ken Zinger
President and Chief Executive Officer
CES Energy Solutions Corp.
(403) 269-2800

Anthony Aulicino
Chief Financial Officer
CES Energy Solutions Corp.
(403) 269-2800

Or by email at: info@ceslp.ca

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