

Condensed Consolidated Financial Statements

As at and for the three and six months ended June 30, 2024



SECURE

SECURE ENERGY SERVICES INC.

Consolidated Statements of Financial Position

<i>As at (unaudited, in \$ millions)</i>	Notes	June 30, 2024	December 31, 2023
Assets			
Current assets			
Cash and cash equivalents		7	12
Restricted cash	6	20	—
Accounts receivable and accrued receivables		495	357
Inventories	7	172	144
Prepaid expenses and other current assets		19	14
Assets held for sale	4	—	663
		713	1,190
Property, plant and equipment	8	1,180	1,170
Right-of-use assets		95	101
Intangible assets		92	68
Goodwill		204	199
Deferred tax asset		—	89
Other assets		28	27
Total Assets		2,312	2,844
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		541	377
Current tax payable		36	—
Lease liabilities		26	27
Asset retirement obligations		11	15
Other liabilities		4	3
Liabilities directly associated with assets held for sale	4	—	50
		618	472
Revolving credit facility	9	119	415
Secured and unsecured notes	10	294	551
Lease liabilities		100	109
Asset retirement obligations		113	96
Deferred tax liabilities		18	—
Other liabilities		14	15
Total Liabilities		1,276	1,658
Shareholders' Equity			
Issued capital	11	962	1,517
Share-based compensation reserve		53	54
Foreign currency translation reserve		31	27
Deficit		(10)	(412)
Total Shareholders' Equity		1,036	1,186
Total Liabilities and Shareholders' Equity		2,312	2,844

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

SECURE ENERGY SERVICES INC.
Consolidated Statements of Comprehensive Income

<i>(unaudited, in \$ millions except share and per share data)</i>	Notes	Three months ended June 30,		Six months ended June 30,	
		2024	2023	2024	2023
Revenue	18	2,552	1,782	5,401	3,689
Cost of sales	13	2,459	1,685	5,192	3,465
Gross margin		93	97	209	224
General and administrative expenses	13	34	33	78	69
Transaction and related costs	13	2	4	2	7
Operating profit		57	60	129	148
Interest, accretion and finance costs	14	13	24	31	47
Gain on asset divestiture	4	—	—	(520)	—
Other expense (income)	15	1	(8)	15	(16)
Income before tax		43	44	603	117
Current tax expense		15	1	42	4
Deferred tax expense (recovery)		(4)	9	107	24
Net income		32	34	454	89
Other comprehensive gain (loss)					
Foreign currency translation adjustment		(1)	2	(4)	2
Total comprehensive income		31	36	450	91
Earnings per share					
Basic net income per common share		0.12	0.11	1.67	0.30
Diluted net income per common share		0.12	0.11	1.64	0.29
Weighted average shares outstanding - basic	11	262,468,788	296,343,936	272,013,348	301,402,499
Weighted average shares outstanding - diluted	11	265,906,070	298,407,348	276,196,506	304,185,069

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

SECURE ENERGY SERVICES INC.

Consolidated Statements of Changes in Shareholders' Equity

<i>(unaudited, in \$ millions)</i>	Notes	Issued capital	Share-based compensation reserve	Foreign currency translation reserve	Deficit	Total Shareholders' Equity
Balance at January 1, 2024		1,517	54	27	(412)	1,186
Net income		—	—	—	454	454
Dividends declared	11	—	—	—	(52)	(52)
Foreign currency translation adjustment		—	—	4	—	4
Exercise of share units	11	16	(16)	—	—	—
Share-based compensation for equity-settled awards	12	—	15	—	—	15
Shares acquired and cancelled under Share Purchase Agreement ("SPA")	11	(150)	—	—	—	(150)
Shares acquired and cancelled under substantial issuer bid ("SIB")	11	(251)	—	—	—	(251)
Shares acquired and cancelled under normal course issuer bid ("NCIB")	11	(159)	—	—	—	(159)
Tax on share repurchases		(11)	—	—	—	(11)
Balance at June 30, 2024		962	53	31	(10)	1,036
Balance at January 1, 2023		1,676	50	30	(490)	1,266
Net income		—	—	—	89	89
Dividends declared	11	—	—	—	(59)	(59)
Foreign currency translation adjustment		—	—	(2)	—	(2)
Exercise of share units		4	(12)	—	—	(8)
Share-based compensation for equity-settled awards		—	9	—	—	9
Shares acquired and cancelled under NCIB	11	(116)	—	—	—	(116)
Balance at June 30, 2023		1,564	47	28	(460)	1,179

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

SECURE ENERGY SERVICES INC.
Consolidated Statements of Cash Flows

(unaudited, in \$ millions)	Notes	Three months ended June 30,		Six months ended June 30,	
		2024	2023	2024	2023
Cash flows from (used in) operating activities					
Net income		32	34	454	89
Adjustments for non-cash items:					
Depreciation, depletion and amortization	13	41	47	86	101
Share-based compensation		6	5	20	14
Interest, accretion and finance costs	14	13	24	31	47
Gain on asset divestiture	4	—	—	(520)	—
Other expense (income)	15	11	(5)	31	(16)
Current and deferred tax (recovery) expense		(4)	10	122	28
Interest paid		(4)	(32)	(21)	(41)
Asset retirement costs incurred		(4)	(3)	(4)	(6)
Funds flow from operations		91	80	199	216
Change in non-cash working capital		87	51	19	12
Change in restricted cash	6	12	—	(20)	—
Net cash flows from operating activities		190	131	198	228
Cash flows (used in) from investing activities					
Purchase of property, plant and equipment	8	(43)	(68)	(62)	(114)
Proceeds from dispositions, net of transaction costs	4	—	6	1,129	28
Current tax expense related to dispositions		—	—	(15)	—
Business acquisitions	5	(31)	—	(38)	—
Change in non-cash working capital		(21)	21	(6)	20
Net cash flows (used in) from investing activities		(95)	(41)	1,008	(66)
Cash flows from (used in) financing activities					
Shares issued, net of share issue costs	11				
Draw (repayment) of credit facilities	9	121	10	(300)	70
Settlement of notes	10	—	(11)	(571)	(11)
Issuance of unsecured notes	10	—	—	300	—
Financing fees	9,10	(2)	(1)	(8)	(1)
Lease liability principal payments		(8)	(5)	(15)	(13)
Dividends declared	11	(24)	(29)	(52)	(59)
Share repurchases and cancellations	11	(434)	(47)	(560)	(116)
Tax on share repurchases	11	(11)	—	(11)	—
Settlement of share units		—	—	—	(14)
Change in non-cash working capital		6	—	6	—
Net cash flows used in financing activities		(352)	(83)	(1,211)	(144)
Effect of foreign exchange on and cash equivalents		—	(3)	—	(3)
(Decrease) Increase in cash and cash equivalents		(257)	4	(5)	15
Cash and cash equivalents, beginning of period		264	23	12	12
Cash and cash equivalents, end of period		7	27	7	27
Supplementary Cash Flow Information					
Income taxes paid		3	—	7	—

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

SECURE ENERGY SERVICES INC.

Notes to the Condensed Consolidated Financial Statements (unaudited)

For the three and six months ended June 30, 2024 and 2023

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

Nature of Business

SECURE Energy Services Inc. ("SECURE" or the "Corporation") is incorporated under the Business Corporations Act (Alberta). The Corporation's common shares are traded on the Toronto Stock Exchange ("TSX") under the symbol "SES" and is a constituent of the S&P/TSX Composite Index. The head office of the Corporation is located at 2300, 225 – 6th Avenue S.W., Calgary, Alberta, Canada, T2P 1N2. The registered office of the Corporation is located at 4500, 855 – 2nd Street S.W., Calgary, Alberta, Canada, T2P 4K7.

SECURE is a leading waste management and energy infrastructure business headquartered in Calgary, Alberta. The Corporation'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 Waste Management reportable segment includes a network of waste processing facilities, produced water pipelines, industrial landfills, waste transfer stations, metal recycling facilities, and specialty chemicals. Through this infrastructure network, the Corporation carries out business operations including the processing, recovery, recycling and disposal of waste streams generated by our energy and industrial customers. Services include produced and waste water disposal, hazardous and non-hazardous waste processing and transfer, treatment of crude oil emulsions, metal recycling, drilling waste management and specialty chemicals.

SECURE's Energy Infrastructure reportable segment includes a network of crude oil gathering pipelines, terminals and storage facilities. Through this infrastructure network, the Corporation engages in the transportation, optimization, terminalling and storage of crude oil.

In western Canada, the level of activity is influenced by seasonal weather patterns. As warm weather returns in the spring, the winter's frost comes out of the ground (commonly referred to as "spring break-up"), rendering many secondary roads incapable of supporting heavy loads and as a result road bans are implemented prohibiting heavy loads from being transported in certain areas. This limits the movement of heavy equipment and the transportation of heavy waste loads is restricted, resulting in smaller loads and a general reduction in the volume of waste delivered to SECURE's facilities. Accordingly, while the Corporation's facilities are open and accessible year-round, spring break-up reduces the Corporation's waste volumes received and specialty chemical sales. 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.

Basis of Presentation

The condensed consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. The condensed consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2023.

These condensed consolidated financial statements are recorded and presented in Canadian dollars (\$), which is SECURE's functional currency, and have been prepared on a historical cost basis, except for certain items that

have been measured at fair value. All values are rounded to the nearest million dollars (\$ millions), except where otherwise indicated. These condensed consolidated financial statements were approved by SECURE's Board of Directors on July 29, 2024.

2. MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of these condensed consolidated financial statements are the same as those set out in the annual audited consolidated financial statements for the year ended December 31, 2023. Unless otherwise stated, these policies have been consistently applied to all periods presented.

3. ESTIMATES AND JUDGMENTS

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

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

4. ASSET DIVESTITURE

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

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

The following table summarizes the financial impact of the divestiture:

Consideration for the divestiture	Carrying value	Assets held for sale December 31, 2023
Cash consideration - divested assets	1,075	
Cash consideration - other adjustments	74	
Total consideration	1,149	
Assets and liabilities divested:		
Accounts receivable and accrued receivable	56	69
Inventories	1	1
Property, plant and equipment (Note 8)	380	372
Right-of-use assets	2	1
Intangible assets	84	85
Goodwill	135	135
Assets divested / held for sale	658	663
Other liabilities	11	11
Lease liabilities	—	1
Asset retirement obligations	38	38
Liabilities divested / associated with assets held for sale	49	50
Transaction costs	20	
Gain on asset divestiture	520	

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

5. BUSINESS ACQUISITIONS

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

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

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

Consideration for the acquisition	
Cash	31
Total consideration	31
Purchase price allocation	
Property, plant and equipment (Note 8)	11
Non compete agreements	10
Customer relationships	5
Licenses	2
Goodwill	3
	31

6. RESTRICTED CASH

At June 30, 2024, the Corporation had a total of \$20 million classified as restricted cash, which is held within a margin trading account. This amount represents funds that are reserved as collateral to secure open positions in financial instruments, as required by our brokerage agreement. The margin held at June 30, 2024 was collateral for financial contracts hedging crude oil inventory volumes (Note 7).

7. INVENTORIES

	June 30, 2024	December 31, 2023
Crude oil and natural gas liquids	78	45
Specialty chemicals	76	81
Metals	9	5
Spare parts and supplies	9	14
Less: Assets held for sale	—	(1)
Total inventories	172	144

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

8. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2024
Balance at December 31, 2023	1,170
Acquired upon close of business acquisitions (Note 5)	11
Additions	62
Change in asset retirement obligations	13
Disposals	(11)
Depreciation and depletion	(69)
Transfers	2
Foreign exchange effect	2
Balance at June 30, 2024	1,180

9. REVOLVING CREDIT FACILITY

SECURE's credit facilities at June 30, 2024, consist of an \$800 million revolving credit facility (the "Revolving Credit Facility") with nine financial institutions. The Revolving Credit Facility was renewed in June 2024 with the term extended to May 31, 2027. In addition, SECURE maintains a \$50 million unsecured letter of credit facility guaranteed by Export Development Canada.

The credit facility balances included on the statements of financial position at June 30, 2024, and December 31, 2023, were as follows:

	June 30, 2024	December 31, 2023
Amount drawn on Revolving Credit Facility	121	419
Unamortized financing costs	(2)	(4)
Total credit facility	119	415

	June 30, 2024	December 31, 2023
Maximum amount available	850	850
Less: Amount drawn on Revolving Credit Facility	(121)	(419)
Less: Letters of credit	(112)	(87)
Available amount ⁽¹⁾	617	344

⁽¹⁾ Subject to covenant restrictions listed below.

As at June 30, 2024, the Corporation has liquidity of \$624 million, consisting of \$7 million in cash and \$617 million in capacity on its credit facilities (\$356 million as at December 31, 2023, consisting of \$12 million in cash and \$344 million in capacity on its credit facilities).

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

	June 30, 2024	Covenant
Senior Debt to EBITDA	0.6	not to exceed 2.75
Total Debt to EBITDA	1.3	not to exceed 4.5
Interest coverage	5.8	not to be less than 2.5

10. SECURED AND UNSECURED NOTES

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

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

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

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

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

As at June 30, 2024, the fair value of the 2029 unsecured notes was \$303 million, based on third party observable quotes and may not reflect the actual amounts payable by SECURE.

11. SHAREHOLDERS' EQUITY

Dividends

The Corporation declared dividends to holders of common shares for the three and six months ended June 30, 2024 of \$24 million and \$52 million, respectively (three and six months ended June 30, 2023: \$29 million and \$59 million, respectively). On June 15, 2024, the Corporation declared a dividend in the amount of \$0.10 per common share. At June 30, 2024, the dividend payable of \$24 million was included within accounts payable and accrued liabilities. Subsequent to June 30, 2024, the Corporation paid out this dividend to holders of common shares on record on July 1, 2024.

Issued and outstanding shares

(\$ millions, except for shares)	Number of Shares	Amount
Balance at December 31, 2023	287,627,549	1,517
RSUs and PSUs exercised	3,533,107	—
Transfer from reserves in equity	—	16
Shares cancelled under SPA	(13,181,020)	(150)
Shares cancelled under SIB	(21,929,818)	(251)
Shares cancelled under NCIB	(14,882,510)	(159)
Tax on share repurchases	—	(11)
Balance at June 30, 2024	241,167,308	962

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

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

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

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

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Shares repurchased and cancelled under SPA	13,181,020	—	13,181,020	—
Price per share	\$ 11.38	\$ —	\$ 11.38	\$ —
Total consideration	\$ 150	\$ —	\$ 150	\$ —
Shares repurchased and cancelled under SIB	21,929,818	—	21,929,818	—
Price per share	\$ 11.40	\$ —	\$ 11.40	\$ —
Total consideration ⁽¹⁾	\$ 251	\$ —	\$ 251	\$ —
Shares repurchased and cancelled under NCIB	2,827,000	7,270,800	14,882,510	16,866,000
Price per share	\$ 11.47	\$ 6.40	\$ 10.66	\$ 6.87
Total consideration	\$ 32	\$ 47	\$ 159	\$ 116

⁽¹⁾ Includes transaction costs

On June 20, 2024, a new tax policy imposing a 2% tax on corporate share buybacks was enacted. The 2% share buyback tax applies to the net value of repurchased shares by corporations starting January 1, 2024. As a result, the Corporation has recognized \$11 million for the share buyback tax.

Subsequent to June 30, 2024, the Corporation repurchased 497,100 additional shares at a weighted average price per share of \$11.77 for a total of \$6 million.

Basic and Diluted Income Per Share

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

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Weighted average number of shares - basic	262,468,788	296,343,936	272,013,348	301,402,499
Effect of dilution:				
RSUs and PSUs	3,437,282	2,063,412	4,183,158	2,782,570
Weighted average number of shares - diluted	265,906,070	298,407,348	276,196,506	304,185,069

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

12. SHARE-BASED COMPENSATION PLANS

Unit Incentive Plans

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

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

	RSUs	PSUs	DSUs
Balance at December 31, 2023	2,387,054	3,883,713	956,053
Granted	958,889	2,092,603	72,137
Reinvested dividends	43,505	66,973	13,085
Redeemed for common shares	(924,299)	(2,608,808)	—
Redeemed for cash	—	—	(211,171)
Forfeited	(213,672)	(129,474)	—
Balance at June 30, 2024	2,251,477	3,305,007	830,104

13. EXPENSES

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

Three months ended June 30, 2024	Cost of Sales	General and Administrative Expense	Total
Employee compensation and benefits	43	17	60
Depreciation	28	1	29
Depletion	5	—	5
Amortization	6	1	7
Share-based compensation	—	6	6
Oil purchase/resale services expense	2,215	—	2,215
Other ⁽¹⁾	162	9	171
Total	2,459	34	2,493

Six months ended June 30, 2024	Cost of Sales	General and Administrative Expense	Total
Employee compensation and benefits	90	35	125
Depreciation	57	3	60
Depletion	11	—	11
Amortization	13	2	15
Share-based compensation	—	20	20
Oil purchase/resale services expense	4,704	—	4,704
Other ⁽¹⁾	317	18	335
Total	5,192	78	5,270

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

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

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

Transaction and related costs

For the three and six months ended June 30, 2024, the Corporation incurred transaction and related costs of \$2 million related to legal and advisory fees for the business acquisitions, and restructuring costs.

For the three and six months ended June 30, 2023, the Corporation incurred transaction and related costs of \$3 million and \$4 million, respectively, related to legal and advisory fees for the competition review process, as well as \$1 million and \$3 million, respectively, of integration costs primarily related to the implementation of a new enterprise resource planning system.

14. INTEREST, ACCRETION AND FINANCE COSTS

Interest, accretion and finance costs consists of the following for the three and six months ended June 30, 2024 and 2023:

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Interest on senior secured notes, unsecured notes and Revolving Credit Facility	8	19	21	37
Amortization of financing costs	1	1	2	2
Accretion of asset retirement obligations	2	3	4	6
Interest on obligations under leases	2	1	4	2
Interest, accretion and finance costs	13	24	31	47

15. OTHER EXPENSE (INCOME)

In the six months ended June 30, 2024, the Corporation realized a loss on debt extinguishment of \$16 million related to the 2026 unsecured notes (Note 10).

In the three months ended June 30, 2023, the Corporation recognized unrealized foreign currency gains of \$6 million related to U.S. dollar denominated debt. In the six months ended June 30, 2023, the Corporation recognized gains aggregating to \$9 million related to the sale of a water pumping business unit and a rail terminal, in addition to unrealized foreign currency gains of \$6 million related to U.S. dollar denominated debt.

16. CAPITAL MANAGEMENT

The capital structure of the Corporation consists of the following:

	June 30, 2024	December 31, 2023
Working capital ⁽¹⁾	136	150
Total debt	421	962
Shareholders' equity	1,036	1,186
	1,593	2,298

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

Principal debt consists of the following:

	June 30, 2024	December 31, 2023
Amount drawn on credit facilities (Note 9)	121	419
2025 senior secured notes (principal) (Note 10)	—	203
2026 unsecured notes (principal) (Note 10)	—	340
2029 unsecured notes (principal) (Note 10)	300	—
	421	962

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

17. CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

	1 year or less	1-5 years	5 years and thereafter	Total
Crude oil transportation	61	200	21	282
Crude oil storage	10	51	5	66
Capital commitments	12	—	—	12
Total contractual obligations	83	251	26	360

Crude oil transportation commitments

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

Crude oil storage commitment

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

Capital commitments

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

18. SEGMENT REPORTING

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

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

Three months ended June 30, 2024	Waste Management	Energy Infrastructure	Corporate	Total
Revenue excluding oil purchase and resale	280	57	—	337
Oil purchase and resale	—	2,215	—	2,215
Total revenue	280	2,272	—	2,552
Cost of sales excluding items listed separately below	(186)	(2,234)	—	(2,420)
Segment profit margin	94	38	—	132
G&A expenses excluding items listed separately below	(11)	(3)	(12)	(26)
Depreciation, depletion and amortization ⁽¹⁾	(34)	(6)	(1)	(41)
Share-based compensation	—	—	(6)	(6)
Transaction and related costs	—	—	(2)	(2)
Interest, accretion and finance costs	(3)	(1)	(9)	(13)
Other income (expense)	—	1	(2)	(1)
Income (loss) before tax	46	29	(32)	43

Six months ended June 30, 2024	Waste Management	Energy Infrastructure	Corporate	Total
Revenue excluding oil purchase and resale	576	121	—	697
Oil purchase and resale	—	4,704	—	4,704
Total revenue	576	4,825	—	5,401
Cost of sales excluding items listed separately below	(371)	(4,740)	—	(5,111)
Segment profit margin	205	85	—	290
G&A expenses excluding items listed separately below	(22)	(6)	(25)	(53)
Depreciation, depletion and amortization ⁽¹⁾	(73)	(11)	(2)	(86)
Share-based compensation	—	—	(20)	(20)
Transaction and related costs	—	—	(2)	(2)
Interest, accretion and finance costs	(6)	(2)	(23)	(31)
Gain on asset divestiture	—	—	520	520
Other income (expense)	—	1	(16)	(15)
Income before tax	104	67	432	603

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

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

⁽¹⁾ Depreciation, depletion and amortization have been allocated to cost of sales and general and administrative expenses on the Consolidated Statements of Comprehensive Income based on function of the underlying asset.

Assets and Liabilities

As at June 30, 2024	Waste Management	Energy Infrastructure	Corporate	Total
Current assets	316	360	37	713
Property, plant and equipment	880	289	11	1,180
Right-of-use assets	64	23	8	95
Intangible assets	85	7	—	92
Goodwill	147	57	—	204
Total assets	1,494	751	67	2,312
Current liabilities	176	322	120	618
Total liabilities	340	355	581	1,276

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

Geographical Financial Information

	Canada		U.S.		Total	
Three months ended June 30,	2024	2023	2024	2023	2024	2023
Revenue	2,487	1,767	65	15	2,552	1,782
Six months ended June 30,	2024	2023	2024	2023	2024	2023
Revenue	5,318	3,661	83	28	5,401	3,689
As at June 30, 2024 and December 31, 2023	2024	2023	2024	2023	2024	2023
Total non-current assets	1,510	1,567	89	87	1,599	1,654

CORPORATE INFORMATION

DIRECTORS

Rene Amirault - Vice-Chairman ⁽⁴⁾

Mark Bly ^{(3) (4)}

Mick Dilger - Chairman ⁽²⁾

Allen Gransch

Wendy Hanrahan ^{(1) (2)}

Joseph Lenz ^{(1) (3)}

Susan Riddell Rose ^{(2) (4)}

Deanna Zumwalt ^{(1) (3)}

¹ Audit Committee

² Human Resources and Compensation Committee

³ Corporate Governance & Nominating Committee

⁴ Environment, Social & Governance Committee

OFFICERS

Allen Gransch

President & Chief Executive Officer

Chad Magus

Chief Financial Officer

Corey Higham

Chief Operating Officer

STOCK EXCHANGE

Toronto Stock Exchange

Symbol: SES

AUDITORS

KPMG LLP

Calgary, Alberta

LEGAL COUNSEL

McCarthy Tetrault LLP

Calgary, Alberta

LEAD BANKERS

ATB Financial

National Bank of Canada

Canadian Imperial Bank of Commerce

Bank of Montreal

TD Canada Trust

TRANSFER AGENT AND REGISTRAR

Odyssey Trust Company

Calgary, Alberta

Michael Callihoo

Corporate Secretary and General Counsel

James Anderson

Senior Vice President, Specialty Chemicals

Rhonda Rudnitski

Vice President, Environment, Social & Governance