Management's Discussion & Analysis

2023 Annual and Fourth Quarter Report

SECURE

CONTENTS

ABOUT THIS MD&A

The following management's discussion and analysis ("MD&A") of the financial position and results of operations of SECURE Energy Services Inc. ("SECURE", the "Corporation", "we", or "our") has been prepared by management as of, and reviewed and approved by the Board of Directors of SECURE (the "Board") on February 25, 2024. The MD&A is a review of the financial results of the Corporation prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

This MD&A's primary focus is a comparison of the financial performance for the three and twelve months ended December 31, 2023 to the three and twelve months ended December 31, 2022, and should be read in conjunction with the Corporation's annual audited consolidated financial statements and notes thereto for the years ended December 31, 2023 and 2022 ("Annual Financial Statements").

All amounts are presented in Canadian dollars, unless otherwise stated, and all tabular amounts are in millions of Canadian dollars, except share and per share amounts or as otherwise noted. Certain comparative figures have been reclassified to conform to the MD&A presentation adopted for 2023.

This MD&A contains references to the following financial measures that do not have a standardized meaning as prescribed under IFRS ("non-GAAP and other specified financial measures"): Adjusted EBITDA, Adjusted EBITDA per share basic and diluted, Adjusted EBITDA margin, Total Segment Profit Margin, discretionary free cash flow, discretionary free cash flow per share basic and diluted, Working Capital, Total Debt, Liquidity and certain supplemental financial measures. Refer to the "Non-GAAP and other specified financial measures" section of this MD&A for a full discussion on management's use of non-GAAP and other specified financial measures, including, where applicable, reconciliations to the most directly comparable IFRS measure.

CORPORATE OVERVIEW

SECURE is a leading waste management 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, mining 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 Toronto Stock Exchange ("TSX") under the symbol "SES" and is a constituent of the S&P/TSX Composite Index.

For a complete description of services provided by the Corporation, please refer to the heading '*Description of the Business and Facilities'* section of the Corporation's Annual Information Form for the year ended December 31, 2023 ("AIF") which is available under SECURE's profile on the System for Electronic Document Analysis and Retrieval + ("SEDAR +") at www.sedarplus.ca and our website at www.SECURE-energy.com. Other than the information set out under the heading '*Risk Factors'* in the AIF, which is incorporated by reference herein, the AIF does not constitute part of this MD&A.

Reporting Change

In the first quarter of 2023, the Corporation realigned its reporting structure to reflect changes in the aggregation of operating segments following the completion in 2022 of the integration activities following the Corporation's acquisition of Tervita Corporation ("Tervita") in 2021 (the "Tervita Merger"). The results of the Corporation are now being reported in four reportable segments, including the following three operating segments, in addition to the Corporate segment:

1. Environmental Waste Management ("EWM") 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, naturally occurring radioactive material management and production chemicals.
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.

The Annual Financial Statements and MD&A for the three and twelve months ended December 31, 2022 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 twelve months ended December 31, 2023 are as follows:

- EWM 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.

The new reporting structure provides a more direct connection between the Corporation's operations, the services it provides to customers and the ongoing strategic direction of the Corporation. 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.

Competition Tribunal Order

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 Tervita Merger. The application to block the closing of the transaction was unsuccessful and at the subsequent hearing of the Section 92 Application, during the second quarter of 2022, 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. On March 31, 2023, SECURE received a partial stay of the Tribunal’s order which remained in place until the appeal was complete.

On August 1, 2023, the Federal Court of Appeal dismissed SECURE's appeal of the Tribunal's order. Subsequent to such decision, SECURE sought leave to appeal to the Supreme Court of Canada and on September 15, 2023, SECURE received from the Federal Court of Appeal a stay of the Tribunal’s order while the Supreme Court of Canada determined whether to hear the appeal.

As a result of the ongoing uncertainty of outcome, costs and timing associated with the process, the Corporation, as a prudent course of action, engaged an advisor in August 2023 to evaluate the potential sale of the Facilities.

In December 2023, the Corporation entered into a definitive agreement (the “Divestiture Agreement”) with Waste Connections, Inc. to sell the Facilities for $1.075 billion in cash plus approximately $75 million for certain adjustments as provided in the Divestiture Agreement for total estimated cash proceeds of $1.150 billion (the “Sale Transaction”). The Corporation closed the Sale Transaction on February 1, 2024.

On February 22, 2024, the Supreme Court of Canada rejected the Corporation’s application for leave to appeal, ending the litigation related to the Tervita Merger.

OPERATIONAL DEFINITIONS

Certain operational definitions used throughout this MD&A are further explained below.

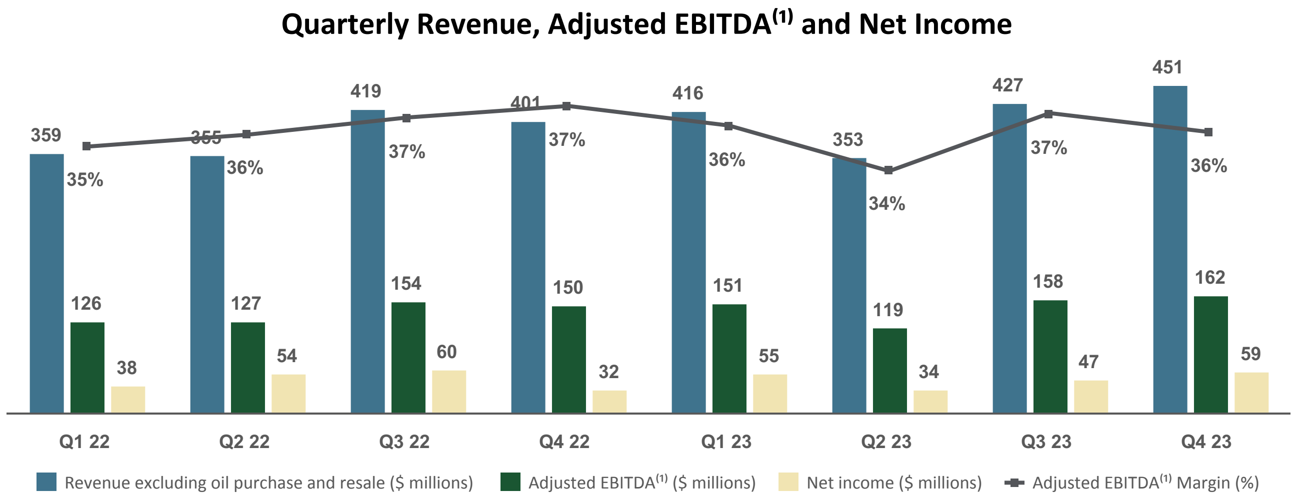
Capital Expenditures

The Corporation classifies capital expenditures as either growth, acquisition or sustaining capital. Growth and acquisition capital are capital expenditures with the intent to expand or restructure operations, enter into new locations or emerging markets, or complete a business or asset acquisition. Sustaining capital refers to capital expenditures in respect of capital asset additions, replacements or improvements required to maintain ongoing business operations. The determination of what constitutes sustaining capital expenditures versus growth capital involves judgment by management.

Oil Prices

Canadian Light Sweet crude oil price is the benchmark price for light crude oil (40 American Petroleum Institute gravity) at Edmonton, Alberta. West Texas Intermediate (“WTI”) crude oil is the North American benchmark price for light crude oil at Cushing, Oklahoma.

FINANCIAL AND OPERATING HIGHLIGHTS



1. Refer to the "Non-GAAP and other specified financial measures" section in this MD&A for further information.

The Corporation's operating and financial highlights for the years ended December 31, 2023 and 2022 can be summarized as follows:

	Three months ended December 31,			Twelve months ended December 31,		
($ millions except share and per share data)	**2023**	**2022**	**% change**	**2023**	**2022**	**% change**
Revenue (excludes oil purchase and resale)	**451**	401	12	**1,647**	1,534	7
Oil purchase and resale	**1,889**	1,624	16	**6,597**	6,468	2
Total revenue	**2,340**	2,025	16	**8,244**	8,002	3
Adjusted EBITDA [1]	**162**	150	8	**590**	557	6
Per share ($), basic [1]	**0.56**	0.48	17	**1.99**	1.80	11
Per share ($), diluted [1]	**0.55**	0.48	15	**1.97**	1.78	11
Net income	**59**	32	84	**195**	184	6
Per share ($), basic	**0.20**	0.10	100	**0.66**	0.59	12
Per share ($), diluted	**0.20**	0.10	100	**0.65**	0.59	10
Funds flow from operations	**128**	84	52	**474**	403	18
Per share ($), basic[1]	**0.44**	0.27	63	**1.60**	1.30	23
Per share ($), diluted [1]	**0.44**	0.27	63	**1.58**	1.29	22
Discretionary free cash flow [1]	**96**	74	30	**363**	348	4
Per share ($), basic[1]	**0.33**	0.24	38	**1.23**	1.12	10
Per share ($), diluted [1]	**0.33**	0.24	38	**1.21**	1.11	9
Capital expenditures [1]	**33**	34	(3)	**203**	96	111
Dividends declared per common share	**0.1000**	0.1000	—	**0.4000**	0.1225	227
Total assets	**2,844**	2,840	—	**2,844**	2,840	—
Long-term liabilities	**1,186**	1,115	6	**1,186**	1,115	6
Common shares - end of year	**287,627,549**	309,381,452	(7)	**287,627,549**	309,381,452	(7)
Weighted average common shares:						
Basic	**288,968,141**	309,956,766	(7)	**295,909,340**	309,637,322	(4)
Diluted	**293,212,504**	314,248,785	(7)	**299,086,393**	313,167,037	(4)

[1] Refer to the "*Non-GAAP and other specified financial measures*" and "*Operational Definitions*" sections in this MD&A for further information.

FOURTH QUARTER HIGHLIGHTS

- **Announced the sale of 29 Tervita facilities for $1.150 billion, in an all-cash Sale Transaction** - Proceeds for the Transaction included $1.075 billion in cash plus approximately $75 million for certain adjustments as provided in the Divestiture Agreement for total estimated cash proceeds of $1.150 billion. The Corporation closed the Sale Transaction on February 1, 2024. With proceeds from the Sale Transaction, SECURE fully repaid the outstanding balance on the credit facility and redeemed all of the outstanding 2025 senior secured notes. In addition, on February 22, 2024, the Supreme Court of Canada rejected the Corporation's application for leave to appeal, ending the litigation related to the Tervita Merger.
- **Revenue (excluding oil purchase and resale) of $451 million** - This represents a 12% increase from the fourth quarter of 2022, driven by increased activity and robust performance in the EWM and Energy Infrastructure segments. Furthermore, capital investment projects were completed in 2023, and began contributing to revenues in the fourth quarter. This growth underscores the strong utilization of our infrastructure network and the sustained demand for our services.
- **Net income of $59 million and $0.20 per basic share** - an increase of $27 million or $0.10 per basic share compared to the fourth quarter of 2022. Operating profit increased 40% compared to the same quarter of the previous year, mainly due to the increase in revenues. There was a corresponding rise in the cost of sales and general and administrative ("G&A") expenses, in line with the heightened activity and revenue growth. The fourth quarter's other expenses included a loss on the sale of the Projects business unit sold on December 15, 2023. This sale was part of a strategic initiative to divest certain non-core oilfield service focused business units that did not fit into SECURE's core waste management and infrastructure strategy
- **Adjusted EBITDA[1] of $162 million and $0.56 per basic share[1]** - an increase of 8% to Adjusted EBITDA and 17% per basic share compared, respectively, to the fourth quarter of 2022. This growth was driven by the rise in revenues and a reduction in the number of common shares outstanding, resulting from share repurchases conducted during the last five quarters.
- **Funds flow from operations of $128 million and $0.44 per basic share[1]** - an increase of 52% of funds from operations and 63% per basic share compared, respectively, to the fourth quarter of 2022 primarily due to the rise in revenues and a reduction in the number of common shares outstanding.
- **Discretionary free cash flow[1] of $96 million and $0.33 per basic share[1]** - an increase of 30% to discretionary free cash flow and 38% per basic share compared, respectively, to the fourth quarter of 2022. This increase was a result of higher revenues and lower spending on sustaining capital in the fourth quarter of 2023 compared to the same quarter of the previous year, due to variations in the timing of capital expenditures and a reduction in the number of common shares outstanding. Transaction costs were also lower compared to the same period in the previous year, as the Corporation completed integration initiatives related to the Tervita Merger in the first half of 2023. These increases in discretionary free cash flow were partially offset by higher lease liability principal payments for lease buyouts as part of the sale of the Projects business unit.
- **Buyback of 1,482,700 common shares** - in the fourth quarter of 2023 the Corporation purchased common shares at a weighted average price per share of $9.05 for a total of $14 million. On December 14, 2023, the Corporation renewed the previous Normal Course Issuer Bid ("NCIB"), which was completed in September 2023 upon the Corporation acquiring the maximum number of common shares purchasable thereunder.
- **Declared dividends of $29 million** - a quarterly dividend of $0.10 per common share, declared in the fourth quarter of 2023, was paid to shareholders on January 15, 2024.

[1] *Refer to the "Non-GAAP and other specified financial measures" section in this MD&A for further information.*

- **Growth capital[2] expenditures of $14 million** - mainly associated with finalizing the first phase and initial spending on the second phase of our Clearwater heavy oil terminalling and gathering infrastructure and expansion of a Montney water disposal facility. These assets started adding value to the Corporation's performance in the fourth quarter. Additional investments made in these projects during the current quarter aimed to further enhance the capacity of both projects.
- **Sustaining capital[2] expenditures of $19 million** - related to landfill cell expansions, well and facility improvements, asset integrity programs and asset purchases to gain efficiencies for our metal recycling and waste service operations.
- **Maintained our Total Debt[3] to EBITDA covenant ratio[4] of 1.9x** - Adjusted EBITDA and cash generation supported significant share repurchases and growth capital expenditures in the fourth quarter while maintaining our Total Debt to EBITDA covenant ratio.
- **Liquidity[3] of $356 million** - As at December 31, 2023, the Corporation had $356 million of Liquidity (being the available capacity under SECURE's credit facilities and cash-on-hand, subject to covenant restrictions), compared to $398 million at December 31, 2022.

ANNUAL HIGHLIGHTS

- **Revenue (excluding oil purchase and resale) of $1.6 billion** - an increase of 7% compared to 2022 with all operating segments reporting higher revenues. This revenue growth was driven by increased activity across all operating segments, accompanied by price increases in the fourth quarter of 2022, which were implemented to keep pace with inflationary costs.
- **Net income of $195 million** - an increase of $11 million compared to 2022. This growth was mainly driven by higher revenues, and the associated increase in the cost of sales and G&A expenses, corresponding to the rise in activity and revenue. During 2022, other income included gains from the disposal of assets throughout the year.
- **Adjusted EBITDA of $590 million and $1.99 per basic share** - an increase of 6% to Adjusted EBITDA and 11% on a per basic share, compared to 2022, respectively. The increase was driven by the rise in revenues and a reduction in the number of common shares outstanding, resulting from share repurchases primarily conducted during the year.
- **Funds flow from operations of $474 million and $1.60 per basic share** - an increase of 18% to Funds flow from operations and 23% per basic share compared, respectively to 2022, primarily attributed to the increase in revenues and a decrease in the total number of common shares outstanding.
- **Discretionary free cash flow of $363 million** - an increase of $15 million compared to the previous year primarily driven by higher revenues. Additionally, transaction costs were lower compared to the previous year, following the successful completion of integration activities related to the Tervita Merger in the first half of 2023. The increases were partially offset by higher expenditures on sustaining capital and higher lease liability principal payments. Throughout 2023, the Corporation allocated more funds to sustaining capital for initiatives such as expanding landfill cells, improving wells and facilities, implementing asset integrity programs, and purchasing assets to enhance efficiency in metal recycling and waste service operations. The increase in lease liability principal payments was a result of lease buyouts executed during the sale of the Projects business unit in December.

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2 *Refer to the "Operational Definitions" section in this MD&A for further information.*

3 *Capital management measure. Refer to the "Non-GAAP and other specified financial measures" section in this MD&A for further information.*

4 *Calculated in accordance with the Corporation's credit facility agreements. Refer to the "Liquidity and Capital Resources" section of this MD&A for additional information.*

- **Buyback of 22,920,749 common shares** - during 2023 the Corporation purchased 7% of total common shares, which was the maximum allowable, at a weighted average price per share of $7.10 for a total of $163 million. 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.
- **Total capital expenditures of $203 million** - consisting of $114 million growth capital and $89 million of sustaining capital. Growth capital expenditures primarily related to the construction of our Clearwater heavy oil terminalling and gathering infrastructure, and the expansion of a Montney water disposal facility. These assets started adding value to the Corporation's performance in the fourth quarter. Building on the successful start-up of the first phase of our Clearwater project, we initiated spending on phase two in the fourth quarter, resulting in increased growth capital expenditures compared to our previous guidance of $100 million. Sustaining capital expenditures related to landfill cell expansions, well and facility improvements, asset integrity programs and asset purchases to gain efficiencies for our metal recycling and waste service operations.

OUTLOOK

Following the Sale Transaction, SECURE remains the market share leader in western Canada, and expects to continue to deliver industry leading margins, and a stable cash flow profile underpinned by recurring volumes driven by industrial waste, metals, and energy markets.

SECURE remains committed to being the leader in waste management and energy infrastructure, prioritizing value creation for our customers through reliable, safe, and environmentally responsible infrastructure. This strategic approach allows our customers to allocate their capital where it can yield the highest return while emphasizing operational excellence and leading ESG standards.

2024 Expectations

SECURE expects activity levels to remain robust in both the energy and industrial sectors for 2024. Our customers continue to demonstrate disciplined and modest production growth within cash flow, while maintaining balance sheet strength, cost optimization efforts and operational efficiencies. With the completion of the Trans Mountain Expansion Pipeline expected in mid-2024, and commissioning of LNG Canada expected by early 2025, increased capacity for our Customers to gain stronger pricing with access to global markets is expected to result in sustained and growing activity levels in the years to come. Furthermore, the industrial sector is expected to remain stable, characterized by sustained volumes, continued demand for our infrastructure services and activity linked to long-term and recurring projects.

Financial Guidance

Consistent with previous guidance, the Corporation expects to generate between $440-$465 million of Adjusted EBITDA in 2024. Excluding Corporate costs, SECURE anticipates approximately 70% of Adjusted EBITDA will be attributable to the Environmental Waste Management reporting segment in 2024, with the remaining approximately 30% of Adjusted EBITDA generated from the Energy Infrastructure segment.

In 2024, the Sale Transaction is anticipated to have a lesser impact on Discretionary Free Cash compared to 2023, despite the expected Adjusted EBITDA change. This difference results from reduced sustaining capital, lease payments and asset retirement obligations due to fewer facilities post Sale Transaction. Additionally, lower interest expense is expected as significant Sale Transaction proceeds are allocated towards debt repayment.

The Corporation’s infrastructure network maintains significant capacity to support customers, accommodating increased volumes for processing, disposal, recycling, recovery, and terminalling, driving higher same store sales with minimal incremental fixed costs or additional capital. SECURE also continues to realize a sizable organic opportunity set to partner with our customers in areas where infrastructure and additional capacity are required to match production growth.

SECURE continues to have $50 million allocated for growth opportunities in 2024, with confirmed commercial support for expansion at the newly constructed Clearwater heavy oil terminal. The facility began commercial operations in the fourth quarter of 2023. The expansion is backstopped by both existing and new customers and will approximately double the facility capacity to over 60,000 barrels per day. Construction activities are expected to be completed and operational in the second quarter of 2024. Remaining high probability growth opportunities in 2024 are also expected to leverage existing infrastructure through long-term contracts. The Corporation intends to update its growth plans and provide further details following the entering of agreements with its customers.

The Corporation also continues to expect to spend approximately $60 million on sustaining capital including landfill expansions, and approximately $15 million on settling SECURE's abandonment retirement obligations.

Capital Allocation

The Sale Transaction resulted in significant proceeds of $1.075 billion in cash, along with $75 million for certain adjustments as provided in the definitive Sale Transaction agreement for total cash proceeds of $1.150 billion, providing SECURE with significant capital allocation flexibility. The receipt of these proceeds has provided immediate liquidity for debt repayment, while maintaining significant leverage capacity and a surplus of cash available for various purposes, including shareholder returns and funding of growth initiatives.

Debt Repayment

SECURE has repaid the entire amount drawn on the $800 million Revolving Credit Facility with Sale Transaction proceeds. On February 22, 2024, the Corporation also redeemed the US$153 million outstanding balance of 11% senior secured notes due 2025 at a redemption price of 105.5, plus accrued interest.

In addition, SECURE intends to redeem the outstanding $340 million aggregate principal amount of 7.25% unsecured notes due December 30, 2026 (the "2026 unsecured notes") in the coming weeks. In accordance with the provisions of the indenture governing the 2026 unsecured notes, SECURE may redeem all or any part of the 2026 unsecured notes, upon not less than 15 nor more than 60 days' notice, at 103.625% of the principal amount, plus accrued and unpaid interest up to, but excluding the redemption date. Redeeming the 2026 unsecured notes will alleviate restrictive covenants associated with shareholder returns.

Share Repurchases

SECURE received approval from the TSX for a NCIB to repurchase 8% of our outstanding shares beginning in December 2023. The Board of Directors and management believe there is a substantive disparity between SECURE's share price and the fundamental value of the business. The Sale Transaction valuation underscores this disconnect, and provides compelling evidence that the Corporation's stock should be valued above this benchmark.

As such, SECURE intends to continue to actively repurchase shares under the NCIB, and will evaluate other methods that may be available to reduce this valuation gap and return capital to shareholders, which may include consideration of the merits of a substantial issuer bid, based on, among other things, market conditions, the discretion of the Board of Directors, compliance with debt covenants and financial performance at the applicable time.

Growth

The Corporation plans to execute on growth opportunities, both organically, and through acquisitions that align with the Corporation's investment criteria and complement its core waste management and energy infrastructure business operations. Execution of growth expenditures will depend on signing agreements with customers to backstop the investments, and acquisition opportunities present.

Dividend

The Corporation intends to continue paying its quarterly dividend of $0.10 per share, or $0.40 per share on an annualized basis, which currently provides an attractive 3.7% dividend yield compared to peers.

NON-GAAP AND OTHER SPECIFIED FINANCIAL MEASURES

Certain measures in this MD&A do not have any standardized meaning as prescribed under IFRS and are considered non-GAAP and other specified financial measures as defined in National Instrument 52-112 - *Non-GAAP and Other Financial Measures Disclosure*. These measures are identified and presented, where appropriate, together with reconciliations to the most directly comparable IFRS measure. These measures are intended as a complement to results provided in accordance with IFRS. The Corporation believes these measures provide additional useful information to analysts, shareholders and other users to understand the Corporation's financial results, profitability, cost management, liquidity and ability to generate funds to finance its operations.

This MD&A includes the following non-GAAP and other specified financial measures: Adjusted EBITDA and discretionary free cash flow (non-GAAP Financial Measures), Adjusted EBITDA Margin, Adjusted EBITDA per basic and diluted share and discretionary free cash flow per basic and diluted share (non-GAAP Financial Ratios), Total Segment Profit Margin (Total of Segment Measure), Working Capital, Total Debt and Liquidity (Capital Management Measures), and certain supplemental financial measures as discussed in this section. These non-GAAP and other specified financial measures are further explained below.

Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted EBITDA per share

Adjusted EBITDA is calculated as noted in the table below and reflects items that the Corporation considers appropriate to adjust including share-based compensation, unrealized gains or losses on mark to market transactions, other income and expenses, transaction costs and items that do not relate to the primary operations of the business. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenue (excluding oil purchase and resale). Adjusted EBITDA per basic and diluted share is defined as Adjusted EBITDA divided by basic and diluted weighted average common shares.

Adjusted EBITDA and Adjusted EBITDA margin are not standardized financial measures under IFRS and might not be comparable to similar financial measures disclosed by other companies.

Management believes that in addition to net income, Adjusted EBITDA is a useful supplemental measure to enhance investors' understanding of the results generated by the Corporation's principal business activities prior to consideration of how those activities are financed, how the results are taxed, how the results are impacted by non-cash charges, and charges that are irregular in nature or not reflective of SECURE's core operations. Management calculates these adjustments consistently from period to period to enhance comparability of this MD&A. Adjusted EBITDA is used by management to determine SECURE's ability to service debt, finance capital expenditures and provide for dividend payments to shareholders. Adjusted EBITDA is also used internally to set targets for determining employee variable compensation, largely because management believes that this measure is indicative of how the fundamental business is performing and being managed. Adjusted EBITDA margin is used as a supplemental measure by investors and management to evaluate cost efficiency.

The following table reconciles the Corporation's net income, being the most directly comparable financial measure disclosed in the Corporation's Annual Financial Statements, to Adjusted EBITDA for the years ended December 31, 2023 and 2022. For all prior periods, Adjusted EBITDA is reconciled to its most directly comparable financial measure under IFRS in SECURE's MD&A for the respective period. All such reconciliations are in the non-GAAP and other specified financial measures advisory section of the applicable MD&A, each of which are available on SECURE's SEDAR+ profile at www.sedarplus.ca and each such reconciliation is incorporated by reference herein.

	Three months ended December 31,			Twelve months ended December 31,		
	2023	2022	% Change	2023	2022	% Change
Net income	59	32	84	195	184	6
Adjustments:						
Depreciation, depletion and amortization [(1)]	52	49	6	203	178	14
Current tax expense	(4)	—	(400)	2	—	200
Deferred tax expense	23	23	—	60	68	(12)
Share-based compensation [(1)]	7	5	40	26	19	37
Interest, accretion and finance costs	24	24	—	96	97	(1)
Unrealized (gain) loss on mark to market transactions [(2)]	(12)	1	(1,300)	(6)	(1)	(500)
Other expense (income)	10	1	900	—	(25)	2,500
Transaction and related costs	3	15	(80)	14	37	(62)
Adjusted EBITDA	162	150	8	590	557	6

[(1)] Included in cost of sales and/or G&A expenses on the Consolidated Statements of Comprehensive Income.

[(2)] Includes amounts presented in revenue on the Consolidated Statements of Comprehensive Income.

For the three and twelve months ended December 31, 2023 and 2022, in determining Adjusted EBITDA net income has been adjusted for transaction and related costs as they are costs outside the normal course of business. In the fourth quarter of 2023, the Corporation incurred $3 million of legal and advisory fees for the competition review and the Sale Transaction process. For the year ended December 31, 2023, the Corporation incurred transaction related costs of $14 million, consisting of $9 million related to legal and advisory fees for the competition review process, and $5 million of integration costs primarily for the implementation of a new enterprise resource planning system. In the three and twelve months ended December 31, 2022, transaction and related costs of $15 million and $37 million respectively, included costs related to legal and advisory fees for the competition review process, and integration costs related to the Tervita Merger.

In the three months ended December 31, 2023, other expense includes a loss on disposal of $14 million related to the sale of assets of the Projects business unit, partially offset by unrealized foreign currency gains of $5 million primarily related to U.S. dollar denominated debt.

In the twelve months ended December 31, 2023, the loss on disposal of assets of the Projects business unit was partially offset by gains on disposal related to the sale of a water pumping business and a rail terminal, in addition to unrealized foreign currency gains of $8 million primarily related to U.S. dollar denominated debt.

In the year ended December 31, 2022, the Corporation realized gains for the sale of an interest in a facility and the sale of unused land recorded within other income.

Discretionary Free Cash Flow and Discretionary Free Cash Flow per share

Discretionary free cash flow is defined as funds flow from operations adjusted for sustaining capital expenditures, lease payments and transaction costs. The Corporation may deduct or include additional items in its calculation of discretionary free cash flow that are unusual, non-recurring, or non-operating in nature. Discretionary free cash flow per basic and diluted share is defined as discretionary free cash flow divided by basic and diluted weighted average common shares.

Discretionary free cash flow and discretionary free cash flow per share are not standardized financial measures under IFRS and might not be comparable to similar financial measures disclosed by other companies.

Discretionary free cash flow and discretionary free cash flow per share are used by investors and management to assess the level of cash flow generated from ongoing operations. Management uses the discretionary free cash flow and discretionary free cash flow per share measures to evaluate the adequacy of internally generated cash flow to manage debt levels, invest in the growth of the business, or return capital to our shareholders.

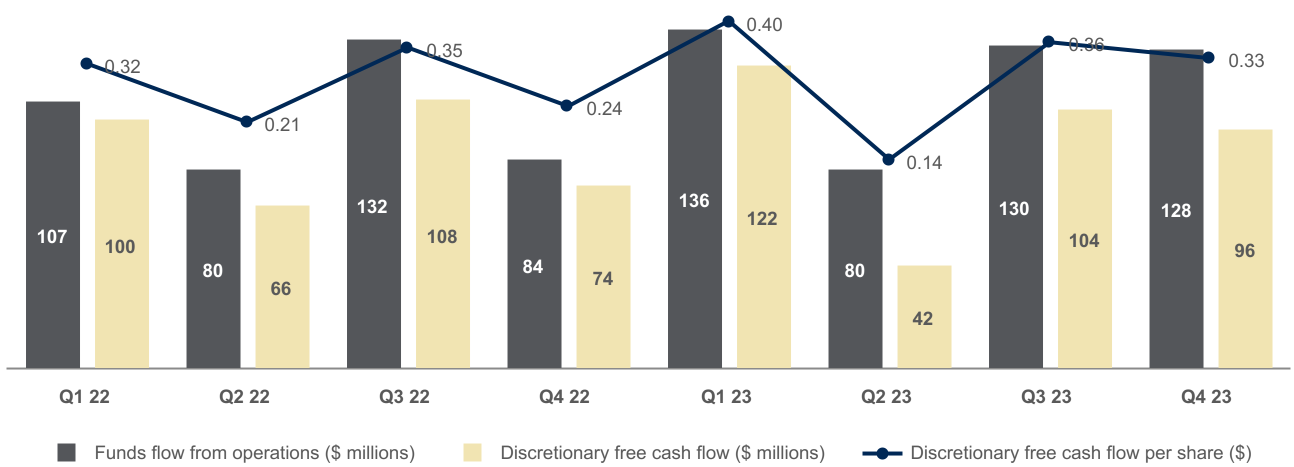
The following table reconciles the Corporation's funds flow from operations, being the most directly comparable financial measure disclosed in the Corporation's Annual Financial Statements, to discretionary free cash flow.

	Three months ended December 31,			Twelve months ended December 31,		
	2023	**2022**	**% Change**	**2023**	**2022**	**% Change**
Funds flow from operations	**128**	84	52	**474**	403	18
Adjustments:						
Sustaining capital [(1)]	**(19)**	(21)	(10)	**(89)**	(69)	29
Lease liability principal payments and other	**(16)**	(4)	300	**(36)**	(23)	57
Transaction and related costs	**3**	15	(80)	**14**	37	(62)
Discretionary free cash flow	**96**	74	30	**363**	348	4

[(1)] Refer to the "*Operational Definitions*" section of this MD&A for further information.

Lease liability principal payments for the three and twelve months ended December 31, 2023 increased due to lease buyouts executed during the sale of the Projects business unit in December.

Funds Flow from Operations, Discretionary Free Cash Flow and Discretionary Free Cash Flow per basic share



Total Segment Profit Margin

Segment profit margin is calculated as the difference between revenue and cost of sales, excluding depreciation, depletion, amortization, impairment, and share-based compensation expenses. Management analyzes segment profit margin as a key indicator of segment profitability. Segment profit margin is also used by management to quantify the operating costs inherent in the Corporation's business activities, prior to operational related depreciation, depletion and amortization, impairment and share-based compensation, and to evaluate segment cost control and efficiency. The following table reconciles the Corporation's gross margin, being the most directly comparable financial measure disclosed in the Corporation's Annual Financial Statements, to total and consolidated segment profit margin.

	Three months ended December 31,			Twelve months ended December 31,		
	2023	**2022**	**% Change**	**2023**	**2022**	**% Change**
Gross margin	**156**	121	29	**512**	493	4
Add:						
Depreciation, depletion and amortization [(1)]	**49**	44	11	**194**	165	18
Share-based compensation [(1)]	**—**	1	(100)	**—**	2	(100)
Segment profit margin	**205**	166	23	**706**	660	7

[(1)] Included in cost of sales on the Consolidated Statements of Comprehensive Income.

Capital Management Measures

This MD&A includes the following capital management measures: Working Capital, Total Debt and Liquidity. Working Capital is calculated as the difference between current assets less accounts payable and accrued liabilities and interest payable. Liquidity is calculated as the total of cash and the available borrowing amount under the Corporation's $800 million senior secured revolving credit facility (the "Revolving Credit Facility") and SECURE's $50 million unsecured letter of credit facility guaranteed by Export Development Canada (the "Letter of Credit Facility"). Total Debt is calculated as the total of amounts drawn on the Corporation's Revolving Credit Facility, the principal amount outstanding on the 11% senior second lien secured notes due December 1, 2025 (the "2025 senior secured notes"), the principal outstanding on the 7.25% unsecured notes due December 30, 2026, lease liabilities and financial letters of credit. Management analyzes Working Capital, Total Debt and Liquidity as part of the Corporation's overall capital management strategy to ensure adequate sources of capital are available to maintain operational activities, carry out the Corporation's planned capital program, fund dividend payments and have sufficient cash sources to sustain the business for the long-term. Refer to Notes 11, and 22 of the Annual Financial Statements for additional information.

Supplemental Financial Measures

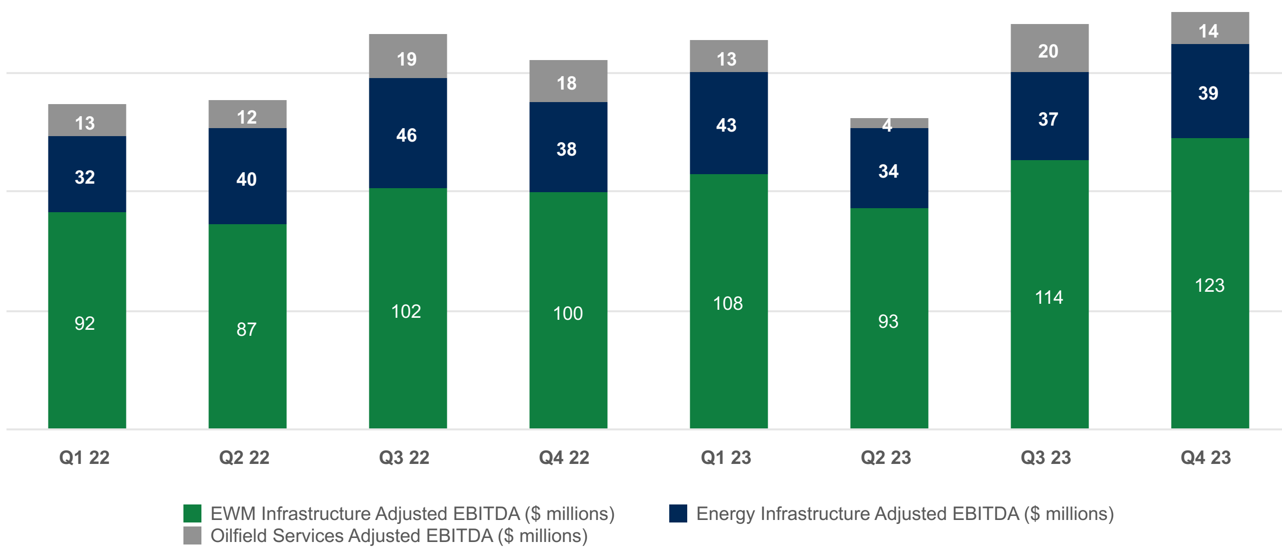
This MD&A includes funds flow from operations per basic and diluted share as a supplemental financial measure and is calculated as funds flow from operations, as determined in accordance with IFRS, divided by basic and diluted weighted average common shares.

RESULTS OF OPERATIONS FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2023

In order to discuss the factors that have caused period to period variations in operating activities, the Corporation has divided the business into four reportable segments, as outlined in the '*Corporate Overview*' above, and in Note 25 of the Annual Financial Statements.

Total Segment Adjusted EBITDA excludes corporate G&A expenses and share-based compensation, as senior management reviews each segment's earnings before these expenses in assessing profitability and performance.

Quarterly Segment Adjusted EBITDA[(1)]



1. Refer to the "Non-GAAP and other specified financial measures" section in this MD&A for further information.

The tables below outline the results by reportable segment for the three and twelve months ended December 31, 2023 and 2022:

Three months ended December 31, 2023	**EWM**	**Energy Infrastructure**	**Oilfield Services**	**Corporate**	**Total**
Revenue excluding oil purchase and resale	276	65	110	—	451
Oil purchase and resale	—	1,889	—	—	1,889
Total revenue	**276**	**1,954**	**110**	**—**	**2,340**
Cost of sales excluding items listed separately below	(145)	(1,900)	(90)	—	(2,135)
Segment profit margin	**131**	**54**	**20**	**—**	**205**
G&A expenses excluding items listed separately below	(8)	(3)	(6)	(14)	(31)
Depreciation, depletion and amortization [(1)]	(40)	(6)	(5)	(1)	(52)
Share-based compensation [(1)]	—	—	—	(7)	(7)
Interest, accretion and finance costs	(4)	(1)	—	(19)	(24)
Transaction and related costs	—	—	—	(3)	(3)
Other (expense) income	(2)	—	(14)	6	(10)
Income (loss) before tax	**77**	**44**	**(5)**	**(38)**	**78**

Year ended December 31, 2023	EWM	Energy Infrastructure	Oilfield Services	Corporate	Total
Revenue excluding oil purchase and resale	1,047	201	399	—	1,647
Oil purchase and resale	—	6,597	—	—	6,597
Total revenue	**1,047**	**6,798**	**399**	**—**	**8,244**
Cost of sales excluding items listed separately below	(585)	(6,629)	(324)	—	(7,538)
Segment profit margin	**462**	**169**	**75**	**—**	**706**
G&A expenses excluding items listed separately below	(24)	(10)	(24)	(52)	(110)
Depreciation, depletion and amortization [1]	(159)	(22)	(20)	(2)	(203)
Share-based compensation [1]	—	—	—	(26)	(26)
Interest, accretion and finance costs	(13)	(2)	(2)	(79)	(96)
Transaction and related costs	—	—	—	(14)	(14)
Other (expense) income	(2)	4	(7)	5	—
Income (loss) before tax	**264**	**139**	**22**	**(168)**	**257**

Three months ended December 31, 2022	EWM	Energy Infrastructure	Oilfield Services	Corporate	Total
Revenue excluding oil purchase and resale	243	45	113	—	401
Oil purchase and resale	—	1,624	—	—	1,624
Total revenue	**243**	**1,669**	**113**	**—**	**2,025**
Cost of sales excluding items listed separately below	(140)	(1,629)	(90)	—	(1,859)
Segment profit margin	**103**	**40**	**23**	**—**	**166**
G&A expenses excluding items listed separately below	(3)	(3)	(5)	(6)	(17)
Depreciation, depletion and amortization [1]	(38)	(5)	(5)	(1)	(49)
Share-based compensation [1]	—	—	—	(5)	(5)
Interest, accretion and finance costs	(2)	—	(1)	(21)	(24)
Transaction and related costs	—	—	—	(15)	(15)
Other income (expense)	—	—	—	(1)	(1)
Income (loss) before tax	**60**	**32**	**12**	**(49)**	**55**

Year ended December 31, 2022	EWM	Energy Infrastructure	Oilfield Services	Corporate	Total
Revenue excluding oil purchase and resale	953	186	395	—	1,534
Oil purchase and resale	—	6,468	—	—	6,468
Total revenue	**953**	**6,654**	**395**	**—**	**8,002**
Cost of sales excluding items listed separately below	(542)	(6,487)	(313)	—	(7,342)
Segment profit margin	**411**	**167**	**82**	**—**	**660**
G&A expenses excluding items listed separately below	(30)	(10)	(20)	(42)	(102)
Depreciation, depletion and amortization [1]	(133)	(20)	(19)	(6)	(178)
Share-based compensation [1]	—	—	—	(19)	(19)
Interest, accretion and finance costs	(10)	(1)	(2)	(84)	(97)
Transaction and related costs	—	—	—	(37)	(37)
Other income	13	—	4	8	25
Income (loss) before tax	**251**	**136**	**45**	**(180)**	**252**

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

EWM SEGMENT

The EWM operating segment includes a network of waste processing facilities, produced water pipelines, industrial landfills, waste transfer and metal recycling facilities and production 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 and metal recycling.

The table below outlines the operational and financial results for the segment for the three and twelve months ended December 31, 2023 and 2022.

	Three months ended December 31,			Twelve months ended December 31,		
	2023	2022	% Change	2023	2022	% Change
Volumes						
Produced water (in 000's m^3)	2,482	2,015	23	9,025	7,920	14
Waste processing (in 000's m^3)	926	966	(4)	3,679	3,788	(3)
Oil recovery (in 000's m^3)	57	57	—	226	250	(10)
Industrial landfill (in 000's m^3)	773	715	8	2,728	2,796	(2)
EWM Revenue	276	243	14	1,047	953	10
Cost of Sales						
Cost of sales excluding items noted below	145	140	4	585	542	8
Depreciation, depletion and amortization	38	36	6	153	121	26
EWM Cost of Sales	183	176	4	738	663	11
G&A expense (including depreciation not in cost of sales)	10	5	100	30	42	(29)
Segment income before tax	77	60	28	264	251	5

Volumes

For the three and twelve months ended December 31, 2023, produced water volumes increased 23% and 14% respectively, in comparison to the corresponding periods in 2022. This increase was primarily due to steady field activity and production rates, which were supported by stable commodity prices and solid industry fundamentals.

In the three and twelve months ended December 31, 2023, there was a slight reduction in waste processing volumes. Oil recovery volumes in the fourth quarter of 2023 were consistent with the fourth quarter of 2022, however decreased 10% over the year ended December 31, 2023, compared to the previous year. These declines in waste processing and oil recovery volumes were compensated for by an increase in the volumes of produced water processing and disposal.

During the year ended December 31, 2023, reclamation and remediation volumes in industrial landfills showed a slight decrease compared to 2022. This was mainly due to project postponements caused by wildfires and weather conditions in the second and third quarters. However, there was an uptick in industrial landfill volumes in the fourth quarter of 2023 relative to the same quarter in 2022, as reclamation and remediation activities picked up following the earlier delays experienced in the second and third quarters of the year.

Financial Results

Revenue increased 14% for the fourth quarter of 2023 compared to the same quarter of 2022, with all business units within the segment contributing to higher revenues. Substantially higher ferrous volumes in addition to higher ferrous prices drove the increase in metal recycling revenues. This increase is attributed to the additional sustaining and growth capital invested in the Metal Recycling business unit during the year. Additionally, a rise in produced water volumes led to increased revenues at our waste processing facilities. The most recent quarter revenues also benefited from the full-quarter operation of the Montney water disposal facility. In the Industrial Landfills business unit, elevated volumes resulted in increased revenues, while the Waste Services and Production Chemicals business units experienced revenue growth due to price increases.

Revenue increased 10% for the year ended December 31, 2023, in comparison to 2022, with each business unit contributing. The growth in metal recycling revenues over the year was driven by the same factors as those in the fourth quarter. Revenues from waste processing facilities and produced water pipelines increased due to higher volumes and price increases which began in the fourth quarter of 2022, to align with inflationary costs. Revenue from industrial landfills and waste transfer stations was also higher compared to the prior year, primarily due to price increases commenced in the fourth quarter of 2022, which offset slightly lower volumes.

During the fourth quarter of 2023, cost of sales increased 4% from the fourth quarter of 2022. This increase was mainly in the Metal Recycling business unit, where the cost of sales increased alongside elevated activity during the quarter. Additionally, the cost of sales in waste processing facilities saw a slight increase, also attributable to increased activity and volumes.

Cost of sales increased 8% for the year ended December 31, 2023, compared to 2022. This overall increase correlates with elevated activity levels, especially noticeable in the Metal Recycling business unit, as well as the effect of inflation on the costs of materials, services, and salaries and wages.

For the three months ended December 31, 2023, there was a slight increase in operational depreciation and amortization compared to the same period in 2022 due to increased activity and depreciation related to the capital additions made during the year, particularly in metal recycling. For the year ended December 31, 2023, operational depreciation and amortization increased 26% compared to 2022. This increase in the current year can be largely attributed to the comparatively lower amount recorded in the second quarter of 2022. The decrease during the second quarter of 2022 was significantly lower due to adjustments related to the rise in the credit-adjusted risk-free interest rate, which is used to calculate the net present value of asset retirement obligations. The increase in 2023 was also driven by higher levels of activity and capital investments made during the year.

During the fourth quarter of 2023, G&A expenses increased $5 million compared to the same period in 2022, largely attributed to a rise in the provision for doubtful accounts and the effects of salary and wage increases that occurred in the second quarter of 2023. Additionally, adjustments made in the fourth quarter of 2022 to the estimated amounts for short-term incentive plans reduced G&A expenses in the prior year comparative period. For the year ended December 31, 2023, G&A expenses decreased by 29% from the previous year. The increase in G&A expenses in the final quarter of 2023 more than offset the reductions in the first three quarters of the year when compared to 2022. The lower G&A expenses in the initial three quarters of 2023 were mainly a result of the full realization of synergies from the Tervita Merger and increased capitalization of costs for information technology projects, including the adoption of a new enterprise resource planning system.

For the quarter ended December 31, 2023, the segment's pre-tax income rose by 28% to $77 million, up from $60 million in the corresponding period in 2022. This increase was primarily due to higher revenues, partially offset by increased costs of sales and higher G&A expenses. Over the full year ended December 31, 2023, the segment's pre-tax income increased 5%, reaching $264 million compared to $251 million in the previous year. This growth was largely attributed to higher revenues and reduced G&A costs, partially offset by an increase in depreciation and amortization expense.

ENERGY INFRASTRUCTURE SEGMENT

The Energy Infrastructure segment has two separate business lines: energy infrastructure and oil purchase and resale.

Energy Infrastructure

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.

Oil Purchase and Resale

SECURE's oil purchase and resale enhances the service offering associated with SECURE's business of terminalling and marketing. By offering this service, SECURE's customers gain efficiencies in transporting and handling of their crude oil to the pipeline. At the Corporation's terminals, SECURE meters the crude oil volumes and purchases the crude oil directly from customers. The Corporation then processes and handles the shipment of crude oil down the pipeline. The Corporation may also purchase and resell crude oil to take advantage of changing market prices and price differentials to enhance profitability.

The tables below outline average benchmark prices, operational and financial results for the three and twelve months ended December 31, 2023 and 2022.

	Three months ended December 31,			Twelve months ended December 31,		
	2023	**2022**	**% Change**	**2023**	**2022**	**% Change**
Average Benchmark Prices and Volumes						
WTI (US$/bbl)	**$ 78.32**	$ 82.64	(5)	**$ 77.63**	$ 94.23	(18)
WCS average differential (US$/bbl)	**$ 21.84**	$ 25.63	(15)	**$ 18.68**	$ 18.21	3
Average exchange rate CAD/USD	**0.73**	0.74	(1)	**0.74**	0.77	(4)
Canadian Light Sweet ($/bbl)	**$ 97.55**	$ 108.15	(10)	**$ 99.87**	$ 119.73	(17)
Crude oil terminalling and pipeline volumes (in 000's m^3)	**1,416**	1,390	2	**5,693**	5,473	4
Revenue (excluding oil purchase and resale)	**65**	45	44	**201**	186	8
Oil purchase and resale	**1,889**	1,624	16	**6,597**	6,468	2
Energy Infrastructure Revenue	**1,954**	1,669	17	**6,798**	6,654	2
Cost of Sales						
Cost of sales excluding items noted below	**11**	5	120	**32**	19	68
Depreciation and amortization	**6**	5	20	**22**	20	10
Oil purchase and resale	**1,889**	1,624	16	**6,597**	6,468	2
Energy Infrastructure Cost of Sales	**1,906**	1,634	17	**6,651**	6,507	2
G&A expense	**3**	3	—	**10**	10	—
Segment income before tax	**44**	32	38	**139**	136	2

Volumes

Crude oil terminalling and pipeline volumes for the three and twelve months ended December 31, 2023 increased by 2% and 4% from the respective 2022 comparative periods driven by commercial agreements and recurring crude oil volumes from the Corporation's oil gathering pipelines.

Financial Results

In the quarter ended December 31, 2023, revenue (excluding oil purchase and resale) increased by $20 million, to $65 million, compared to the same quarter in 2022. Along with the increase in pipeline volumes, our Clearwater heavy oil terminalling and gathering infrastructure commenced operations in the fourth quarter of 2023 contributing to the growth in revenues. Additionally, there was an unrealized hedge gain of $12 million in the fourth quarter of 2023, associated with hedges on future physical transactions, compared to an unrealized hedge loss of $1 million in the same period of the previous year.

For the year ended December 31, 2023, revenue (excluding oil purchase and resale) increased 8% primarily due to an unrealized hedge gain of $6 million compared to an unrealized hedge gain of $1 million in the prior year. When the effect of the unrealized hedge gains is excluded, revenues remained fairly stable.

Oil purchase and resale revenue increased 16% to $1.9 billion for the three months ended December 31, 2023 compared to the same quarter in the previous year. This increase was largely due to higher volumes stemming from commercial agreements, partially offset by a drop in benchmark prices.

For the year ended December 31, 2023, oil purchase and resale revenue increased 2% to $6.6 billion compared to the same period in 2022. This increase was driven by the same factors as in the fourth quarter. However, the year's growth rate was more modest due to a larger decrease in the average benchmark price throughout the year.

For the three and twelve months ended December 31, 2023, cost of sales, excluding depreciation, amortization and oil purchase and resale, increased by $6 million or 120%, and $13 million or 68%, from the respective 2022 periods. The increase in cost of sales is due to higher activity levels in addition to higher offtake tolls.

Operating depreciation expense included in cost of sales relates primarily to the Energy Infrastructure segment's oil pipelines, terminals and storage facilities. For both the three and twelve months ended December 31, 2023, there was a slight increase in expense compared to the corresponding periods in 2022. This increase is mainly attributed to the depreciation of the Clearwater heavy oil terminalling and gathering infrastructure following the initiation of operations in the fourth quarter.

For the three and twelve months ended December 31, 2023, G&A expenses were consistent with prior year comparative periods.

During the three and twelve months ended December 31, 2023, the segment's income before tax increased $12 million and $3 million, respectively. The increases were due to higher revenues partially offset by higher cost of sales.

OILFIELD SERVICES SEGMENT

Oilfield Services includes drilling fluid management, and project management services. Drilling fluid management includes 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.

In December 2023, the Corporation completed the sale of the Projects business unit within the Oilfield Services Segment. The transaction included net proceeds of $18 million, resulting in a loss on disposal of $14 million included in other expense in the consolidated statement of comprehensive income.

	Three months ended December 31,			Twelve months ended December 31,		
	2023	**2022**	**% Change**	**2023**	**2022**	**% Change**
Industry Rig Count (Western Canada)	**185**	201	(8)	**182**	183	(1)
Oilfield Services Revenue	**110**	113	(3)	**399**	395	1
Cost of Sales						
Cost of sales excluding items noted below	**90**	90	—	**324**	313	4
Depreciation and amortization	**5**	5	—	**19**	19	—
Oilfield Services Cost of Sales	**95**	95	—	**343**	332	3
G&A expense (including depreciation not in cost of sales)	**6**	5	20	**25**	20	25
Segment income (loss) before tax	**(5)**	12	(142)	**22**	45	(51)

Financial Results

For the three months ended December 31, 2023 compared to the three months ended December 31, 2022:

- Revenue decreased 3% to $110 million, primarily because prior year revenues included those from the water pumping business which was sold during the first quarter of 2023.
- Cost of sales excluding depreciation and amortization remained stable reflecting the consistent activity levels in the Drilling Fluid and Projects business units compared to the prior year quarter.
- G&A expenses of $6 million increased by $1 million primarily due to an increase in allowance for expected credit losses and higher wages and salaries.
- The Oilfield Services segment recognized a pre-tax loss of $5 million, which is a $17 million reduction from the prior year, primarily attributed to a loss incurred on the sale of the Projects business unit recorded within other expense.

For the year ended December 31, 2023 compared to the year ended December 31, 2022:

- Revenue increased by $4 million to $399 million primarily due to inflationary price increases in the drilling fluid management business.
- Cost of sales excluding depreciation and amortization increased by $11 million, primarily due to an increase in drilling fluid activity during the first quarter of 2023, combined with inflationary cost increases, particularly in the Projects business unit.
- G&A expenses of $25 million increased by $5 million due to increases in allowance for expected credit losses, higher legal fees and inflationary cost increases.
- The segment's income before tax decreased by $23 million mainly due to a loss from the sale of the Projects business unit, recorded within other expense. Additionally, increases in revenue were offset by increases in cost of sales and general and administrative expenses.

CORPORATE INCOME AND EXPENSES

	Three months ended December 31,			Twelve months ended December 31,		
	2023	**2022**	**% Change**	**2023**	**2022**	**% Change**
G&A expenses excluding items noted below	**14**	6	133	**52**	42	24
Depreciation and amortization	**1**	1	—	**2**	6	(67)
Share-based compensation expense	**7**	5	40	**26**	19	37
Total Corporate G&A expenses	**22**	**12**	**83**	**80**	**67**	**19**
Interest and finance costs	**19**	21	(10)	**79**	84	(6)
Transaction and related costs	**3**	15	(80)	**14**	37	(62)
Other expense (income)	**(6)**	1	(700)	**(5)**	(8)	(38)
Income taxes	**19**	23	(17)	**62**	68	(9)

Included in Corporate G&A expenses are all public company costs, personnel, office and other administrative costs relating to corporate employees and officers, support services shared across all operational business units, and share-based compensation for all employees.

For the three and twelve months ended December 31, 2023, Corporate G&A expenses increased by $8 million and $10 million, respectively, compared to the same periods in the previous year. This increase was mainly a result of adjustments made to the estimated amounts for short-term incentive plans in the fourth quarter of 2022 and increases in salaries and wages that were put into effect in the second quarter of 2023.

For the year ended December 31, 2023, the decrease in Corporate depreciation and amortization is due to information technology assets acquired from the Tervita Merger being fully depreciated in 2022.

For the three months ended December 31, 2023, share-based compensation included in G&A expenses of $7 million increased by $2 million from the prior year comparative period due to the issuance of Unit Incentive Plan ("UIP") awards at a higher share price resulting in a higher expense. Share-based compensation for the year ended December 31, 2023 increased by $7 million compared to 2022 as a result of the issuance of additional performance share units in the first quarter of 2023 under the UIP for the performance factor multiple in addition to the factors noted for the three month period.

For the three months ended December 31, 2023, the Corporation incurred $3 million of legal and advisory fees for the competition review and the Sale Transaction process. For the year ended December 31, 2023, the Corporation incurred transaction related costs of $14 million, consisting of $9 million related to legal and advisory fees mainly due to the competition review process, and $5 million of integration costs primarily for the implementation of a new enterprise resource planning system. In the three and twelve months ended December 31, 2022, transaction and related costs of $15 million and $37 million respectively, included costs related to legal and advisory fees for the competition review process, and integration costs related to the Tervita Merger.

Interest and finance costs for the three and twelve months ended December 31, 2023 decreased by $2 million and $5 million, respectively, compared to the same periods in the prior year. The decrease was mainly due to reduction in the outstanding principal amount of the 2025 senior secured notes resulting in a lower interest expense. During 2022, SECURE repurchased US$138 million aggregate principal amount of 2025 senior secured notes, and an additional US$9 million was settled in the second quarter of 2023. The reduction in interest expense on the 2025 senior secured notes was partially offset by an increase in interest expense on the Revolving Credit Facility due to higher benchmark interest rates and a higher amount drawn.

During the three and twelve months ended December 31, 2023, other income included unrealized foreign currency gains of $5 million and $8 million, respectively, related to U.S. dollar denominated debt. In the year ended December 31, 2022, other income included realized gains from the sale of an interest in a facility and the disposal of unused land, which were partially offset by unrealized foreign exchange losses related to U.S. dollar denominated debt.

For the three and twelve months ended December 31, 2023, the Corporation's income tax expense was $19 million and $62 million respectively, both down slightly from the prior year comparative periods. The decreases in total tax expense for both the three and twelve month periods ending December 31, 2023, was primarily due to favorable adjustments from the conclusion of previous year income tax audits.

SUMMARY OF QUARTERLY RESULTS

Seasonality

In Canada, the level of activity in the energy industry 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 the heavy equipment required for production, drilling and well servicing activities, and the level of activity of the Corporation's customers may, consequently, be reduced. In addition, 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 EWM and Oilfield Services 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. 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.

The table below summarizes unaudited consolidated quarterly information for each of the eight most recently completed fiscal quarters.

	2023				2022			
($ millions except share and per share data)	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Revenue (excluding oil purchase and resale)	451	427	353	416	401	419	355	359
Oil purchase and resale	1,889	1,788	1,429	1,491	1,624	1,730	1,723	1,391
Total revenue	2,340	2,215	1,782	1,907	2,025	2,149	2,078	1,750
Net income	59	47	34	55	32	60	54	38
Per share - basic and diluted	0.20	0.16	0.11	0.18	0.10	0.19	0.17	0.12
Adjusted EBITDA [1]	162	158	119	151	150	154	127	126

[1] Refer to the "*Non-GAAP measures*" section of this MD&A for further information.

Quarterly Review Summary

As illustrated above, quarterly performance is affected by seasonal variation; however, with fluctuating commodity prices impacting industry activity, and SECURE's historical growth and acquisitions, variations in quarterly results are also attributable to several other factors.

Since the close of the Tervita Merger in the third quarter of 2021, through the remainder of 2021 and all of 2022, the Corporation executed on realizing the integration cost savings identified at the time of the Tervita Merger. This along with strong commodity prices and corresponding increase in industry activity, had positive impacts on the quarter results.

During the second quarter of 2023, the Corporation was impacted by wildfires in western Canada which occurred in May 2023, resulting in temporary facility closures in the EWM segment, reduced activity from evacuations in certain areas and reduced revenues from energy producers that shut in operations in affected areas and actioned precautionary measures.

During the fourth quarter of 2023, the Corporation experienced a substantial rise in revenues, driven by enhanced activity across all business units within the EWM and Energy Infrastructure segments. This increase in activity was spurred by higher growth and sustaining capital expenditures invested during the year. Key contributors to the Corporation's improved earnings included produced water growth across our network in western Canada, the completion of the Clearwater heavy oil terminalling and gathering infrastructure, the expansion of a Montney water disposal facility, and investments in equipment for metal recycling.

SUMMARY OF SELECT ANNUAL RESULTS

The table below summarizes consolidated annual information for three most recently completed years.

	Twelve months ended December 31,		
($ millions except share and per share data)	**2023**	**2022**	**2021**
Revenue (excludes oil purchase and resale)	**1,647**	1,534	893
Oil purchase and resale	**6,597**	6,468	2,873
Total revenue	**8,244**	8,002	3,766
Adjusted EBITDA [(1)]	**590**	557	286
Per share ($), basic[(1)]	**1.99**	1.80	1.22
Per share ($), diluted[(1)]	**1.97**	1.78	1.22
Net income (loss)	**195**	184	(203)
Per share ($), basic	**0.66**	0.59	(0.87)
Per share ($), diluted	**0.65**	0.59	(0.87)
Dividends declared per common share	**0.4000**	0.1225	0.0300
Total assets	**2,844**	2,840	2,937
Long-term liabilities	**1,186**	1,115	1,498
Common shares - end of year	**287,627,549**	309,381,452	308,158,691
Weighted average common shares			
Basic	**295,909,340**	309,637,322	234,226,176
Diluted	**299,086,393**	313,167,037	234,226,176

[(1)] Refer to "*Non-GAAP and other financial measures*" and "*Operational Definitions*" sections in this MD&A for further information.

In addition to the above, refer to the “Summary of Quarterly Results” section above and discussions throughout this MD&A for other factors that impacted each year’s results.

LIQUIDITY AND CAPITAL RESOURCES

The Corporation’s objective in capital program management is to ensure adequate sources of capital are available to carry out our capital plan, while maintaining operational growth, payment of dividends and stable cash flow, to sustain the business for the long-term.

Management considers capital to be the Corporation’s working capital (current assets less accounts payable and accrued liabilities and interest payable), total amounts drawn on debt borrowings (Revolving Credit Facility, 2025 senior secured notes and 2026 unsecured notes) and shareholders’ equity.

The Corporation’s overall capital management strategy remains unchanged from prior periods. Management controls its capital structure through detailed forecasting and budgeting, as well as established policies and processes over monitoring planned capital and operating expenditures. This includes the Board reviewing the Corporation’s results and approving capital spending limits on a quarterly basis.

The key measures management uses to monitor its capital structure are incurred capital expenditures compared to authorized limits, Adjusted EBITDA on all of its operations, discretionary free cash flow and the covenant ratios as defined in the Corporation’s lending agreements which are discussed further below.

Debt Borrowings

The Corporation's debt borrowings as at December 31, 2023 consisted of:

- The Revolving Credit Facility, an $800 million three-year revolving credit facility with nine financial institutions, maturing in July 2025. Total amount drawn at the end of the year was $419 million. All amounts borrowed under the Revolving Credit Facility are secured by substantially all tangible and intangible assets owned by the Corporation.
- The 2025 senior secured notes, consisting of US$153 million aggregate principal amount of 11% senior second lien secured notes due December 1, 2025. These are subordinate to the Revolving Credit Facility and are secured by substantially all tangible and intangible assets owned by the Corporation.
- The 2026 unsecured notes, consisting of $340 million aggregate principal amount of 7.25% unsecured notes due December 30, 2026.
- A total of $87 million of letters of credit issued against the Revolving Credit Facility and Letter of Credit Facility.

Amounts borrowed under the Revolving Credit Facility bear interest at the Corporation's option of either the Canadian prime rate or US Base Rate plus 0.625% to 2.50% or the bankers' acceptance rate or Secured Overnight Financing Rate ("SOFR") rate plus 1.625% to 3.50%, depending, in each case, on the ratio of Total Debt to EBITDA as defined in the Revolving Credit Facility.

On February 5, 2024, the Corporation fully repaid the outstanding balance on the Revolving Credit Facility with proceeds from the Sale Transaction.

The interest payments on the 2025 senior secured notes and 2026 unsecured notes occur in June and December during the term of the debt. This typically results in lower discretionary free cash flow generated in the second and fourth quarter.

During the second quarter of 2023, SECURE obtained the required consent to amend the indenture (the "Indenture") governing its 2025 senior secured notes for the purposes of fully aligning the restricted payment section under the Indenture with the comparable terms under the indenture governing SECURE's outstanding 2026 unsecured notes, to facilitate SECURE's delivery of its capital allocation priorities, including the return of capital to shareholders in the form of its quarterly dividend and opportunistic share repurchases.

On February 22, 2024, the Corporation used proceeds from the Sale Transaction and redeemed all of the outstanding 2025 senior secured notes at the redemption price of 105.5% of the principal amount of the 2025 senior secured notes plus accrued interest.

Credit Ratings

The Corporation's credit ratings issued by S&P Global Ratings ("S&P"), Fitch Ratings ("Fitch") and Moody's Investor Service, Inc. ("Moody's"), providing increased transparency and comparability for debt investors and other capital market participants. The Corporation's credit ratings as at December 31, 2023 are as follows:

	S&P	Fitch	Moody's
Corporate Rating	B	BB-	Ba3
2025 senior secured notes	BB-	BB-	B1
2026 unsecured notes	B+	BB-	B2

Following the closing of the Sale Transaction and redemption of the 2025 senior secured notes, the Corporation's credit ratings have been revised to the following:

	S&P	Fitch	Moody's
Corporate Rating	B+	BB-	Ba3
2026 unsecured notes	BB-	BB-	B2

A credit rating generally provides an indication of the risk that the borrower will not fulfill its full obligations in a timely manner with respect to both interest and principal commitments.

To assess the creditworthiness of an issuer, S&P evaluates the issuer's ability and willingness to repay its obligation in accordance with the terms of those obligations. To form its rating opinions, S&P reviews a broad range of financial and business attributes that may influence the issuer's prompt repayment. S&P's long-term credit ratings are on a rating scale that ranges from "AAA" to "D", which represents the range from highest to lowest quality of such securities rated. A rating of B+ is within the sixth highest of 10 categories and indicates that the obligor has the capacity to meet its financial commitments. However, adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments on the obligation. According to the S&P rating system, obligations rating "BB", "B", "CCC", "CC", "C" and "D" are regarded as speculative grade, which generally refers to debt securities where the issuer currently has the ability to repay but faces significant uncertainties, such as adverse business, financial and economic conditions that could affect credit risk. "BB" indicates the least degree of speculation and "D" indicates the highest. A rating of "B+" is within the sixth highest of 10 categories and indicates the Corporation is more vulnerable to adverse business, financial and economic conditions but currently has the capacity to meet financial commitments. A rating of "BB-" is within the fifth highest of 10 categories and indicates the Corporation is less vulnerable in the near-term but faces major ongoing uncertainties to adverse business, financial and economic conditions. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments on the obligation. The ratings from "AA" to "CCC" may be modified by the addition of a (+) or a (-) sign to show relative standing within the major rating categories.

During the first quarter of 2024, S&P upgraded the Corporation's credit rating to B+ (B at December 31, 2023), and 2026 unsecured notes to BB- (B+ at December 31, 2023).

Fitch's credit rating scale is expressed using the categories "AAA" to "BBB" (investment grade) and "BB" to "D" (speculative grade), which represents the range from highest to lowest quality of such securities rated. The modifiers (+) or (-) may be appended to a rating to denote relative status within major rating categories. The terms "investment grade" and "speculative grade" are market conventions and do not imply any recommendation or endorsement of a specific security for investment purposes. Investment grade categories indicate relatively low to moderate credit risk, while ratings in the speculative categories signal either a higher level of credit risk or that a default has already occurred. A rating of "BB-" is within the fifth highest of 11 categories and indicates an elevated vulnerability to credit risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial flexibility exists that supports the servicing of financial commitments.

Moody's issuer ratings are opinions of the ability of entities to honour senior unsecured debt financial obligations and contracts. Moody's long-term obligation ratings are opinions of the relative credit risk of fixed income obligations with an original maturity of one year or more. They address the possibility that a financial obligation will not be honoured or promised. Such ratings reflect both the likelihood of default and any financial loss suffered in the event of default. Moody's credit ratings are on a rating scale that ranges from "Aaa" to "C", which represents the range from highest to lowest quality of such securities rated. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from "Aa" through "Caa". The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. A rating of "Ba3" by Moody's is within the fifth highest of nine categories and is assigned to obligations that have speculative elements and are substantial to credit risk. A rating of "B2" by Moody's is within the sixth highest of nine categories and is assigned to debt securities which are considered speculative and are subject to high credit risk.

The credit ratings accorded by S&P, Fitch and Moody's are not recommendations to purchase, hold or sell securities and may be subject to revision or withdrawal at any time by the credit rating organization. Such ratings do not comment as to market price or suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future, if in its judgment, circumstances so warrant.

The Corporation has paid fees to each of S&P, Fitch and Moody's in 2022 and 2023 in respect of the Corporation, the 2025 senior secured notes and the 2026 unsecured notes.

Revolving Credit Facility Covenants

At December 31, 2023, the Corporation was in compliance with all financial covenants contained in the Revolving Credit Facility.

The following table outlines SECURE's covenant ratios, calculated in accordance with the Revolving Credit Facility, at December 31, 2023, and December 31, 2022:

	Covenant	December 31, 2023	December 31, 2022	% Change
Senior Debt to EBITDA	not to exceed 2.75	**1.0**	0.9	11
Total Debt to EBITDA	not to exceed 4.5	**1.9**	1.9	—
Interest coverage	not to be less than 2.5	**6.2**	5.8	7

Issued capital

Issued capital of $1.5 billion at December 31, 2023 decreased from $1.7 billion at December 31, 2022, with common shares repurchased and cancelled under the NCIB.

On December 14, 2022, the Corporation commenced an NCIB, under which the Corporation was authorized to purchase and cancel 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. At September 30, 2023, the Corporation had purchased and cancelled the maximum amount of common shares under the NCIB.

On December 14, 2023, the Corporation effectively 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.

In connection with its NCIB, SECURE entered into an automatic share purchase plan (the "ASPP"), which was pre-cleared by the TSX and implemented on January 15, 2024. The ASPP is intended to facilitate repurchases of common shares under the NCIB at times when the Corporation would ordinarily not be permitted to make purchases due to regulatory restrictions or customary self-imposed blackout periods. The ASPP will terminate on the earliest of the dates on which: (a) the maximum annual purchase limit under the NCIB has been reached; (b) the NCIB expires; or (c) SECURE terminates the ASPP in accordance with its terms.

For the year ended December 31, 2023, the Corporation purchased 22,920,749 common shares at a weighted average price per share of $7.10 for a total of $163 million under the terms of the NCIB. In 2022, a total of 617,700 common shares at a cost of $4 million were cancelled and removed from share capital.

Subsequent to December 31, 2023, the Corporation repurchased 8,594,110 additional shares at a weighted average price per share of $10.14 for a total of $87 million.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet our financial obligations when they are due. The Corporation manages its liquidity risk through cash and debt management. Management's assessment of the Corporation's liquidity reflects estimates, assumptions and judgments relating to current market conditions.

The Corporation is impacted by oil and gas prices, which can be susceptible to volatility at times, and their impacts on drilling and completion activity. SECURE's EWM and Energy Infrastructure segments are highly concentrated on production volumes which are considered recurring. A portion of these production volumes are contracted and/or fee-for-service contracts that are expected to provide a degree of cash flow stability.

Throughout 2021, the Corporation declared a quarterly dividend of $0.0075 (0.75 cents) per common share. Starting on December 15, 2022, SECURE declared an increase of the quarterly dividend to $0.10 per common share. The decision whether or not to pay dividends and the amount of any such dividends are subject to the sole discretion of the Board, which regularly evaluates the Corporation's proposed dividend payments.

SECURE believes the sharing of excess cash flows with shareholders is a core business principle; as a result, management and the Board will continue to monitor the Corporation's dividend policy with respect to forecasted Adjusted EBITDA, debt, capital expenditures and other investment opportunities including share buybacks, as well as expected interest, lease, tax and transaction costs, and will look for opportunities to return additional capital as business conditions warrant. The Corporation does not expect to pay material cash tax until 2025 or later based on current commodity prices, forecast taxable income, existing tax pools and planned capital expenditures.

To meet financial obligations, the Corporation may adjust the amount of its dividends, draw on the Revolving Credit Facility up to the covenant restrictions, divest assets, issue subordinated debt, or obtain equity financing. The declaration and payment of dividends is at the discretion of the Board and is dependent upon, among other things, financial performance, compliance with debt covenants and the factors referred to as under the heading '*Risk Factors'* in the AIF. While the Corporation has had success in obtaining financing in the past, access to capital may be more difficult in the future depending on the economic and operating environment. Refer to the '*Access to Capital and Financing Future Growth Expansion'* discussion in the '*Risk Factors'* sections of the AIF.

As at December 31, 2023, the Corporation had $356 million in Liquidity consisting of $12 million in cash and $344 million in available borrowing capacity on its Revolving Credit Facility and Letter of Credit Facility, subject to covenant restrictions. Refer to Note 21 of the Annual Financial Statements for further disclosure regarding the Corporation's liquidity risk and Note 24 of the Annual Financial Statements for details of the Corporation's contractual obligations and contingencies at December 31, 2023, which notes are incorporated by reference into this MD&A and available on SEDAR+ at www.sedarplus.ca and on the Corporation's website www.SECURE-energy.com.

On February 5, 2024, the Corporation fully repaid the outstanding balance on the Revolving Credit Facility with proceeds from the Sale Transaction. On February 22, 2024, the Corporation redeemed all of the outstanding 2025 senior secured notes at a redemption price of 105.5% of the principal amount of the 2025 senior secured notes plus accrued interest.

The following provides a summary and comparison of the Corporation's operating, investing and financing cash flows for the three and twelve months ended December 31, 2023 and 2022.

Net Cash Flows from Operating Activities

	Three months ended December 31,			Twelve months ended December 31,		
	2023	**2022**	**% Change**	**2023**	**2022**	**% Change**
Net cash flows from operating activities	**32**	100	(68)	**430**	411	5

The Corporation generated net cash flows from operating activities of $32 million for the three months ended December 31, 2023, a decrease of $68 million from the prior year comparative period. Net income increased in the fourth quarter of 2023 compared to 2022 along with lower spending on asset retirement increasing net cash flows from operations, however, this increase was more than offset by a change in working capital resulting from higher crude oil inventory and lower accounts payables related to Energy Infrastructure.

For the twelve months ended December 31, 2023, the Corporation generated net cash flows from operating activities of $430 million, an increase of $19 million from the prior year comparative period. This increase is primarily due to higher revenues and resulting net income. Contributing factors also included reduced interest payments due to a decreased outstanding balance on the 2025 senior secured notes, and a reduction in expenditure on asset retirement obligations. These increases were partially offset by a change in working capital due to higher crude oil inventory held at December 31, 2023 compared to the prior year.

Investing Activities

	Three months ended December 31,			Twelve months ended December 31,		
	2023	**2022**	**% Change**	**2023**	**2022**	**% Change**
Capital expenditures [(1)]						
Growth capital expenditures	**14**	13	8	**114**	27	322
Sustaining capital expenditures	**19**	21	(10)	**89**	69	29
Total capital expenditures	**33**	34	(3)	**203**	96	111

[(1)] Refer to the "*Operational definitions*" section of this MD&A for further information.

The Corporation's total capital expenditures decreased by $1 million in the fourth quarter of 2023 compared to the corresponding period in the previous year, largely due to the timing of expenditures on various capital projects. For the year ended December 31, 2023 capital expenditures increased by $107 million compared to the prior year predominantly driven by a significant rise in growth capital investment. Growth capital of $14 million for the three months and $114 million for the twelve months ended December 31, 2023 was mainly allocated to the development of the Clearwater heavy oil terminalling and gathering infrastructure, along with the Montney water disposal pipeline and related infrastructure.

Sustaining capital of $19 million for the three months and $89 million for the twelve months ended December 31, 2023, included capital expenditures for landfill expansions, well maintenance and asset integrity programs for processing facilities, and asset purchases for our metal recycling and waste management operations.

Financing Activities

	Three months ended December 31,			Twelve months ended December 31,		
	2023	**2022**	**% Change**	**2023**	**2022**	**% Change**
Draw (repayment) of credit facilities	**22**	2	1,000	**70**	(108)	(165)
Settlement of 2025 senior secured notes and debt related derivatives	**—**	(84)	(100)	**(11)**	(203)	(95)
Financing fees	**—**	—	—	**(1)**	(1)	—
Lease liability principal payments and other	**(16)**	(4)	300	**(36)**	(23)	57
Dividends declared	**(29)**	(31)	(6)	**(117)**	(38)	208
Repurchase and cancellation under NCIB	**(14)**	(6)	133	**(163)**	(6)	2,617
Settlement of share units	**—**	—	—	**(14)**	—	100
Change in non-cash working capital	**—**	33	(100)	**—**	33	(100)
Net cash flows used in financing activities	**(37)**	(90)	(59)	**(272)**	(346)	(21)

During the three months ended December 31, 2023, the Corporation made a draw of $22 million on the Revolving Credit Facility using the proceeds to primarily fund share repurchases under the NCIB.

During the fourth quarter of 2023, principal payments on lease liabilities amounted to $16 million. These payments included $9 million of one time lease buyouts as part of the sale of the Projects business unit, along with the fulfillment of ongoing lease obligations.

The Corporation declared dividends to holders of common shares in the fourth quarter of 2023 and the year ended December 31, 2023 in the aggregate amount of $29 million and $117 million, respectively (December 31, 2022: $31 million and $38 million). On December 15, 2023, the Corporation declared a dividend in the amount of $0.10 per common share. Subsequent to December 31, 2023, the Corporation paid out this dividend to holders of common shares on record on January 1, 2024.

During the three months ended December 31, 2023, the Corporation purchased 1,482,700 common shares at a weighted average price per share of $9.05 for a total of $14 million under the terms of the NCIB. For the twelve months ended December 31, 2023, the Corporation purchased 22,920,749 common shares at a weighted average price per share of $7.10 for a total of $163 million under the terms of the NCIB.

The repurchase of common shares under the NCIB was funded through discretionary cash flows and a draw on the Revolving Credit Facility.

CONTRACTUAL OBLIGATIONS

Refer to Note 24 of the Annual Financial Statements for disclosure related to contractual obligations, which note is incorporated by reference into this MD&A and available on SEDAR+ at www.sedarplus.ca and on the Corporation's website www.SECURE-energy.com.

BUSINESS RISKS

A detailed discussion of SECURE's business risks and uncertainties are set out in the *'Risk Factors' section of the AIF,* which is available on SEDAR+ at www.sedarplus.ca and on the Corporation's website www.SECURE-energy.com, which is incorporated by reference herein.

OUTSTANDING SHARE CAPITAL

As at February 25, 2024, there are 280,056,100 common shares issued and outstanding. In addition, as at February 25, 2024, the Corporation had the following share-based awards outstanding and exercisable or redeemable:

Balance as at February 25, 2024	Issued	Exercisable
Restricted Share Units	2,469,543	—
Performance Share Units	4,391,222	—

OFF-BALANCE SHEET ARRANGEMENTS

At December 31, 2023 and December 31, 2022, the Corporation did not have any material off-balance sheet arrangements.

FINANCIAL AND OTHER INSTRUMENTS

As at December 31, 2023, the Corporation's financial instruments included cash, accounts receivable and accrued receivables, accounts payable and accrued liabilities, interest payable, the Revolving Credit Facility, 2025 senior secured notes, 2026 unsecured notes, lease liabilities and derivative instruments. The fair values of these financial instruments approximate their carrying amount due to the short-term maturity of the instruments, except for the Revolving Credit Facility, 2025 senior secured notes and the 2026 unsecured notes. The Revolving Credit Facility's carrying value approximates its fair value due to the variable interest rates applied, which approximate market interest rates. The fair value of the 2026 unsecured notes is influenced by changes in risk-free interest rates and the market assessment of credit risk. The fair value of the 2025 senior secured notes is influenced by the same factors as the 2026 unsecured notes as well as foreign currency fluctuation.

Derivative instruments are fair valued at each period end in accordance with their classification of fair value through profit or loss. The Corporation utilizes derivative financial instruments to manage its exposure to market risks relating to commodity prices, foreign currency exchange rates and interest rates. Fair values of derivative contracts fluctuate depending on the underlying estimates of future commodity price curves, foreign currency exchange rates and interest rates. The estimated fair value of all derivative financial instruments is based on observable market data.

The use of financial instruments exposes the Corporation to credit, liquidity, foreign currency, interest rate and market risk. A discussion of how these and other risks are managed can be found in the AIF under the heading '*Risk Factors'* and a discussion of the corresponding classification and amounts of income, expenses, gains and losses associated with these financial instruments and their fair value can be found in Note 21 of the Corporation's Annual Financial Statements.

Of the Corporation's financial instruments, cash, accounts receivable and accrued receivables and derivative instruments contain credit risk. The credit risk associated with cash is minimized as all cash is held at major Canadian financial institutions. The Corporation provides credit to customers in the normal course of operations. The Corporation's credit risk policy includes performing credit evaluations of its customers. A significant portion of the Corporation's accounts receivable are due from companies in the oil and natural gas industry and are subject to normal industry credit risks. Where credit risk associated with a counterparty is high, the Corporation requires prepayments from customers. Given the policies and procedures in place, management is appropriately managing its credit risk.

The Corporation's exposure to losses in the event that counterparties to derivative instruments are unable to meet the terms of the contracts is considered very low as commodity derivative trades are all done with a large commodity futures exchange, and interest rate and foreign exchange hedges are done with major Canadian financial institutions.

Funds drawn under the Revolving Credit Facility are managed through a combination of bankers' acceptance loans and U.S. dollar SOFR loans which bear interest at a floating interest rate and the 2025 senior secured notes are U.S. dollar denominated debt. To the extent that the Corporation borrows under the Revolving Credit Facility, the Corporation is at risk to rising interest rates and foreign exchange rates in addition to its exposure to rising foreign exchange rates with respect to its senior secured notes.

ACCOUNTING POLICIES

SECURE's material accounting policies are set out in Note 2 of the Annual Financial Statements. The accounting policies described in Note 2 have been applied consistently to all periods presented in the Annual Financial Statements. There were no new accounting standards or amendments to IFRS issued that materially impacted the Annual Financial Statements.

FUTURE ACCOUNTING PRONOUNCEMENTS

On June 26, 2023, the International Sustainability Standards Board ("ISSB") issued IFRS S1 "General Requirements for Disclosure of Sustainability-related Financial Information" and IFRS S2 "Climate-related Disclosures". IFRS S1 and IFRS S2 are effective for annual reporting periods beginning on or after January 1, 2024. The sustainability standards as issued by the ISSB provide for transition relief in IFRS S1 that allow a reporting entity to report only on climate-related risks and opportunities, as set out in IFRS S2, in the first year of reporting under the sustainability standards.

The Canadian Securities Administrators ("CSA") are responsible for determining the reporting requirements for public companies in Canada and are responsible for decisions related to the adoption of the sustainability disclosure standards, including the effective annual reporting dates. The CSA issued proposed National Instrument *51-107 – Disclosure of Climate-related Matters* in October 2021. The CSA has indicated it will consider the ISSB sustainability standards and developments in the United States in its decisions related to developing climate-related disclosure requirements for reporting issuers in Canada. The CSA will involve the Canadian Sustainability Standards Board ("CSSB") for their combined review of the ISSB issued sustainability standards for their suitability for adoption in Canada. Until such time as the CSA and CSSB make decisions on sustainability standard adoption here in Canada, there is no requirement for public companies in Canada to adopt the sustainability standards. The Corporation is actively evaluating the potential effects of the ISSB issued sustainability standards; however, at this time, the Corporation is not able to determine the impact on future financial statements, nor the potential costs to comply with these sustainability standards.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In the preparation of the Corporation's Annual Financial Statements, management has made judgments, estimates and assumptions that affect the recorded amounts of revenues, expenses, assets, liabilities and the disclosure of commitments, contingencies and guarantees. Estimates and judgments used are based on management's experience and the assumptions used are believed to be reasonable given the circumstances that exist at the time the Annual Financial Statements are prepared. Actual results could differ from these estimates. The most significant estimates and judgments used in the preparation of the Corporation's Annual Financial Statements have been set out in Note 3 of the Corporation's Annual Financial Statements.

INTERNAL CONTROLS OVER FINANCIAL REPORTING & DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures ("DC&P") as defined in National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109") means the controls and other procedures of SECURE that are designed to provide reasonable assurance that information required to be disclosed by SECURE in its annual fillings, interim fillings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by SECURE in its annual fillings or other reports filed or submitted under securities legislation is accumulated and communicated to SECURE's management including its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") as appropriate to allow timely decisions regarding required disclosure.

Internal control over financial reporting ("ICFR"), as defined in NI 52-109 means a process designed by, or under the supervisions of SECURE's CEO and CFO, and effected by the Board, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Corporation used the Internal Control – Integrated Framework (2013) published by the Committee of Sponsoring Organizations of the Treadway Commission in the design of its ICFR. SECURE's ICFR includes policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of SECURE;
- Are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that receipts and expenditures of SECURE are being made only in accordance with authorizations of management; and
- Are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of SECURE's assets that could have a material effect on the financial statements.

There was no change to the Corporation's ICFR that occurred during the most recent interim or annual period ended December 31, 2023, including as a result of a new accounting system implemented in May 2023, that has materially affected, or is reasonably likely to materially affect, the Corporation's ICFR.

In accordance with the requirements of NI 52-109, an evaluation of the effectiveness of DC&P and ICFR was carried out under the supervision of the CEO and CFO at December 31, 2023. Based on this evaluation, the CEO and CFO have concluded that the Corporation's DC&P and ICFR were effective as at December 31, 2023.

Management, including the CEO and CFO, does not expect that the Corporation's DC&P and ICFR will prevent or detect all misstatements or instances of fraud. The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues, misstatements or instances of fraud, if any, within the Corporation have been detected.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Refer to Note 4 and Note 24 of the Corporation’s Annual Financial Statements for disclosure related to legal proceedings and regulatory actions and its impact on contingencies.

RELATED PARTIES

Refer to Note 23 of the Corporation’s Annual Financial Statements for disclosure of related parties. There have been no other material related party transactions or significant changes to those disclosed in the Annual Financial Statements.

FORWARD-LOOKING STATEMENTS

Certain statements contained or incorporated by reference in this MD&A constitute “forward-looking statements and/or “forward-looking information” within the meaning of applicable securities laws (collectively referred to as “forward-looking statements”). When used in this MD&A, the words “achieve”, “advance”, “anticipate”, “believe”, "can be", "capacity", “commit”, “continue”, “could”, “deliver”, “drive”, “enhance”, "ensure", “estimate”, “execute”, “expect”, “focus”, "forecast", “forward", "future", “goal”, “grow”, “integrate”, “intend”, “may”, “maintain”, "objective", “ongoing”, “opportunity”, "outlook", “plan”, “position”, "potential", “prioritize”, “realize”, “remain”, “result”, "seek", "should", “strategy”, “target” “will”, “would” and similar expressions, as they relate to SECURE, its management, or the combined company, are intended to identify forward-looking statements. Such statements reflect the current views of SECURE and speak only as of the date of this MD&A.

In particular, this MD&A contains or implies forward-looking statements pertaining but not limited to: SECURE's expectations and priorities for 2024 and beyond and its ability and position to achieve such priorities; the impact of the Sale Transaction on discretionary free cash compared to 2023; lower interest expenses; debt repayment; growth opportunities in 2024; construction activities on the Clearwater heavy oil terminal and expected timing of operation; allocation of spending of the capital budget, including on landfill expansions and retirement obligations; repurchase of shares under the NCIB; ability of the Corporation to reduce the valuation gap of the common shares; higher and sustained volumes and activity levels; shifting supply and demand dynamics driving commodity price volatility; stability in the industrial sector; discipline and modest production growth by the Corporation's customers; SECURE's business and demand for SECURE's products and services for 2024; opportunities as a result of production growth; SECURE's infrastructure network capacity and costs to meet growing demand; SECURE's long-term take or pay contracts; the amounts and purposes of capital expenditures in 2024; capital allocation priorities, including capital structure improvements, repayment of debt, payment of dividends and the amounts thereof, growing our base infrastructure with customer-backed contracts and opportunistic share repurchases; directing significant discretionary free cash toward capital allocation priorities; expectation the Corporation will not pay material cash tax until 2025 or later; Canada's role in responsibly meeting growing demand for energy; the significance of oil and natural gas; the effect of expanded access from the Trans Mountain Expansion Project, LNG Canada, and new natural gas liquids marine export terminals on domestic production; long-term investment by energy producers, resulting in sustained and growing activity levels; SECURE's position to benefit from increased activity for the long-term; the benefit of recurring volumes on SECURE's industrial landfills as a result of government regulations; the stability and resilience of SECURE's operations and the drivers thereof; the redemption of the Notes and anticipated timing and price thereof and the ability of the redemption to alleviate restrictive covenants associated with shareholder returns; the ability of the Corporation to realize the anticipated benefits of acquisitions or dispositions, including the Merger; SECURE's vision of being a leader in environmental and energy infrastructure; value creation for SECURE's customers through reliable, safe, and environmentally responsible infrastructure; SECURE's ability to help their customers achieve operational excellence and leading ESG standards; the costs and the proceeds of sale should SECURE be required to divest of any facilities and SECURE's ability to maximize such proceeds; the use of such proceeds of sale and their ability to mitigate the impact of such sale; the continued consideration of all options with respect to the Tribunal's order to best serve our customers and other stakeholders; maintaining SECURE's Total Debt to EBITDA covenant ratio; SECURE's capital program management and ability to ensure adequate sources of capital to carry out its capital plan; maintaining operational growth, payment of dividends and stable cashflow; sustaining capital growth for the long-term; SECURE's capital allocation priorities, including share repurchases; SECURE's ability to optimize its portfolio; the renewal of SECURE's NCIB; the Corporation's ability to capitalize on its strategic initiatives and divestitures; increased industry activity, including related to abandonment, remediation and reclamation and the impacts thereof; expected capital expenditures and the timing of the completion of projects related thereto; the contribution of completed projects to SECURE's results and the timing thereof; SECURE's ability to repay debt and achieve its near-term debt targets; sustained inflationary pressures and increased interest rates, their impact on SECURE's business and SECURE's ability to manage such pressures; the impact of new or existing regulatory requirements, including mandatory spend requirements for retirement obligations, on SECURE's business, and the introduction of such requirements; seasonal slowdowns in energy industry activity; SECURE's dividend policy, the declaration, timing and amount of dividends thereunder and the continued monitoring of such policy by the Board and management; the Corporation's ability to fund its capital needs and the amount thereof; methods and sources of liquidity to meet SECURE's financial obligations, including adjustments to dividends, drawing on credit facilities, issuing debt, obtaining equity financing or divestitures; SECURE's liquidity position and access to capital; and maintaining financial resiliency.

Forward-looking statements are based on certain assumptions that SECURE has made in respect thereof as at the date of this MD&A regarding, among other things: economic and operating conditions, including commodity prices, crude oil and natural gas storage levels, interest rates, exchange rates, and inflation; ability to enter into signing agreements with customers to backstop the investments and acquisition opportunities present; continued demand for the Corporation's infrastructure services and activity linked to long-term and recurring projects; the changes in market activity and growth will be consistent with industry activity in Canada and the U.S. and growth levels in similar phases of previous economic cycles; the impact of any new pandemic or epidemic and other international or geopolitical events, including government responses related thereto and their impact on global energy pricing, oil and gas industry exploration and development activity levels and production volumes; anticipated sources of funding being available to SECURE on terms favourable to SECURE; redemption of the Notes will alleviate restrictive covenants associated with shareholder returns; the success of the Corporation's operations and growth projects; the impact of seasonal weather patterns; the Corporation's competitive position, operating, acquisition and sustaining costs remaining substantially unchanged; current commodity prices, forecast taxable income, existing tax pools and planned capital expenditures; the Corporation's ability to attract and retain customers (including Tervita's historic customers); that counterparties comply with contracts in a timely manner; that there are no unforeseen events preventing the performance of contracts or the completion and operation of the relevant facilities; that there are no unforeseen material costs in relation to the Corporation's facilities and operations; that prevailing regulatory, tax and environmental laws and regulations apply or are introduced as expected, and the timing of such introduction; increases to the Corporation's share price and market capitalization over the long term; disparity between the Corporation's share price and the fundamental value of the business; the Corporation's ability to repay debt and return capital to shareholders; credit ratings; the Corporation's ability to obtain and retain qualified personnel (including those with specialized skills and knowledge), technology and equipment in a timely and cost-efficient manner; the Corporation's ability to access capital and insurance; operating and borrowing costs, including costs associated with the acquisition and maintenance of equipment and property; the ability of the Corporation and our subsidiaries to successfully market our services in western Canada and the U.S.; an increased focus on ESG, sustainability and environmental considerations in the oil and gas industry; the impacts of climate-change on the Corporation's business; the current business environment remaining substantially unchanged; present and anticipated programs and expansion plans of other organizations operating in the energy service industry resulting in an increased demand for the Corporation's and our subsidiaries' services; future acquisition and maintenance costs; the Corporation's ability to achieve its ESG and sustainability targets and goals and the costs associated therewith; and other risks and uncertainties described in the AIF and from time to time in filings made by SECURE with securities regulatory authorities.

Forward-looking statements involve significant known and unknown risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether such results will be achieved. Readers are cautioned not to place undue reliance on these statements as a number of factors could cause actual results to differ materially from the results discussed in these forward-looking statements, including but not limited to: general global financial conditions, including general economic conditions in Canada and the U.S.; the effect of any pandemic or epidemic, inflation and geopolitical events and governmental responses thereto on economic conditions, commodity prices and the Corporation's business and operations; changes in the level of capital expenditures made by oil and natural gas producers and the resultant effect on demand for oilfield services during drilling and completion of oil and natural gas wells; volatility in market prices for oil and natural gas and the effect of this volatility on the demand for oilfield services generally; a transition to alternative energy sources; the Corporation's inability to retain customers; risks inherent in the energy industry, including physical climate-related impacts; the Corporation's ability to generate sufficient cash flow from operations to meet our current and future obligations; the seasonal nature of the oil and gas industry; increases in debt service charges including changes in the interest rates charged under the Corporation's current and future debt agreements; inflation and supply chain disruptions; the Corporation's ability to access external sources of debt and equity capital and insurance; disruptions to our operations resulting from events out of our control; the timing and amount of stimulus packages and government grants relating to site rehabilitation programs; the cost of compliance with and changes in legislation and the regulatory and taxation environment, including uncertainties with respect to implementing binding targets for reductions of emissions and the regulation of hydraulic fracturing services and services relating to the transportation of dangerous goods; uncertainties in weather and temperature affecting the duration of the oilfield service periods and the activities that can be completed; ability to maintain and renew the Corporation's permits and licenses which are required for its operations; competition; impairment losses on physical assets; sourcing, pricing and availability of raw materials, consumables, component parts, equipment, suppliers, facilities, and skilled management, technical and field personnel; supply chain disruption; the Corporation's ability to effectively complete acquisition and divestiture transactions on acceptable terms or at all; failure to realize the benefits of acquisitions or dispositions and risks related to the associated business integration, including with respect to the Tervita Merger; risks related to a new business mix and significant shareholder; liabilities and risks, including environmental liabilities and risks inherent in SECURE's operations, including those associated with the Tervita Merger; the Corporation's ability to invest in and integrate technological advances and match advances of our competition; the viability, economic or otherwise, of such technology; credit, commodity price and foreign currency risk to which the Corporation is exposed in the conduct of our business; compliance with the restrictive covenants in the Corporation's current and future debt agreements; the Corporation's or our customers' ability to perform their obligations under long-term contracts; misalignment with our partners and the operation of jointly owned assets; the Corporation's ability to source products and services on acceptable terms or at all; the Corporation's ability to retain key or qualified personnel, including those with specialized skills or knowledge; uncertainty relating to trade relations and associated supply disruptions; the effect of changes in government and actions taken by governments in jurisdictions in which the Corporation operates, including in the U.S.; the effect of climate change and related activism on our operations and ability to access capital and insurance; cyber security and other related risks; the Corporation's ability to bid on new contracts and renew existing contracts; potential closure and post-closure costs associated with landfills operated by the Corporation; the Corporation's ability to protect our proprietary technology and our intellectual property rights; legal proceedings and regulatory actions to which the Corporation may become subject, including in connection with any claims for infringement of a third parties' intellectual property rights; the Corporation's ability to meet its ESG targets or goals and the costs associated therewith; claims by, and consultation with, Indigenous Peoples in connection with project approval; disclosure controls and internal controls over financial reporting; and other risk factors identified in the AIF and from time to time in filings made by the Corporation with securities regulatory authorities.

The guidance in respect of the Corporation's expectations of Adjusted EBITDA and discretionary free cash flow in 2024 contained in this MD&A may be considered to be a financial outlook for the purposes of applicable Canadian securities laws. Such information is based on assumptions about future events, including economic conditions and proposed courses of action, based on management's assessment of the relevant information currently available, and which may become available in the future. These projections constitute forward-looking statements and are based on several material factors and assumptions set out above. Actual results may differ significantly from such projections. See above for a discussion of certain risks that could cause actual results to vary. The financial outlook contained in this MD&A has been approved by management as of the date of this MD&A. Readers are cautioned that any such financial outlook contained herein should not be used for purposes other than those for which it is disclosed herein. The Corporation and its management believe that the financial outlook contained in this MD&A has been prepared based on assumptions that are reasonable in the circumstances, reflecting management's best estimates and judgments, and represents, to the best of management's knowledge and opinion, expected and targeted financial results. However, because this information is highly subjective, it should not be relied on as necessarily indicative of future results.

Although forward-looking statements contained in this MD&A are based upon what the Corporation believes are reasonable assumptions, the Corporation cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements in this MD&A are made as of the date hereof and are expressly qualified by this cautionary statement. Unless otherwise required by applicable securities laws, SECURE does not intend, or assume any obligation, to update these forward-looking statements.

ADDITIONAL INFORMATION

Additional information, including the AIF and the Annual Financial Statements, is available on SEDAR+ at www.sedarplus.ca and on the Corporation's website at www.SECURE-energy.com. Other than the information set out under the heading '*Risk Factors'* section in the AIF, which is incorporated by reference herein, the AIF and any information on the Corporation's website referred to in this MD&A do not constitute part of this MD&A.