Condensed Consolidated Financial Statements

As at and for the three and six months ended June 30, 2023

SECURE

SECURE ENERGY SERVICES INC.

Consolidated Statements of Financial Position

As at (unaudited in $ millions)	Notes	June 30, 2023	December 31, 2022
Assets			
Current assets			
Cash		27	12
Accounts receivable and accrued receivables		385	449
Inventories		111	100
Prepaid expenses and other current assets		20	15
		543	576
Property, plant and equipment	4	1,526	1,513
Right-of-use assets		86	71
Intangible assets		158	163
Goodwill		345	351
Deferred tax asset		126	150
Other assets		12	16
Total Assets		2,796	2,840
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		386	404
Interest payable		3	2
Lease liabilities		26	28
Asset retirement obligations		18	20
Other liabilities		5	5
		438	459
Revolving credit facility	5	414	346
Secured and unsecured notes	6	553	573
Lease liabilities		97	84
Asset retirement obligations		100	95
Other liabilities		15	17
Total Liabilities		1,617	1,574
Shareholders' Equity			
Issued capital	7	1,564	1,676
Share-based compensation reserve		47	50
Foreign currency translation reserve		28	30
Deficit		(460)	(490)
Total Shareholders' Equity		1,179	1,266
Total Liabilities and Shareholders' Equity		2,796	2,840

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

SECURE ENERGY SERVICES INC.

Consolidated Statements of Comprehensive Income

(unaudited, in $ millions except share and per share data)	Notes	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Revenue	14	1,782	2,078	3,689	3,828
Cost of sales	9	1,685	1,943	3,465	3,592
Gross margin		97	135	224	236
General and administrative expenses	9	33	35	69	69
Transaction and related costs	9	4	9	7	18
Operating profit		60	91	148	149
Interest, accretion and finance costs	10	24	24	47	49
Other income	11	(8)	(1)	(16)	(15)
Income before tax		44	68	117	115
Current tax expense		1	—	4	—
Deferred tax expense		9	14	24	23
Net income		34	54	89	92
Other comprehensive gain			—		
Foreign currency translation adjustment		2	2	2	1
Total comprehensive income		36	56	91	93
Basic net income per common share		0.11	0.17	0.30	0.30
Diluted net income per common share		0.11	0.17	0.29	0.29
Weighted average shares outstanding - basic	7	296,343,936	309,831,621	301,402,499	309,335,228
Weighted average shares outstanding - diluted	7	298,407,348	313,071,825	304,185,069	312,560,669

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

SECURE ENERGY SERVICES INC.

Consolidated Statements of Changes in Shareholders' Equity

(unaudited, in $ millions)	Notes	Issued capital	Share-based compensation reserve	Foreign currency translation reserve	Deficit	Total Shareholders' Equity
Balance at January 1, 2023		**1,676**	**50**	**30**	**(490)**	**1,266**
Net income		—	—	—	89	**89**
Dividends declared	**7**	—	—	—	(59)	**(59)**
Foreign currency translation adjustment		—	—	(2)	—	**(2)**
Exercise of share units	**7**	4	(12)	—	—	**(8)**
Share-based compensation for equity-settled awards	**8**	—	9	—	—	**9**
Shares acquired and cancelled under normal course issuer bid ("NCIB")	**7**	(116)	—	—	—	**(116)**
Balance at June 30, 2023		**1,564**	**47**	**28**	**(460)**	**1,179**
Balance at January 1, 2022		**1,670**	**48**	**24**	**(636)**	**1,106**
Net income		—	—	—	92	**92**
Dividends declared	**7**	—	—	—	(4)	**(4)**
Foreign currency translation adjustment		—	—	1	—	**1**
Exercise of share units	**7**	10	(10)	—	—	**—**
Share-based compensation for equity-settled awards	**8**	—	7	—	—	**7**
Balance at June 30, 2022		**1,680**	**45**	**25**	**(548)**	**1,202**

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

SECURE ENERGY SERVICES INC.

Consolidated Statements of Cash Flows

(unaudited, in $ millions)	Notes	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Cash flows from (used in) operating activities					
Net income		**34**	54	**89**	92
Adjustments for non-cash items:					
Depreciation, depletion and amortization	**9**	**47**	21	**101**	77
Interest, accretion and finance costs	**10**	**24**	24	**47**	49
Other income	**11**	**(5)**	(1)	**(16)**	(15)
Current and deferred tax expense		**10**	14	**28**	23
Share-based compensation	**9**	**5**	5	**14**	10
Interest paid		**(32)**	(37)	**(41)**	(43)
Asset retirement costs incurred		**(3)**	—	**(6)**	(6)
Funds flow from operations		**80**	80	**216**	187
Change in non-cash working capital		**51**	(12)	**12**	(19)
Net cash flows from operating activities		**131**	68	**228**	168
Cash flows (used in) from investing activities					
Purchase of property, plant and equipment	**4**	**(68)**	(19)	**(114)**	(32)
Business acquisition		**—**	(6)	**—**	(6)
Proceeds from dispositions	**11**	**6**	2	**28**	24
Change in non-cash working capital		**21**	2	**20**	1
Net cash flows used in investing activities		**(41)**	(21)	**(66)**	(13)
Cash flows (used in) from financing activities					
Draw (repayment) of credit facilities	**5**	**10**	64	**70**	(26)
Settlement of 2025 senior secured notes	**6**	**(11)**	(109)	**(11)**	(109)
Financing fees		**(1)**	—	**(1)**	—
Lease liability principal payments and other		**(5)**	(6)	**(13)**	(12)
Dividends declared	**7**	**(29)**	(2)	**(59)**	(4)
Repurchase and cancellation under NCIB	**7**	**(47)**	—	**(116)**	—
Settlement of share units		**—**	—	**(14)**	—
Net cash flows used in financing activities		**(83)**	(53)	**(144)**	(151)
Effect of foreign exchange on cash		**(3)**	(3)	**(3)**	(3)
Increase (decrease) in cash		**4**	(9)	**15**	1
Cash, beginning of period		**23**	20	**12**	10
Cash, end of period		**27**	11	**27**	11

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

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

Nature of Business

SECURE Energy Services Inc. ("SECURE" or "the Corporation") is incorporated under the Business Corporations Act (Alberta). The Corporation's common shares are traded on the Toronto Stock Exchange ("TSX") under the symbol "SES". The head office of the Corporation is located at 2300, 225 – 6th Avenue S.W., Calgary, Alberta, Canada, T2P 1N2. The registered office of the Corporation is located at 4500, 855 – 2nd Street S.W., Calgary, Alberta, Canada, T2P 4K7. On July 2, 2021, pursuant to a plan of arrangement under the Business Corporations Act (Alberta), SECURE acquired all of the issued and outstanding common shares of Tervita Corporation ("Tervita") and subsequently Tervita was amalgamated with SECURE (the "Transaction").

SECURE is a leading environmental and energy infrastructure business headquartered in Calgary, Alberta. The Corporation's extensive infrastructure network located throughout western Canada and North Dakota includes waste processing and transfer facilities, industrial landfills, metal recycling facilities, crude oil and water gathering pipelines, crude oil terminals and storage facilities. Through this infrastructure network, the Corporation carries out its principal business operations, including the processing, recovery, recycling and disposal of waste streams generated by our energy and industrial customers and gathering, optimization and storage of crude oil and natural gas liquids. The solutions the Corporation provides are designed not only to help reduce costs, but also lower emissions, increase safety, manage water, recycle by-products and protect the environment.

SECURE's common shares are listed on the TSX under the symbol "SES" and is a constituent of the S&P/TSX Composite Index.

In Canada, the level of activity in the oilfield is influenced by seasonal weather patterns. As warm weather returns in the spring, the winter's frost comes out of the ground (commonly referred to as "spring break-up"), rendering many secondary roads incapable of supporting heavy loads and as a result road bans are implemented prohibiting heavy loads from being transported in certain areas. This limits the movement of heavy equipment and the transportation of heavy waste loads is restricted, resulting in smaller loads and a general reduction in the volume of waste delivered to SECURE's facilities. Accordingly, while the Corporation's facilities are open and accessible year-round, spring break-up reduces the Corporation's environmental infrastructure and oilfield service activity levels. In the areas in which the Corporation operates, the second quarter has generally been the slowest quarter as a result of spring break-up. Oilfield service project activity tends to be lower in the first half of the year due to the previously described factors and challenges of completing excavation work on frozen terrain in the first quarter. These seasonal trends typically lead to quarterly fluctuations in operating results and working capital requirements, which should be considered in any quarter over quarter analysis of performance.

Basis of Presentation

The condensed consolidated financial statements of SECURE have been prepared by management in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting,* as issued by the International Accounting Standards Board ("IASB") in effect at the closing date of June 30, 2023. The condensed consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2022.

These condensed consolidated financial statements are recorded and presented in Canadian dollars ($), which is SECURE's functional currency, and have been prepared on a historical cost basis, except for certain items that have been measured at fair value. All values are rounded to the nearest million dollars ($ millions), except where otherwise indicated. These condensed consolidated financial statements were approved by SECURE's Board of Directors on July 26, 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these condensed consolidated financial statements are the same as those set out in the annual audited consolidated financial statements for the year ended December 31, 2022. Unless otherwise stated, these policies have been consistently applied to all periods presented.

3. ESTIMATES AND JUDGMENTS

The timely preparation of the Corporation's condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported assets, liabilities, revenues, expenses, gains, losses, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset, liability or equity affected in future periods. The estimates and underlying assumptions are reviewed by management on an ongoing basis, with any adjustments recognized in the period in which the estimate is revised.

The key estimates and judgments concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities and equity include those related to the determination of cash generating units, depreciation, depletion and amortization, recoverability of assets, asset retirement obligations and accretion, other provisions and contingent liabilities, inventories, share-based compensation, deferred income taxes, provision for expected credit losses, and fair value of derivative financial instruments. Readers are cautioned that the preceding list is not exhaustive and other items may also be affected by estimates and judgments.

4. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2023
Balance - beginning of period	**1,513**
Additions	114
Change in asset retirement obligations	(1)
Disposals	(12)
Depreciation and depletion	(82)
Transfers	(6)
Balance - end of period	**1,526**

5. REVOLVING CREDIT FACILITY

SECURE's credit facilities at June 30, 2023, consist of an $800 million revolving credit facility (the "Revolving Credit Facility") with nine financial institutions and matures in July 2025. In addition, SECURE maintains a $50 million unsecured letter of credit facility guaranteed by Export Development Canada.

The credit facility balances included on the statements of financial position at June 30, 2023, and December 31, 2022, were as follows:

	June 30, 2023	December 31, 2022
Amount drawn on Revolving Credit Facility	419	352
Unamortized financing costs	(5)	(6)
Total credit facility	**414**	**346**

	June 30, 2023	December 31, 2022
Maximum amount available	**850**	830
Less: Amount drawn on Revolving Credit Facility	**(419)**	(352)
Less: Letters of credit	**(97)**	(92)
Available amount [1]	**334**	**386**

[1] Subject to covenant restrictions discussed below.

As at June 30, 2023, the Corporation has liquidity of $361 million, consisting of $27 million in cash and $334 million in capacity on its credit facilities ($398 million as at December 31, 2022, consisting of $12 million in cash and $386 million in capacity on its credit facilities). The following table outlines the Corporation's covenant ratios as at June 30, 2023:

	June 30, 2023	Covenant
Senior Debt to EBITDA	**1.0**	not to exceed 2.75
Total Debt to EBITDA	**1.9**	not to exceed 4.5
Interest coverage	**6.0**	not to be less than 2.5

6. SECURED AND UNSECURED NOTES

As at June 30, 2023, SECURE's secured and unsecured notes consist of the following:

- US$153 million aggregate principal amount of 11.00% senior second lien secured notes due December 1, 2025 (the "2025 senior secured notes") which are subordinate to the Revolving Credit Facility and are secured by substantially all tangible and intangible assets owned by the Corporation; and
- $340 million aggregate principal amount of 7.25% unsecured notes due December 30, 2026 (the "2026 unsecured notes").

During the three months ended June 30, 2023, SECURE settled US$9 million aggregate principal amount of 2025 senior secured notes at an average price of $106.88 per $100.00 principal amount plus accrued and unpaid interest. The settlements were completed in May and June 2023.

The secured and unsecured notes balances included on the statements of financial position at June 30, 2023, and December 31, 2022, were as follows:

	Principal	Issuance	Maturity	June 30, 2023	December 31, 2022
2025 senior secured notes	US$153	Nov 2020	Dec 2025	**203**	219
Fair value premium on 2025 senior secured notes				**14**	18
2026 unsecured notes	$340	July 2021	Dec 2026	**340**	340
Premium on issuance of 2026 unsecured notes				**1**	1
Unamortized financing costs				**(5)**	(5)
Total unsecured and senior secured notes				**553**	**573**

As at June 30, 2023, the fair value of the 2025 senior secured and 2026 unsecured notes was $216 million and $334 million, respectively. The fair value of the 2025 senior secured and 2026 unsecured notes is based on third party observable quotes and may not reflect the actual amounts payable by SECURE.

7. SHAREHOLDERS' EQUITY

Issued and outstanding

($ millions except for shares)	Number of Shares	Amount
Balance at December 31, 2022	**309,381,452**	**1,676**
RSUs and PSUs exercised	1,114,389	—
Transfer from reserves in equity	—	4
Shares cancelled under NCIB	(16,866,000)	(116)
Balance at June 30, 2023	**293,629,841**	**1,564**

The Corporation declared dividends to holders of common shares for the three and six months ended June 30, 2023 of $29 million and $59 million, respectively (three and six months ended June 30, 2022: $2 million and $4 million, respectively). On June 15, 2023, the Corporation declared a dividend in the amount of $0.10 per common share. At June 30, 2023, the dividend payable of $29 million was included within accounts payable and accrued liabilities. Subsequent to June 30, 2023, the Corporation paid out this dividend to holders of common shares on record on July 1, 2023.

On December 14, 2022, the Corporation commenced an NCIB, under which the Corporation may purchase for cancellation up to a maximum of 22,055,749 common shares of the Corporation representing approximately 7.1% of the Corporation's outstanding shares as at December 7, 2022, or 10% of the Corporation's public float. The NCIB will terminate on December 13, 2023 or such earlier date as the maximum number of common shares are purchased pursuant to the NCIB or the NCIB is completed or terminated at the Corporation's election.

During the three months ended June 30, 2023, the Corporation purchased 7,270,800 common shares at a weighted average price per share of $6.40 for a total of $47 million under the terms of the NCIB.

For the six months ended June 30, 2023, the Corporation purchased 16,866,000 common shares at a weighted average price per share of $6.87 for a total of $116 million under the terms of the NCIB.

Basic and Diluted Income Per Share

The following reflects the share data used in the basic and diluted income per share computations:

	Three Months Ended		Six Months Ended	
	June 30, 2023	**June 30, 2022**	**June 30, 2023**	**June 30, 2022**
Weighted average number of shares - basic	**296,343,936**	309,831,621	**301,402,499**	309,335,228
Effect of dilution:				
RSUs and PSUs	**2,063,412**	3,240,204	**2,782,570**	3,225,441
Weighted average number of shares - diluted	**298,407,348**	313,071,825	**304,185,069**	312,560,669

The above calculation includes the effect of all RSUs and PSUs for three and six months ended June 30, 2023 and 2022.

8. SHARE-BASED COMPENSATION PLANS

Unit Incentive Plans

The Corporation has a Unit Incentive Plan ("UIP") under which the Corporation may grant incentive units, comprised of RSUs and PSUs to employees and consultants, and a deferred share unit ("DSU") plan for non-employee directors of the Corporation. The terms of these plans remain unchanged from those disclosed in the annual audited consolidated financial statements for the year ended December 31, 2022.

The following table summarizes the units outstanding at June 30, 2023:

	RSUs	PSUs	DSUs
Balance at December 31, 2022	2,132,941	3,851,100	700,104
Granted	1,090,590	1,683,300	129,410
Reinvested dividends	64,279	108,051	21,605
Redeemed for common shares	(654,679)	(459,710)	—
Redeemed for cash	(164,323)	(1,556,225)	—
Forfeited	(151,044)	(49,863)	—
Balance at June 30, 2023	**2,317,764**	**3,576,653**	**851,119**

The fair value of the RSUs, PSUs and DSUs issued is determined using the five day volume weighted average share price at the grant date.

9. EXPENSES

The below table summarizes the disaggregation of expenses for the three and six months ended June 30, 2023 and 2022:

Three months ended June 30, 2023	Cost of Sales	General and Administrative Expense	Total
Employee compensation and benefits	55	17	**72**
Share-based compensation	—	5	**5**
Depreciation	32	1	**33**
Depletion	5	—	**5**
Amortization	7	2	**9**
Oil purchase/resale services expense	1,429	—	**1,429**
Other [(1)]	157	8	**165**
Total	**1,685**	**33**	**1,718**

Six months ended June 30, 2023	Cost of Sales	General and Administrative Expense	Total
Employee compensation and benefits	111	31	**142**
Share-based compensation	—	14	**14**
Depreciation	70	2	**72**
Depletion	14	—	**14**
Amortization	13	2	**15**
Oil purchase/resale services expense	2,920	—	**2,920**
Other [(1)]	337	20	**357**
Total	**3,465**	**69**	**3,534**

Three months ended June 30, 2022	Cost of Sales	General and Administrative Expense	Total
Employee compensation and benefits	41	19	**60**
Share-based compensation	1	4	**5**
Depreciation	9	2	**11**
Depletion	7	—	**7**
Amortization	3	—	**3**
Oil purchase/resale services expense	1,723	—	**1,723**
Other [1]	159	10	**169**
Total	**1,943**	**35**	**1,978**

Six months ended June 30, 2022	Cost of Sales	General and Administrative Expense	Total
Employee compensation and benefits	83	38	**121**
Share-based compensation	1	9	**10**
Depreciation	43	5	**48**
Depletion	23	—	**23**
Amortization	6	—	**6**
Oil purchase/resale services expense	3,114	—	**3,114**
Other [1]	322	17	**339**
Total	**3,592**	**69**	**3,661**

[1] Other includes the remaining expenses not listed separately in the table above. The majority of these expenses are cost of products, repairs and maintenance, trucking and disposal and utilities, net of tariff fees associated with oil pipelines.

Transaction and related costs

For the three months ended June 30, 2023, the Corporation incurred transaction related costs of $4 million, consisting of $3 million related to legal and advisory fees for the competition review process (see Note 13), and $1 million of integration costs. The integration costs primarily related to the implementation of a new enterprise resource planning system.

For the six months ended June 30, 2023, the Corporation incurred transaction related costs of $7 million, consisting of $4 million related to legal and advisory fees for the competition review process, and $3 million of integration costs.

For the three and six months ended June 30, 2022, transaction and related costs amounted $9 million and $18 respectively.

10. INTEREST, ACCRETION AND FINANCE COSTS

Interest, accretion and finance costs consists of the following for the three and six months ended June 30, 2023 and 2022:

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Interest on senior secured notes, unsecured notes and Revolving Credit Facility	**20**	20	**39**	40
Amortization of debt issuance costs	**—**	1	**—**	2
Accretion of asset retirement obligations	**3**	3	**6**	6
Interest on obligations under leases	**1**	—	**2**	1
Interest, accretion and finance costs	**24**	**24**	**47**	**49**

11. OTHER INCOME

In the six months ended June 30, 2023, the Corporation recognized gains aggregating to $9 million within other income related to the sale of a water pumping business unit and a rail terminal. In addition, unrealized foreign currency gains of $6 million related to U.S. dollar denominated debt is recorded within other income. In the six months ended June 30, 2022, the Corporation sold unused land and realized a gain of $15 million, which was recorded within other income.

12. CAPITAL MANAGEMENT

The capital structure of the Corporation consists of the following:

	June 30, 2023	December 31, 2022
Working capital [(1)]	154	170
Total debt	962	911
Shareholders' equity	1,179	1,266
	2,295	2,347

[(1)] Calculated as the difference between current assets less accounts payable and accrued liabilities and interest payable.

Principal debt consists of the following:

	June 30, 2023	December 31, 2022
Amount drawn on credit facilities	419	352
2025 senior secured notes (principal)	203	219
2026 unsecured notes (principal)	340	340
	962	911

The Corporation's objective in capital management is to ensure adequate sources of capital are available to carry out its planned capital program, while maintaining operational activity, payment of dividends and stable cash flow so as to sustain the business for the long-term. Management considers the Corporation's working capital (current assets less accounts payable and accrued liabilities and interest payable), total amounts drawn on debt facilities and shareholders' equity as the components of capital to be managed.

13. CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

	1 year or less	1-5 years	5 years and thereafter	Total
Crude oil transportation	52	160	49	261
Crude oil storage	10	52	15	77
Capital commitments	26	—	—	26
Total contractual obligations	**88**	**212**	**64**	**364**

Crude oil transportation commitments

Included in this number are committed crude oil volumes for pipeline throughput at certain of the Corporation's pipeline connected terminals. This amount reflects the total payment that would have to be made should the Corporation not deliver the committed pipeline volumes.

Crude oil storage commitment

SECURE has an arrangement for crude oil storage capacity at a major oil hub in western Canada. This amount is payable regardless of utilization.

Capital commitments

The amounts include various capital purchases for use in the Corporation's current and future capital projects. All amounts are current and due within one year.

Contingencies

During the normal course of business, SECURE is involved in various legal proceedings. The claims are reviewed individually and are reflected in the Corporation's consolidated financial statements if material and more likely than not to be incurred. With unresolved claims currently outstanding, the legal process of these claims has not advanced sufficiently to the point where it is practicable to assess the timing and financial effect of these claims, if any. SECURE does not anticipate that the financial position, results of operations or operations of the Corporation will be materially affected by the resolution of these legal proceedings, except as noted below.

Transaction update

On March 9, 2021 the Corporation announced an arrangement agreement to acquire Tervita. On July 2, 2021, pursuant to a plan of arrangement under the Business Corporations Act (Alberta), SECURE acquired all of the issued and outstanding common shares of Tervita and subsequently Tervita was amalgamated with SECURE.

On June 29, 2021, the Commissioner of Competition filed an application under Section 92 of the Competition Act (the "Section 92 Application") with the Competition Tribunal (the "Tribunal") and served SECURE with a notice of application to block the closing of the Transaction. That application was unsuccessful and at the hearing of the Section 92 Application, the Commissioner sought the divestiture of 41 facilities.

On March 3, 2023 the Tribunal issued its decision regarding the Section 92 Application. The Tribunal issued an order requiring SECURE to divest 29 facilities all formerly owned by Tervita (the "Facilities"). On March 24, 2023, SECURE filed a Notice of Appeal to the Federal Court of Appeal ("the Court"). On March 31, 2023, SECURE received a partial stay of the Tribunal's order which will remain in place until the appeal is complete.

The Court heard SECURE's appeal on June 19, 2023. The Court did not render a decision on the appeal at the hearing and SECURE does not know precisely when the Court will release its decision.

The Tribunal's order to divest of the Facilities, if not overturned or modified on appeal, could have a material impact on the business, financial condition and/or results of operations of the Corporation. SECURE would expect to receive sale proceeds relating to such divestitures which could mitigate, in whole or in part, any such impact.

14. SEGMENT REPORTING

In the first quarter of 2023, the Corporation realigned its reporting structure to reflect further changes in the aggregation of operating segments following the completion of the Tervita post-merger integration in 2022. The results of the Corporation are now being reported in the following three operating segments:

1. Environmental Waste Management ("EWM") Infrastructure includes a network of waste processing facilities, produced water pipelines, industrial landfills, waste transfer and metal recycling facilities. Through this infrastructure network, the Corporation carries out business operations including the processing, recovery, recycling and disposal of waste streams generated by our energy and industrial customers. Services include produced and waste water disposal, hazardous and non-hazardous waste processing and transfer, treatment of crude oil and metal recycling.
2. Energy Infrastructure includes a network of crude oil gathering pipelines, terminals and storage facilities. Through this infrastructure network, the Corporation engages in the transportation, optimization, terminalling and storage of crude oil.
3. Oilfield Services includes drilling fluid management, and project management services. Drilling fluid management include products, equipment and services to enhance drilling performance. Project management services provide equipment contracting services supporting the energy, mining, forestry, rail, pipeline, government and civil industries across Canada.

These reportable segments of the Corporation have been derived because they are the segments: (a) that engage in business activities from which revenues are earned and expenses are incurred; (b) whose operating results are regularly reviewed by the Corporation's chief operating decision makers, identified as the Chief

Executive Officer and the President, to make decisions about resources to be allocated to each segment and assess its performance; and (c) for which discrete financial information is available. The Corporation has aggregated certain operating segments into the above noted reportable segments through examination of the Corporation's performance which is based on the similarity of services and goods provided and economic characteristics exhibited by the operating segments.

The audited consolidated financial statements for the year ended December 31, 2022 results were reported under three reportable segments, Midstream Infrastructure, Environmental and Fluid Management, and Corporate. Changes between the three reportable segments reported at December 31, 2022 and the four reportable segments reported as at and for the three and six months ended June 30, 2023 are as follows:

- EWM Infrastructure includes business units that were previously included in the Midstream Infrastructure segment (all except for Energy Infrastructure) as well as business units which were previously in the Environmental and Fluid Management segment including: landfills, waste transfer and metal recycling facilities.
- Energy Infrastructure was previously included in the Midstream Infrastructure segment.
- Oilfield Services includes drilling fluid management, and project management services which were previously included in the Environmental and Fluid Management segment.
- The Corporation reports activities not directly attributable to an operating segment under Corporate. Corporate division expenses consist of public company costs, share-based compensation, interest and finance costs, and personnel, office and other administrative costs relating to corporate employees and officers. There has been no change to what is included within the Corporate segment.

Accounting policies used for segment reporting are consistent with the accounting policies used for the preparation of the Corporation's annual audited consolidated financial statements. Comparative information has been presented to conform to the current segmented reporting information. No changes were implemented with respect to the consolidated data as a result of the presentation of prior periods.

The following tables present the financial performance by reportable segment and includes a measure of segment profit or loss regularly reviewed by management.

Three months ended June 30, 2023	**EWM Infrastructure**	**Energy Infrastructure**	**Oilfield Services**	**Corporate**	**Total**
Revenue excluding oil purchase and resale	242	43	68	—	353
Oil purchase and resale	—	1,429	—	—	1,429
Total revenue	**242**	**1,472**	**68**	**—**	**1,782**
Cost of sales excluding items listed separately below	(144)	(1,438)	(59)	—	(1,641)
Segment profit margin	**98**	**34**	**9**	**—**	**141**
G&A expenses excluding items listed separately below	(5)	(3)	(5)	(12)	(25)
Depreciation, depletion and amortization [(1)]	(36)	(5)	(5)	(1)	(47)
Share-based compensation [(1)]	—	—	—	(5)	(5)
Interest, accretion and finance costs	(3)	—	(1)	(20)	(24)
Transaction and related costs	—	—	—	(4)	(4)
Other (expense) income	(2)	4	—	6	8
Income (loss) before tax	**52**	**30**	**(2)**	**(36)**	**44**

Six months ended June 30, 2023	EWM Infrastructure	Energy Infrastructure	Oilfield Services	Corporate	Total
Revenue excluding oil purchase and resale	498	95	176	—	769
Oil purchase and resale	—	2,920	—	—	2,920
Total revenue	**498**	**3,015**	**176**	**—**	**3,689**
Cost of sales excluding items listed separately below	(287)	(2,934)	(147)	—	(3,368)
Segment profit margin	**211**	**81**	**29**	**—**	**321**
G&A expenses excluding items listed separately below	(10)	(4)	(12)	(25)	(51)
Depreciation, depletion and amortization [(1)]	(80)	(10)	(10)	(1)	(101)
Share-based compensation [(1)]	—	—	—	(14)	(14)
Interest, accretion and finance costs	(6)	—	(1)	(40)	(47)
Transaction and related costs	—	—	—	(7)	(7)
Other income	1	4	5	6	16
Income (loss) before tax	**116**	**71**	**11**	**(81)**	**117**

Three months ended June 30, 2022	EWM Infrastructure	Energy Infrastructure	Oilfield Services	Corporate	Total
Revenue excluding oil purchase and resale	228	45	82	—	355
Oil purchase and resale	—	1,723	—	—	1,723
Total revenue	**228**	**1,768**	**82**	**—**	**2,078**
Cost of sales excluding items listed separately below	(131)	(1,727)	(65)	—	(1,923)
Segment profit margin	**97**	**41**	**17**	**—**	**155**
G&A expenses excluding items listed separately below	(10)	(2)	(5)	(12)	(29)
Depreciation, depletion and amortization [(1)]	(10)	(5)	(5)	(1)	(21)
Share-based compensation [(1)]	—	—	—	(5)	(5)
Interest, accretion and finance costs	(2)	—	—	(22)	(24)
Transaction and related costs	—	—	—	(9)	(9)
Other income	—	—	—	1	1
Income (loss) before tax	**75**	**34**	**7**	**(48)**	**68**

Six months ended June 30, 2022	EWM Infrastructure	Energy Infrastructure	Oilfield Services	Corporate	Total
Revenue excluding oil purchase and resale	457	85	172	—	714
Oil purchase and resale	—	3,114	—	—	3,114
Total revenue	**457**	**3,199**	**172**	**—**	**3,828**
Cost of sales excluding items listed separately below	(259)	(3,122)	(138)	—	(3,519)
Segment profit margin	**198**	**77**	**34**	**—**	**309**
G&A expenses excluding items listed separately below	(19)	(4)	(9)	(23)	(55)
Depreciation, depletion and amortization [(1)]	(56)	(10)	(9)	(2)	(77)
Share-based compensation [(1)]	—	—	—	(10)	(10)
Interest, accretion and finance costs	(5)	—	—	(44)	(49)
Transaction and related costs	—	—	—	(18)	(18)
Other (expense) income	(1)	—	4	12	15
Income (loss) before tax	**117**	**63**	**20**	**(85)**	**115**

[(1)] Depreciation, depletion and amortization, and share-based compensation have been allocated to cost of sales and general and administrative expenses on the Consolidated Statements of Comprehensive Income based on function of the underlying asset or individual to which the charge relates.

Assets and Liabilities

As at June 30, 2023	EWM Infrastructure	Energy Infrastructure	Oilfield Services	Corporate	Total
Current assets	236	140	134	33	**543**
Property, plant and equipment	1,135	299	70	22	**1,526**
Right-of-use assets	47	1	34	4	**86**
Intangible assets	142	16	—	—	**158**
Goodwill	270	61	14	—	**345**
Total assets	1,830	517	252	197	**2,796**
Current liabilities	174	133	60	71	**438**
Total liabilities	306	142	91	1,078	**1,617**

As at December 31, 2022	EWM Infrastructure	Energy Infrastructure	Oilfield Services	Corporate	Total
Current assets	244	144	172	16	**576**
Property, plant and equipment	1,148	275	79	11	**1,513**
Right-of-use assets	37	1	24	9	**71**
Intangible assets	148	15	—	—	**163**
Goodwill	270	61	20	—	**351**
Total assets	1,847	496	295	202	**2,840**
Current liabilities	265	116	66	12	**459**
Total liabilities	385	125	84	980	**1,574**

Geographical Financial Information

	Canada		U.S.		Total	
Three months ended June 30,	**2023**	2022	**2023**	2022	**2023**	2022
Revenue	**1,767**	2,067	**15**	11	**1,782**	2,078
Six Months Ended June 30,	**2023**	2022	**2023**	2022	**2023**	2022
Revenue	**3,661**	3,806	**28**	22	**3,689**	3,828
As at June 30, 2023 and December 31, 2022	**2023**	2022	**2023**	2022	**2023**	2022
Total non-current assets	**2,163**	2,166	**90**	98	**2,253**	2,264

CORPORATE INFORMATION

DIRECTORS

Rene Amirault
Mark Bly (3) (4)
Mick Dilger - Chairman
Wendy Hanrahan (1) (2)
Joseph Lenz (1) (3)
Brad Munro (2) (3)
Susan Riddell Rose (2) (4)
Deanna Zumwalt (1) (4)

1 Audit Committee
2 Human Resources and Compensation Committee
3 Corporate Governance & Nominating Committee
4 Environment, Social & Governance Committee

STOCK EXCHANGE

Toronto Stock Exchange
Symbol: SES

AUDITORS

KPMG LLP
Calgary, Alberta

LEGAL COUNSEL

Bennett Jones LLP
Calgary, Alberta

LEAD BANKERS

ATB Financial
National Bank of Canada
Canadian Imperial Bank of Commerce
Bank of Montreal
TD Canada Trust

TRANSFER AGENT AND REGISTRAR

Odyssey Trust Company
Calgary, Alberta

OFFICERS

Rene Amirault
Chief Executive Officer

Allen Gransch
President

Chad Magus
Chief Financial Officer

Corey Higham
Chief Operating Officer

Michael Callihoo
General Counsel and Corporate Secretary

James Anderson
Senior Vice President, Fluids Management

David Engel
Senior Vice President, Industrial Landfills, Waste Transfer Facilities & Projects

Rhonda Rudnitski
Vice President, Environment, Social & Governance