

# Condensed Consolidated Financial Statements

As at and for the three and nine months  
ended September 30, 2024



**SECURE**

# SECURE ENERGY SERVICES INC.

## Consolidated Statements of Financial Position

<i>As at (unaudited, in \$ millions)</i>	<b>Notes</b>	<b>September 30, 2024</b>	<b>December 31, 2023</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		19	12
Accounts receivable and accrued receivables		430	357
Inventories	6	122	144
Prepaid expenses and other current assets		14	14
Assets held for sale	4	—	663
		585	1,190
Property, plant and equipment	7	1,173	1,170
Right-of-use assets		93	101
Intangible assets		89	68
Goodwill		204	199
Deferred tax asset		—	89
Other assets		42	27
<b>Total Assets</b>		<b>2,186</b>	<b>2,844</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		460	377
Current tax payable	4	19	—
Lease liabilities		26	27
Asset retirement obligations		8	15
Other liabilities		4	3
Liabilities directly associated with assets held for sale	4	—	50
		517	472
Revolving credit facility	8	91	415
Secured and unsecured notes	9	294	551
Lease liabilities		97	109
Asset retirement obligations		117	96
Deferred tax liabilities	4	3	—
Other liabilities		14	15
<b>Total Liabilities</b>		<b>1,133</b>	<b>1,658</b>
<b>Shareholders' Equity</b>			
Issued capital	10	908	1,517
Share-based compensation reserve		56	54
Foreign currency translation reserve		29	27
Retained earnings (deficit)		60	(412)
<b>Total Shareholders' Equity</b>		<b>1,053</b>	<b>1,186</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>2,186</b>	<b>2,844</b>

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

**SECURE ENERGY SERVICES INC.**
**Consolidated Statements of Comprehensive Income**

<i>(unaudited, in \$ millions except share and per share data)</i>	Notes	Three months ended September 30,		Nine months ended September 30,	
		2024	2023	2024	2023
				Adjusted Note 1	
Revenue	17	2,614	2,215	8,110	5,904
Cost of sales	12	2,499	2,083	7,786	5,548
<b>Gross margin</b>		<b>115</b>	<b>132</b>	<b>324</b>	<b>356</b>
General and administrative expenses	12	39	35	117	104
Transaction and related costs	12	—	4	2	11
<b>Operating profit</b>		<b>76</b>	<b>93</b>	<b>205</b>	<b>241</b>
Interest, accretion and finance costs	13	12	25	43	72
Gain on asset divestiture	4	—	—	(520)	—
Other expense (income)	14	—	6	15	(10)
<b>Income before tax</b>		<b>64</b>	<b>62</b>	<b>667</b>	<b>179</b>
Current tax (recovery) expense	4	(15)	2	27	6
Deferred tax (recovery) expense	4	(15)	13	92	37
<b>Net income</b>		<b>94</b>	<b>47</b>	<b>548</b>	<b>136</b>
<b>Other comprehensive gain (loss)</b>					
Foreign currency translation adjustment		2	(2)	(2)	—
<b>Total comprehensive income</b>		<b>96</b>	<b>45</b>	<b>546</b>	<b>136</b>
<b>Earnings per share</b>					
Basic net income per common share		0.39	0.16	2.10	0.46
Diluted net income per common share		0.39	0.16	2.07	0.45
Weighted average shares outstanding - basic	10	239,290,458	292,043,344	261,026,100	298,248,498
Weighted average shares outstanding - diluted	10	243,055,638	294,929,189	265,068,915	301,065,871

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

## SECURE ENERGY SERVICES INC.

### Consolidated Statements of Changes in Shareholders' Equity

<i>(unaudited, in \$ millions)</i>	Notes	Issued capital	Share-based compensation reserve	Foreign currency translation reserve	Deficit	Total Shareholders' Equity
<b>Balance at January 1, 2024</b>		<b>1,517</b>	<b>54</b>	<b>27</b>	<b>(412)</b>	<b>1,186</b>
Net income		—	—	—	548	548
Dividends declared	10	—	—	—	(76)	(76)
Foreign currency translation adjustment		—	—	2	—	2
Exercise of share units	10	16	(16)	—	—	—
Share-based compensation for equity-settled awards	11	—	18	—	—	18
Shares acquired and cancelled under Share Purchase Agreement ("SPA")	10	(150)	—	—	—	(150)
Shares acquired and cancelled under substantial issuer bid ("SIB")	10	(251)	—	—	—	(251)
Shares acquired and cancelled under normal course issuer bid ("NCIB")	10	(211)	—	—	—	(211)
Tax on share repurchases	10	(13)	—	—	—	(13)
<b>Balance at September 30, 2024</b>		<b>908</b>	<b>56</b>	<b>29</b>	<b>60</b>	<b>1,053</b>
Balance at January 1, 2023		1,676	50	30	(490)	1,266
Net income		—	—	—	136	136
Dividends declared	10	—	—	—	(88)	(88)
Exercise of share units	10	4	(12)	—	—	(8)
Share-based compensation for equity-settled awards	11	—	13	—	—	13
Shares acquired and cancelled under NCIB	10	(149)	—	—	—	(149)
<b>Balance at September 30, 2023</b>		<b>1,531</b>	<b>51</b>	<b>30</b>	<b>(442)</b>	<b>1,170</b>

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



**SECURE ENERGY SERVICES INC.**
**Consolidated Statements of Cash Flows**

<i>(unaudited, in \$ millions)</i>	Notes	Three months ended September 30,		Nine months ended September 30,	
		2024	2023	2024	2023
<b>Cash flows from (used in) operating activities</b>					
Net income		94	47	548	136
Adjustments for non-cash items:					
Depreciation, depletion and amortization	12	45	50	131	151
Share-based compensation		5	5	25	19
Interest, accretion and finance costs	13	12	25	43	72
Gain on asset divestiture	4	—	—	(520)	—
Other (income) expense	14	(4)	4	27	(12)
Current and deferred tax (recovery) expense	4	(30)	15	92	43
Interest paid		(14)	(10)	(35)	(51)
Asset retirement costs incurred		(2)	(6)	(6)	(12)
Funds flow from operations		106	130	305	346
Change in non-cash working capital		43	40	42	52
<b>Net cash flows from operating activities</b>		<b>149</b>	<b>170</b>	<b>347</b>	<b>398</b>
<b>Cash flows (used in) from investing activities</b>					
Purchase of property, plant and equipment	7	(29)	(56)	(91)	(170)
Proceeds from dispositions, net of transaction costs	4	5	—	1,134	28
Current tax expense related to dispositions	4	15	—	—	—
Business acquisitions	5	—	—	(38)	—
Change in non-cash working capital		(16)	(12)	(23)	8
<b>Net cash flows (used in) from investing activities</b>		<b>(25)</b>	<b>(68)</b>	<b>982</b>	<b>(134)</b>
<b>Cash flows (used in) from financing activities</b>					
(Repayment) draw of credit facilities	8	(28)	(22)	(328)	48
Settlement of notes	9	—	—	(571)	(11)
Issuance of unsecured notes	9	—	—	300	—
Financing fees	9,10	—	—	(8)	(1)
Lease liability principal payments		(6)	(7)	(21)	(20)
Dividends declared	10	(24)	(29)	(76)	(88)
Share repurchases and cancellations	10	(53)	(33)	(612)	(149)
Tax on share repurchases	10	(2)	—	(13)	—
Settlement of share units		—	—	—	(14)
Change in non-cash working capital		1	—	7	—
<b>Net cash flows used in financing activities</b>		<b>(112)</b>	<b>(91)</b>	<b>(1,322)</b>	<b>(235)</b>
<b>Effect of foreign exchange on and cash equivalents</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>(3)</b>
Increase in cash and cash equivalents		12	11	7	26
Cash and cash equivalents, beginning of period		7	27	12	12
<b>Cash and cash equivalents, end of period</b>		<b>19</b>	<b>38</b>	<b>19</b>	<b>38</b>
<b>Supplementary Cash Flow Information</b>					
Income taxes paid		3	—	10	—

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

## **SECURE ENERGY SERVICES INC.**

### **Notes to the Condensed Consolidated Financial Statements (unaudited)**

**For the three and nine months ended September 30, 2024 and 2023**

#### **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" and is a constituent of the S&P/TSX Composite Index. 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.

SECURE is a leading waste management and energy infrastructure business headquartered in Calgary, Alberta. The Corporation carries out its principal business operations across an extensive infrastructure network located throughout Western Canada and North Dakota. The solutions SECURE 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 Waste Management reportable segment includes a network of waste processing facilities, produced water pipelines, industrial landfills, waste transfer stations, metal recycling facilities, and specialty chemicals. 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 emulsions, metal recycling, drilling waste management and specialty chemicals.

SECURE's Energy Infrastructure reportable segment 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.

##### **Name Change**

On September 4, 2024 the Corporation announced its intention to change its name to SECURE Waste Infrastructure Corp. (the "Name Change"). The Name Change was approved by shareholders at the Shareholder Meeting held on October 29, 2024.

The Corporation expects to formally adopt the new name on or about January 1, 2025, following the receipt of all regulatory approvals. Following the formal adoption of the Name Change, SECURE's common shares will continue to trade on the Toronto Stock Exchange under the ticker symbol SES.

##### **Seasonality**

In Western Canada, the level of activity is influenced by seasonal weather patterns. As warm weather returns in the spring, the winter's frost thaws (commonly referred to as "spring break-up"), rendering many secondary roads incapable of supporting heavy loads. As a result, road bans are implemented, prohibiting the transportation of heavy loads in certain areas. This limits the movement of heavy equipment, and the transportation of heavy waste loads is restricted, leading to smaller loads and a general reduction in the volume of waste delivered to SECURE's facilities. Accordingly, while the Corporation's facilities remain open and accessible year-round, spring break-up reduces the waste volumes received and specialty chemical sales. The second quarter has generally been the slowest due to spring break-up. 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 have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” under IFRS Accounting Standards as issued by the International Accounting Standards Board. 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, 2023.

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 October 29, 2024.

## Adjustments to Prior Period Revenue and Cost of Sales

SECURE’s oil purchase and resale enhances the service offering associated with SECURE’s business of terminalling and marketing. At the Corporation’s terminals, SECURE meters the crude oil volumes and purchases the crude oil directly from customers. The Corporation then processes and manages the shipment of crude oil through its own or third-party pipelines. For reporting purposes, both the costs and revenues related to product purchases and resale at the market hub, along with transportation fees, are recorded as oil purchase and resale on a gross or net basis.

For the three months ended March 31, 2024, and for the three and six months ended June 30, 2024, certain crude oil purchase contracts from customers were not included in oil purchase and resale revenue and cost of sales as they were incorrectly presented on a net basis. These contracts related to expanded operations at the Clearwater heavy oil terminal during 2024. The revenues (oil purchase and resale revenue) and cost of sales are now reflected in the Condensed Consolidated Statement of Comprehensive Income for the three and nine months ended September 30, 2024. The impact is limited to the Energy Infrastructure segment, with no net effect on the Corporation’s gross margin, operating profit, or net income. The impact of the adjustment on the previously reported Condensed Consolidated Statement of Comprehensive Income for the three months ended March 31, 2024, and the three and six months ended June 30, 2024, is as follows:

Consolidated Statement of Comprehensive Income	Three months ended					
	March 31, 2024			June 30, 2024		
	Reported	Adjustment	Adjusted	Reported	Adjustment	Adjusted
Revenues	2,849	26	2,875	2,552	69	2,621
Cost of sales	2,733	26	2,759	2,459	69	2,528
<b>Gross margin</b>	116	—	116	93	—	93

Consolidated Statement of Comprehensive Income	Six months ended		
	June 30, 2024		
	Reported	Adjustment	Adjusted
Revenues	5,401	95	5,496
Cost of sales	5,192	95	5,287
<b>Gross margin</b>	209	—	209

SEGMENT REPORTING	Three months ended					
	March 31, 2024			June 30, 2024		
Energy Infrastructure Segment	Reported	Adjustment	Adjusted	Reported	Adjustment	Adjusted
Revenue excluding oil purchase and resale	64	—	64	57	—	57
Oil purchase and resale	2,489	26	2,515	2,215	69	2,284
<b>Total revenue</b>	2,553	26	2,579	2,272	69	2,341
Cost of sales	(2,506)	(26)	(2,532)	(2,234)	(69)	(2,303)
<b>Segment profit margin</b>	47	—	47	38	—	38

SEGMENT REPORTING	Six months ended		
	June 30, 2024		
Energy Infrastructure Segment	Reported	Adjustment	Adjusted
Revenue excluding oil purchase and resale	121	—	121
Oil purchase and resale	4,704	95	4,799
<b>Total revenue</b>	4,825	95	4,920
Cost of sales	(4,740)	(95)	(4,835)
<b>Segment profit margin</b>	85	—	85

## 2. MATERIAL ACCOUNTING POLICIES

The material 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, 2023. 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, recoverability of assets, depreciation, depletion and amortization, asset retirement obligations, inventories, income taxes, 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. ASSET DIVESTITURE

In December 2023, the Corporation entered into a definitive agreement (the "Divestiture Agreement") with a subsidiary of Waste Connections, Inc. to sell 29 facilities (the "Facilities") all formerly owned by Tervita Corporation ("Tervita") for \$1.075 billion in cash plus \$74 million for certain adjustments as provided in the Divestiture Agreement for total cash proceeds of \$1.149 billion. The Corporation closed the sale on February 1, 2024 (the "Sale Transaction").

All assets and liabilities of the Facilities were classified as held for sale as a disposal group (the "Disposal Group") at December 31, 2023. The value of the assets comprising the Disposal Group were presented at the lower of the carrying amount and fair value less costs to sell.



The following table summarizes the financial impact of the divestiture:

Consideration for the divestiture	Carrying value	Assets held for sale December 31, 2023
Cash consideration - divested assets	1,075	
Cash consideration - other adjustments	74	
<b>Total consideration</b>	<b>1,149</b>	
<b>Assets and liabilities divested:</b>		
Accounts receivable and accrued receivable	56	69
Inventories	1	1
Property, plant and equipment	380	372
Right-of-use assets	2	1
Intangible assets	84	85
Goodwill	135	135
<b>Assets divested / held for sale</b>	<b>658</b>	<b>663</b>
Other liabilities	11	11
Lease liabilities	—	1
Asset retirement obligations	38	38
<b>Liabilities divested / associated with assets held for sale</b>	<b>49</b>	<b>50</b>
Transaction costs	20	
<b>Gain on asset divestiture</b>	<b>520</b>	

For the nine months ended September 30, 2024, the Corporation incurred costs of \$20 million consisting of legal and advisory fees, severance and restructuring costs related to the Sale Transaction.

For the three months ended September 30, 2024, the Corporation recorded an income tax recovery of \$30 million. The income tax recovery was primarily the result of revisions in the underlying assumptions with respect to the tax treatment of the Sale Transaction.

## 5. BUSINESS ACQUISITIONS

The acquisitions below were accounted for using the acquisition method pursuant to IFRS 3, “Business Combinations”. Under the acquisition method, assets and liabilities are measured at their estimated fair value on the date of acquisition.

On March 1, 2024, SECURE completed the acquisition of a specialty chemical company for a total purchase price of \$11 million, comprising \$7 million in cash and \$4 million in contingent consideration, dependent on achieving specified future financial targets. Under the purchase agreement, SECURE acquired the assets and assumed certain obligations and liabilities associated with the specialty chemical business. The primary assets acquired were intangible assets valued at \$9 million and recognition of goodwill of \$2 million.

On June 19, 2024, SECURE completed the acquisition of a metals recycling company for a total purchase price of \$31 million cash. Under the asset purchase agreement, the preliminary purchase price allocation assigned \$11 million to property, plant and equipment, \$17 million to intangible assets and recognized \$3 million as goodwill. This strategic acquisition expands our network into a new operating region, diversifying our supply base, and bolstering our processing capabilities and logistics strategies.

**Consideration for the acquisition**

<b>Cash</b>	<b>31</b>
<b>Purchase price allocation</b>	
Property, plant and equipment (Note 7)	11
Intangible assets:	
Non compete agreements	10
Customer relationships	5
Licenses	2
Goodwill	3
	<b>31</b>

**6. INVENTORIES**

	<b>September 30, 2024</b>	<b>December 31, 2023</b>
Crude oil and natural gas liquids	21	45
Specialty chemicals	80	81
Metals	12	5
Spare parts and supplies	9	14
Less: Assets held for sale	—	(1)
<b>Total inventories</b>	<b>122</b>	<b>144</b>

Crude oil and natural gas liquids consists of inventory stored at terminals and on certain pipelines.

**7. PROPERTY, PLANT AND EQUIPMENT**

	<b>September 30, 2024</b>
<b>Balance at December 31, 2023</b>	<b>1,170</b>
Acquired upon close of business acquisitions (Note 5)	11
Additions	91
Change in asset retirement obligations	13
Disposals	(12)
Depreciation and depletion	(107)
Transfers	5
Foreign exchange effect	2
<b>Balance at September 30, 2024</b>	<b>1,173</b>

**8. REVOLVING CREDIT FACILITY**

SECURE's credit facilities at September 30, 2024, consist of an \$800 million revolving credit facility (the "Revolving Credit Facility") with nine financial institutions. The Revolving Credit Facility was renewed in June 2024 with the term extended to May 31, 2027. 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 September 30, 2024, and December 31, 2023, were as follows:

	<b>September 30, 2024</b>	<b>December 31, 2023</b>
Amount drawn on Revolving Credit Facility	93	419
Unamortized financing costs	(2)	(4)
<b>Total credit facility</b>	<b>91</b>	<b>415</b>

	September 30, 2024	December 31, 2023
Maximum amount available	850	850
Less: Amount drawn on Revolving Credit Facility	(93)	(419)
Less: Letters of credit	(94)	(87)
<b>Available amount <sup>(1)</sup></b>	<b>663</b>	<b>344</b>

<sup>(1)</sup> Subject to covenant restrictions listed below.

As at September 30, 2024, the Corporation has liquidity of \$682 million, consisting of \$19 million in cash and \$663 million in capacity on its credit facilities (\$356 million as at December 31, 2023, consisting of \$12 million in cash and \$344 million in capacity on its credit facilities).

The following table outlines the Corporation's covenant ratios as at September 30, 2024:

	September 30, 2024	Covenant
Senior Debt to EBITDA	0.5	not to exceed 2.75
Total Debt to EBITDA	1.1	not to exceed 4.5
Interest coverage	7.0	not to be less than 2.5

## 9. SECURED AND UNSECURED NOTES

On February 22, 2024, the Corporation used proceeds from the Sale Transaction to redeem the outstanding 2025 senior secured notes at the redemption price of 105.50% of the principal amount, plus accrued and unpaid interest. The total payment was \$223 million, comprised of principal of \$207 million (US\$153 million), unpaid interest of \$5 million and a premium of \$11 million.

On March 22, 2024 the Corporation closed an offering of \$300 million aggregate principal amount of 6.75% senior unsecured notes due March 22, 2029 (the "2029 unsecured notes") at an issue price of \$100.00, representing a yield of 6.75%. The Corporation used the net proceeds of the offering, along with cash on hand, to fund the redemption of the 2026 unsecured notes at the redemption price of 103.63% of the principal amount, plus accrued and unpaid interest. The total payment was \$358 million, comprised of principal of \$340 million, unpaid interest of \$6 million and a premium of \$12 million, resulting in a loss on extinguishment of debt of \$16 million recorded in other expense in the consolidated statement of comprehensive income.

Interest payments on the 2029 unsecured notes occur in March and September during the term of the debt.

The secured and unsecured notes balances included on the statements of financial position at September 30, 2024, and December 31, 2023, were as follows:

	Issuance	Maturity	September 30, 2024	December 31, 2023
2025 senior secured notes	Nov 2020		—	203
Fair value premium on 2025 senior secured notes			—	11
2026 unsecured notes	July 2021		—	340
Premium on issuance of 2026 unsecured notes			—	1
2029 unsecured notes	Mar 2024	Mar 2029	300	—
Unamortized financing costs			(6)	(4)
<b>Total unsecured and senior secured notes</b>			<b>294</b>	<b>551</b>

As at September 30, 2024, the fair value of the 2029 unsecured notes was \$305 million, based on third party observable quotes.

## 10. SHAREHOLDERS' EQUITY

### Dividends

The Corporation declared dividends to holders of common shares for the three and nine months ended September 30, 2024 of \$24 million and \$76 million, respectively (three and nine months ended September 30, 2023: \$29 million and \$88 million, respectively). On September 16, 2024, the Corporation declared a dividend in the amount of \$0.10 per common share. At September 30, 2024, the dividend payable of \$24 million was included within accounts payable and accrued liabilities. Subsequent to September 30, 2024, the Corporation paid out this dividend to holders of common shares on record on October 1, 2024.

### Issued and outstanding shares

(\$ millions, except for shares)	Number of Shares	Amount
<b>Balance at December 31, 2023</b>	<b>287,627,549</b>	<b>1,517</b>
RSUs and PSUs exercised	3,696,911	—
Transfer from reserves in equity	—	16
Shares cancelled under SPA	(13,181,020)	(150)
Shares cancelled under SIB	(21,929,818)	(251)
Shares cancelled under NCIB	(19,363,210)	(211)
Tax on share repurchases	—	(13)
<b>Balance at September 30, 2024</b>	<b>236,850,412</b>	<b>908</b>

On April 29, 2024, the Corporation entered into a Share Purchase Agreement (“SPA”) with an affiliate of TPG Angelo Gordon to purchase for cancellation an aggregate of 13,181,020 common shares at a price of \$11.38 per share (representing a discount of approximately 1.8% to the closing price of the Shares on the TSX on April 26, 2024), for total consideration of \$150 million.

On May 1, 2024, the Corporation commenced a substantial issuer bid (“SIB”) pursuant to which it offered to purchase for cancellation up to \$250 million of its common shares through a modified Dutch auction. The SIB was completed on June 10, 2024, with the Corporation taking up 21,929,818 common shares at a price of \$11.40 per share, representing an aggregate purchase of \$250 million and 8.33% percent of the total number of SECURE’s issued and outstanding Shares. The Corporation also incurred \$1 million in transaction costs in connection with the SIB which were included in the cost of acquiring the common shares.

On December 14, 2023, the Corporation renewed the previous NCIB, which was completed in September 2023 upon the Corporation acquiring the maximum number of common shares purchasable thereunder. Pursuant to the renewed NCIB, the Corporation is authorized to purchase and cancel up to a maximum of 23,196,967 common shares of the Corporation representing approximately 8% of the Corporation’s outstanding shares as at December 8, 2023, or 10% of the Corporation’s public float. The NCIB will terminate on December 13, 2024 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.

The table below summarizes the share repurchases and cancellations for the three and nine months ended September 30, 2024 and 2023:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Shares repurchased and cancelled under SPA	—	—	13,181,020	—
Price per share	\$ —	\$ —	\$ 11.38	\$ —
Total consideration	\$ —	\$ —	\$ 150	\$ —
Shares repurchased and cancelled under SIB	—	—	21,929,818	—
Price per share	\$ —	\$ —	\$ 11.40	\$ —
Total consideration <sup>(1)</sup>	\$ —	\$ —	\$ 251	\$ —
Shares repurchased and cancelled under NCIB	4,480,700	4,572,049	19,363,210	21,438,049
Price per share	\$ 11.83	\$ 7.32	\$ 10.90	\$ 6.97
Total consideration	\$ 53	\$ 33	\$ 211	\$ 149

<sup>(1)</sup> Includes transaction costs

On June 20, 2024, a new tax policy imposing a 2% tax on corporate share buybacks was enacted. The 2% tax applies to the net value of shares repurchased by corporations starting January 1, 2024. As a result, the Corporation has recognized \$13 million for the share buyback tax in 2024.

Subsequent to September 30, 2024, the Corporation repurchased 271,000 additional shares at a weighted average price per share of \$11.07 for a total of \$3 million.

### Basic and Diluted Income Per Share

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

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Weighted average number of shares - basic	239,290,458	292,043,344	261,026,100	298,248,498
Effect of dilution:				
RSUs and PSUs	3,765,180	2,885,845	4,042,815	2,817,373
Weighted average number of shares - diluted	243,055,638	294,929,189	265,068,915	301,065,871

The above calculation includes the effect of dilutive RSUs and PSUs for the three and nine months ended September 30, 2024 and 2023.

## 11. SHARE-BASED COMPENSATION PLANS

### Unit Incentive Plans

The Corporation has a Unit Incentive Plan ("UIP") under which it may grant incentive units, comprised of RSUs and PSUs, to employees and consultants, as well as a deferred share unit ("DSU") plan for non-employee directors. The terms of these plans remain unchanged from those disclosed in the annual audited consolidated financial statements for the year ended December 31, 2023.

The following table summarizes the units outstanding at September 30, 2024:

	RSUs	PSUs	DSUs
<b>Balance at December 31, 2023</b>	2,387,054	3,883,713	956,053
Granted	958,889	2,092,603	102,638
Reinvested dividends	62,699	95,149	18,369
Redeemed for common shares	(945,335)	(2,751,576)	—
Redeemed for cash	—	—	(421,572)
Forfeited	(229,415)	(129,474)	—
<b>Balance at September 30, 2024</b>	<b>2,233,892</b>	<b>3,190,415</b>	<b>655,488</b>



## 12. EXPENSES

The table below summarizes the disaggregation of expenses for the three and nine months ended September 30, 2024 and 2023:

Three months ended September 30, 2024	Cost of Sales	General and Administrative Expense	Total
Employee compensation and benefits	47	21	68
Depreciation	29	1	30
Depletion	6	—	6
Amortization	8	1	9
Share-based compensation	—	5	5
Oil purchase/resale services expense	2,240	—	2,240
Other <sup>(1)</sup>	169	11	180
<b>Total</b>	<b>2,499</b>	<b>39</b>	<b>2,538</b>

Nine months ended September 30, 2024 Adjusted	Cost of Sales	General and Administrative Expense	Total
Employee compensation and benefits	137	56	193
Depreciation	86	4	90
Depletion	17	—	17
Amortization	21	3	24
Share-based compensation	—	25	25
Oil purchase/resale services expense	7,039	—	7,039
Other <sup>(1)</sup>	486	29	515
<b>Total</b>	<b>7,786</b>	<b>117</b>	<b>7,903</b>

Three months ended September 30, 2023	Cost of Sales	General and Administrative Expense	Total
Employee compensation and benefits	57	18	75
Depreciation	34	1	35
Depletion	6	—	6
Amortization	8	1	9
Share-based compensation	—	5	5
Oil purchase/resale services expense	1,788	—	1,788
Other <sup>(1)</sup>	190	10	200
<b>Total</b>	<b>2,083</b>	<b>35</b>	<b>2,118</b>

Nine months ended September 30, 2023	Cost of Sales	General and Administrative Expense	Total
Employee compensation and benefits	168	49	217
Depreciation	104	3	107
Depletion	20	—	20
Amortization	21	3	24
Share-based compensation	—	19	19
Oil purchase/resale services expense	4,708	—	4,708
Other <sup>(1)</sup>	527	30	557
<b>Total</b>	<b>5,548</b>	<b>104</b>	<b>5,652</b>

<sup>(1)</sup> Other includes the remaining expenses not listed separately in the table above. The majority of these expenses consist of costs related to products, repairs and maintenance, trucking and disposal, and utilities, net of tariff fees associated with oil pipelines.

## Transaction and related costs

For the nine months ended September 30, 2024, the Corporation incurred \$2 million in transaction and related costs, primarily associated with legal and advisory fees for business acquisitions and restructuring expenses.

For the nine months ended September 30, 2023, the Corporation incurred transaction related costs of \$11 million, consisting of \$8 million for legal and advisory fees related to the competition review process and \$3 million in integration costs, primarily associated with the implementation of a new enterprise resource planning system.

## 13. INTEREST, ACCRETION AND FINANCE COSTS

Interest, accretion and finance costs consist of the following for the three and nine months ended September 30, 2024 and 2023:

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Interest on senior secured notes, unsecured notes and Revolving Credit Facility	9	19	30	56
Amortization of financing costs	—	1	2	3
Accretion of asset retirement obligations	2	3	6	9
Interest on obligations under leases	1	2	5	4
<b>Interest, accretion and finance costs</b>	<b>12</b>	<b>25</b>	<b>43</b>	<b>72</b>

## 14. OTHER EXPENSE (INCOME)

For the nine months ended September 30, 2024, the Corporation incurred and recorded a \$16 million loss on debt extinguishment related to the 2026 unsecured notes (Note 9).

In the nine months ended September 30, 2023, the Corporation recognized gains totaling \$9 million from the sale of a water pumping business unit and a rail terminal.

## 15. CAPITAL MANAGEMENT

The capital structure of the Corporation consists of the following:

	September 30, 2024	December 31, 2023
Working capital <sup>(1)</sup>	106	150
Total debt	393	962
Shareholders' equity	1,053	1,186
	<b>1,552</b>	<b>2,298</b>

<sup>(1)</sup> Calculated as the difference between current assets (excluding assets held for sale) less accounts payable, accrued liabilities and current tax payable.

Principal debt consists of the following:

	September 30, 2024	December 31, 2023
Amount drawn on credit facilities (Note 8)	93	419
2025 senior secured notes (principal) (Note 9)	—	203
2026 unsecured notes (principal) (Note 9)	—	340
2029 unsecured notes (principal) (Note 9)	300	—
	<b>393</b>	<b>962</b>

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, paying dividends, conducting share buybacks, and ensuring stable cash flow to sustain the business for the long term. Management considers the Corporation's working capital, total amounts drawn on debt facilities, and shareholders' equity as the components of capital to be managed.

## 16. CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

	1 year or less	1-5 years	5 years and thereafter	Total
Crude oil transportation	58	194	13	265
Crude oil storage	10	51	2	63
Capital commitments	15	—	—	15
<b>Total contractual obligations</b>	<b>83</b>	<b>245</b>	<b>15</b>	<b>343</b>

### 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 fail to 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.

## 17. SEGMENT REPORTING

The audited consolidated financial statements for the year ended December 31, 2023, and the unaudited interim financial statements for the three and nine months ended September 30, 2023, included the Oilfield Services segment, which consisted of drilling fluid management and project management services. Due to the divestiture of project management services in December 2023, the specialty chemicals drilling fluid management business does not meet the quantitative thresholds to be reported as a separate segment. As a result, this business unit is included in the Waste Management segment prospectively. No changes were made to the comparative information or the consolidated data.

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

Three months ended September 30, 2024	Waste Management	Energy Infrastructure	Corporate	Total
Revenue excluding oil purchase and resale	323	51	—	374
Oil purchase and resale	—	2,240	—	2,240
<b>Total revenue</b>	<b>323</b>	<b>2,291</b>	<b>—</b>	<b>2,614</b>
Cost of sales excluding items listed separately below	(206)	(2,250)	—	(2,456)
<b>Segment profit margin</b>	<b>117</b>	<b>41</b>	<b>—</b>	<b>158</b>
G&A expenses excluding items listed separately below	(12)	(4)	(16)	(32)
Depreciation, depletion and amortization <sup>(1)</sup>	(40)	(5)	—	(45)
Share-based compensation	—	—	(5)	(5)
Transaction and related costs	—	—	—	—
Interest, accretion and finance costs	(2)	(2)	(8)	(12)
Other income (expense)	1	1	(2)	—
<b>Income (loss) before tax</b>	<b>64</b>	<b>31</b>	<b>(31)</b>	<b>64</b>

<b>Nine months ended September 30, 2024 Adjusted</b>	<b>Waste Management</b>	<b>Energy Infrastructure</b>	<b>Corporate</b>	<b>Total</b>
Revenue excluding oil purchase and resale	899	172	—	1,071
Oil purchase and resale	—	7,039	—	7,039
<b>Total revenue</b>	<b>899</b>	<b>7,211</b>	<b>—</b>	<b>8,110</b>
Cost of sales excluding items listed separately below	(577)	(7,085)	—	(7,662)
<b>Segment profit margin</b>	<b>322</b>	<b>126</b>	<b>—</b>	<b>448</b>
G&A expenses excluding items listed separately below	(34)	(10)	(41)	(85)
Depreciation, depletion and amortization <sup>(1)</sup>	(113)	(16)	(2)	(131)
Share-based compensation	—	—	(25)	(25)
Transaction and related costs	—	—	(2)	(2)
Interest, accretion and finance costs	(8)	(4)	(31)	(43)
Gain on asset divestiture	—	—	520	520
Other income (expense)	1	2	(18)	(15)
<b>Income before tax</b>	<b>168</b>	<b>98</b>	<b>401</b>	<b>667</b>

<b>Three months ended September 30, 2023</b>	<b>Waste Management</b>	<b>Energy Infrastructure</b>	<b>Oilfield Services</b>	<b>Corporate</b>	<b>Total</b>
Revenue excluding oil purchase and resale	273	41	113	—	427
Oil purchase and resale	—	1,788	—	—	1,788
<b>Total revenue</b>	<b>273</b>	<b>1,829</b>	<b>113</b>	<b>—</b>	<b>2,215</b>
Cost of sales excluding items listed separately below	(153)	(1,795)	(87)	—	(2,035)
<b>Segment profit margin</b>	<b>120</b>	<b>34</b>	<b>26</b>	<b>—</b>	<b>180</b>
G&A expenses excluding items listed separately below	(6)	(3)	(6)	(13)	(28)
Depreciation, depletion and amortization <sup>(1)</sup>	(39)	(6)	(5)	—	(50)
Share-based compensation	—	—	—	(5)	(5)
Transaction and related costs	—	—	—	(4)	(4)
Interest, accretion and finance costs	(3)	(1)	(1)	(20)	(25)
Other (expense) income	(1)	—	2	(7)	(6)
<b>Income (loss) before tax</b>	<b>71</b>	<b>24</b>	<b>16</b>	<b>(49)</b>	<b>62</b>

<b>Nine months ended September 30, 2023</b>	<b>Waste Management</b>	<b>Energy Infrastructure</b>	<b>Oilfield Services</b>	<b>Corporate</b>	<b>Total</b>
Revenue excluding oil purchase and resale	771	136	289	—	1,196
Oil purchase and resale	—	4,708	—	—	4,708
<b>Total revenue</b>	<b>771</b>	<b>4,844</b>	<b>289</b>	<b>—</b>	<b>5,904</b>
Cost of sales excluding items listed separately below	(440)	(4,729)	(234)	—	(5,403)
<b>Segment profit margin</b>	<b>331</b>	<b>115</b>	<b>55</b>	<b>—</b>	<b>501</b>
G&A expenses excluding items listed separately below	(16)	(7)	(18)	(38)	(79)
Depreciation, depletion and amortization <sup>(1)</sup>	(119)	(16)	(15)	(1)	(151)
Share-based compensation	—	—	—	(19)	(19)
Transaction and related costs	—	—	—	(11)	(11)
Interest, accretion and finance costs	(9)	(1)	(2)	(60)	(72)
Other income (expense)	—	4	7	(1)	10
<b>Income (loss) before tax</b>	<b>187</b>	<b>95</b>	<b>27</b>	<b>(130)</b>	<b>179</b>

<sup>(1)</sup> Depreciation, depletion and amortization 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.

## Assets and Liabilities

<b>As at September 30, 2024</b>	<b>Waste Management</b>	<b>Energy Infrastructure</b>	<b>Corporate</b>	<b>Total</b>
Current assets	359	197	29	585
Property, plant and equipment	873	290	10	1,173
Right-of-use assets	63	22	8	93
Intangible assets	82	7	—	89
Goodwill	147	57	—	204
Total assets	1,526	587	73	2,186
Current liabilities	188	235	94	517
Total liabilities	353	268	512	1,133

<b>As at December 31, 2023</b>	<b>Waste Management</b>	<b>Energy Infrastructure</b>	<b>Oilfield Services</b>	<b>Corporate</b>	<b>Total</b>
Current assets	237	128	144	18	527
Assets held for sale (Note 4)	588	75	—	—	663
Property, plant and equipment	821	287	51	11	1,170
Right-of-use assets	53	24	19	5	101
Intangible assets	62	6	—	—	68
Goodwill	142	57	—	—	199
Total assets	1,903	593	214	134	2,844
Current liabilities	160	126	59	77	422
Liabilities directly associated with assets held for sale (Note 4)	50	—	—	—	50
Total liabilities	341	170	71	1,076	1,658

## Geographical Financial Information

	<b>Canada</b>		<b>U.S.</b>		<b>Total</b>	
Three months ended September 30,	<b>2024</b>	2023	<b>2024</b>	2023	<b>2024</b>	2023
Revenue	2,574	2,190	40	25	2,614	2,215
Nine Months Ended September 30,	<b>2024</b>	2023	<b>2024</b>	2023	<b>2024</b>	2023
Revenue	7,987	5,851	123	53	8,110	5,904
As at September 30, 2024 and December 31, 2023	<b>2024</b>	2023	<b>2024</b>	2023	<b>2024</b>	2023
Total non-current assets	1,515	1,567	86	87	1,601	1,654



## **CORPORATE INFORMATION**

### **DIRECTORS**

Rene Amirault - Vice-Chairman <sup>(4)</sup>

Mark Bly <sup>(3) (4)</sup>

Mick Dilger - Chairman <sup>(2)</sup>

Allen Gransch

Wendy Hanrahan <sup>(1) (2)</sup>

Joseph Lenz <sup>(1) (3)</sup>

Susan Riddell Rose <sup>(2) (4)</sup>

Deanna Zumwalt <sup>(1) (3)</sup>

<sup>1</sup> Audit Committee

<sup>2</sup> Human Resources and Compensation Committee

<sup>3</sup> Corporate Governance & Nominating Committee

<sup>4</sup> Environment, Social & Governance Committee

### **OFFICERS**

Allen Gransch

*President & Chief Executive Officer*

Chad Magus

*Chief Financial Officer*

Corey Higham

*Chief Operating Officer*

### **STOCK EXCHANGE**

Toronto Stock Exchange

Symbol: SES

### **AUDITORS**

KPMG LLP

Calgary, Alberta

### **LEGAL COUNSEL**

McCarthy Tetrault 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

Michael Callihoo

*Corporate Secretary and General Counsel*

James Anderson

*Senior Vice President, Specialty Chemicals*

Rhonda Rudnitski

*Vice President, Environment, Social & Governance*