

Condensed Consolidated Financial Statements

For the three and nine months
ended September 30, 2022



SECURE

SECURE ENERGY SERVICES INC.
Consolidated Statements of Financial Position

<i>As at (unaudited, in \$ millions)</i>	Notes	September 30, 2022	December 31, 2021
Assets			
Current assets			
Cash		23	10
Accounts receivable and accrued receivables		475	345
Inventories		123	100
Prepaid expenses and other current assets		17	11
		638	466
Property, plant and equipment	5	1,515	1,646
Right-of-use assets		68	71
Intangible assets		170	180
Goodwill		351	349
Deferred tax asset		172	217
Other assets		21	8
Total Assets		2,935	2,937
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		381	279
Interest payable	7	18	4
Lease liabilities		29	27
Asset retirement obligations	8	20	19
Other liabilities		5	4
		453	333
Revolving credit facility	6	361	452
Secured and unsecured notes	7	663	755
Lease liabilities		79	82
Asset retirement obligations	8	95	171
Other liabilities	7	17	38
Total Liabilities		1,668	1,831
Shareholders' Equity			
Issued capital	9	1,680	1,670
Share-based compensation reserve		48	48
Foreign currency translation reserve		30	24
Deficit		(491)	(636)
Total Shareholders' Equity		1,267	1,106
Total Liabilities and Shareholders' Equity		2,935	2,937

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

SECURE ENERGY SERVICES INC.

Consolidated Statements of Comprehensive Income (Loss)

(unaudited, in \$ millions except share and per share data)	Notes	Three months ended September 30,		Nine months ended September 30,	
		2022	2021	2022	2021
Revenue	16	2,149	1,253	5,977	2,426
Cost of sales	11	2,013	1,196	5,605	2,329
Gross margin		136	57	372	97
General and administrative expenses	11	37	38	106	76
Transaction and related costs	11	4	18	22	29
Operating profit (loss)		95	1	244	(8)
Interest, accretion and finance costs	12	24	24	73	32
Other (income) expense	13	(11)	7	(26)	9
Income (loss) before tax		82	(30)	197	(49)
Current tax expense		—	—	—	—
Deferred tax expense (recovery)		22	(8)	45	(11)
Net income (loss)		60	(22)	152	(38)
Net income (loss) attributable to:					
Shareholders of SECURE		60	(22)	152	(37)
Non-controlling interest		—	—	—	(1)
Other comprehensive gain (loss)					
Foreign currency translation adjustment		5	3	6	(3)
Total comprehensive income (loss)		65	(19)	158	(41)
Total comprehensive income (loss) attributable to:					
Shareholders of SECURE		65	(19)	158	(38)
Non-controlling interest		—	—	—	(3)
Basic and diluted net income (loss) per common share		0.19	(0.07)	0.49	(0.18)
Weighted average shares outstanding - basic	9	309,912,215	306,474,523	309,529,670	209,329,456
Weighted average shares outstanding - diluted	9	313,278,309	306,474,523	312,802,491	209,329,456

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	Non-controlling interest	Deficit	Total Shareholders' Equity
Balance at January 1, 2022		1,670	48	24	—	(636)	1,106
Net income		—	—	—	—	152	152
Dividends declared	9	—	—	—	—	(7)	(7)
Disposition of non-controlling interest		—	—	—	—	—	—
Foreign currency translation adjustment		—	—	6	—	—	6
Exercise of share units	9	10	(10)	—	—	—	—
Share-based compensation for equity-settled awards	10	—	10	—	—	—	10
Balance at September 30, 2022		1,680	48	30	—	(491)	1,267
Balance at January 1, 2021		1,038	51	24	30	(426)	717
Net loss		—	—	—	(1)	(37)	(38)
Dividends declared		—	—	—	—	(5)	(5)
Disposition of non-controlling interest		—	—	—	(26)	—	(26)
Foreign currency translation adjustment		—	—	—	(3)	—	(3)
Issue of share capital for business acquisition		621	—	—	—	—	621
Exercise of share units		11	(11)	—	—	—	—
Share-based compensation for equity-settled awards		—	6	—	—	—	6
Balance at September 30, 2021		1,670	46	24	—	(468)	1,272

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SECURE ENERGY SERVICES INC.

Consolidated Statements of Cash Flows

		Three months ended September 30,		Nine months ended September 30,	
(unaudited, in \$ millions)	Notes	2022	2021	2022	2021
Cash flows from operating activities					
Net income (loss)		60	(22)	152	(38)
Adjustments for non-cash items:					
Depreciation, depletion and amortization	11	52	83	129	144
Interest, accretion and finance costs	12	24	24	73	32
Other (income) expense	13	(12)	7	(27)	9
Current and deferred tax expense (recovery)		22	(8)	45	(11)
Other non-cash (recovery) expense		—	—	—	1
Share-based compensation		4	3	14	10
Interest paid		(12)	(11)	(55)	(20)
Income taxes paid		—	—	—	(1)
Asset retirement costs incurred	8	(6)	(2)	(12)	(4)
Funds flow from operations		132	74	319	122
Change in non-cash working capital		11	(73)	(8)	(76)
Net cash flows from operating activities		143	1	311	46
Cash flows from (used in) investing activities					
Purchase of property, plant and equipment	5	(30)	(13)	(62)	(26)
Business acquisition	4	—	10	(6)	10
Proceeds from dispositions	13	21	2	45	4
Change in non-cash working capital		(16)	4	(15)	4
Net cash flows used in investing activities		(25)	3	(38)	(8)
Cash flows used in financing activities					
Draw (repayment) of credit facilities	6	(84)	(50)	(110)	(66)
Settlement of 2025 senior secured notes	7	(5)	(132)	(114)	(132)
Issuance of unsecured notes	7	—	—	—	200
Change in restricted cash		—	206	—	—
Financing fees	6, 7	(1)	(10)	(1)	(15)
Settlement of debt-related derivatives		(5)	(4)	(5)	(4)
Lease liability principal payments		(7)	(6)	(19)	(11)
Dividends declared	9	(3)	(2)	(7)	(5)
Change in non-cash working capital		—	1	—	1
Net cash flows (used in) from financing activities		(105)	3	(256)	(32)
Effect of foreign exchange on cash					
(Decrease) increase in cash		12	6	13	6
Cash, beginning of period		11	7	10	7
Cash, end of period		23	13	23	13

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

SECURE Energy Services Inc.
Notes to the Condensed Consolidated Financial Statements (unaudited)
For the three and nine months ended September 30, 2022 and 2021

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

Nature of Business

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

SECURE provides industry leading midstream infrastructure and environmental and fluid management to predominantly upstream oil and natural gas companies operating in western Canada and certain regions in the United States ("U.S."). SECURE's Midstream Infrastructure reportable segment includes a network of midstream processing and storage facilities, and crude oil and water pipelines located throughout key resource plays in western Canada, North Dakota and Oklahoma. SECURE's midstream infrastructure operations generate cash flows from oil production processing and disposal, produced water disposal, and crude oil storage, logistics, and marketing. The Environmental and Fluid Management reportable segment includes a network of owned, operated and marketed industrial landfills, hazardous and non-hazardous waste management and disposal, onsite abandonment, environmental solutions for site remediation and reclamation, bio-remediation, water treatment and recycling, emergency response, rail services, metal recycling services, as well as fluid management for drilling, completion and production activities.

In Canada, the level of activity in the oilfield is influenced by seasonal weather patterns. As warm weather returns in the spring, the winter's frost comes out of the ground (commonly referred to as "spring break-up"), rendering many secondary roads incapable of supporting heavy loads and as a result road bans are implemented prohibiting heavy loads from being transported in certain areas. This limits the movement of the heavy equipment required for 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 midstream infrastructure and fluid management 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. Environmental management project activity tends to be lower in the first half of the year due to the previously described factors and challenges of completing excavation work on frozen terrain in the first quarter. These seasonal trends typically lead to quarterly fluctuations in operating results and working capital requirements, which should be considered in any quarter over quarter analysis of performance.

Basis of Presentation

The condensed consolidated financial statements of SECURE have been prepared by management in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB") in effect at the closing date of September 30, 2022. 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, 2021. 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 November 1, 2022.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these condensed consolidated financial statements are the same as those set out in the annual audited consolidated financial statements for the year ended December 31, 2021. Unless otherwise stated, these policies have been consistently applied to all periods presented.

3. ESTIMATES AND JUDGMENTS

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

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

4. BUSINESS ACQUISITIONS

On May 16, 2022, SECURE closed the acquisition of a metals recycling business formerly owned by Brooks Industrial Metals Ltd. for an aggregate purchase price of \$6 million, settled in cash. Under the purchase agreement, SECURE acquired the assets and assumed the obligations and liabilities associated with the metals recycling business. Assets acquired included inventory of \$1 million and property, plant and equipment of \$4 million. The acquisition of the metals recycling business was 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.

5. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2022
Balance - beginning of period	1,646
Acquired upon close of Business Acquisition (Note 4)	4
Additions	62
Change in asset retirement obligations	(59)
Disposals	(32)
Depreciation and depletion	(113)
Foreign exchange effect	7
Balance - end of period	1,515

6. REVOLVING CREDIT FACILITY

SECURE's credit facilities at September 30, 2022, consist of an \$800 million revolving credit facility (the "Revolving Credit Facility") with nine financial institutions. The Revolving Credit Facility was renewed in August 2022 with the term extended to July 2025. In addition, SECURE maintains a \$30 million unsecured letter of credit facility guaranteed by Export Development Canada. The credit facility balances included on the statements of financial position at September 30, 2022, and December 31, 2021, were as follows:

	September 30, 2022	December 31, 2021
Amount drawn on Revolving Credit Facility	368	460
Unamortized financing costs	(7)	(8)
Total credit facility	361	452

	September 30, 2022	December 31, 2021
Maximum amount available	830	830
Less: Amount drawn on Revolving Credit Facility	(368)	(460)
Less: Letters of credit	(104)	(91)
Available amount ⁽¹⁾	358	279

⁽¹⁾ Subject to covenant restrictions discussed below.

As at September 30, 2022, the Corporation has liquidity of \$381 million, consisting of \$23 million in cash and \$358 million in capacity on its credit facilities (\$289 million as at December 31, 2021, consisting of \$10 million in cash and \$279 million in capacity on its credit facilities). At September 30, 2022, the Corporation was in compliance with all financial covenants contained in the Revolving Credit Facility.

	September 30, 2022	Covenant
Senior Debt to EBITDA	0.9	not to exceed 2.75
Total Debt to EBITDA	2.2	not to exceed 4.5
Interest coverage	5.1	not to be less than 2.5

7. SECURED AND UNSECURED NOTES

As at September 30, 2022, SECURE's secured and unsecured notes consist of the following:

- US\$220 million aggregate principal amount of 11.00% senior second lien secured notes due December 1, 2025 (the "2025 senior secured notes") which are subordinate to the Revolving Credit Facility and are secured by substantially all tangible and intangible assets owned by the Corporation; and
- \$340 million aggregate principal amount of 7.25% unsecured notes due December 30, 2026 (the "2026 unsecured notes").

During the nine months ended September 30, SECURE settled US\$80 million aggregate principal amount of 2025 senior secured notes at an average price of \$110.02 per \$100.00 principal amount plus accrued and unpaid interest. The settlements were completed between May to September 2022. The secured and unsecured notes balances included on the statements of financial position at September 30, 2022, and December 31, 2021, were as follows:

	Issuance	Maturity	September 30, 2022	December 31, 2021
2025 senior secured notes	Nov 2020	Dec 2025	301	380
Fair value premium on 2025 senior secured notes			26	41
2026 unsecured notes	July 2021	Dec 2026	340	340
Premium on issuance of 2026 unsecured notes			1	1
Unamortized financing costs			(5)	(7)
Total unsecured and senior secured notes			663	755

As at September 30, 2022, the fair value of the 2025 senior secured and 2026 unsecured notes was \$324 million and \$323 million, respectively. The fair value of the 2025 senior secured and 2026 unsecured notes is based on third party observable quotes and may not reflect the actual amounts payable by SECURE. The Corporation has entered into cross currency swaps ("CCS") to hedge foreign exchange exposure on the U.S. denominated 2025 senior secured notes, fixing the exchange rate on the principal repayments and a portion of the interest payments. During the three months ended September 30, 2022, the Corporation reduced its CCS position by US\$85 million to US\$150 million. The asset balance of these remaining derivative contracts amounted to \$6 million at September 30, 2022 (\$19 million liability at December 31, 2021) and was recorded in other assets on the consolidated statements of financial position.

Subsequent to September 30, 2022, the Corporation settled an additional US\$46 million principal amounts of 2025 senior secured notes at an average price of \$109.20 and the remaining US\$150 million cross currency swaps for \$4 million.

8. ASSET RETIREMENT OBLIGATIONS

	September 30, 2022
Balance - beginning of period	190
Changes in discount rate and estimates	(71)
Accretion	8
Asset retirement obligations incurred	(12)
Foreign exchange effect	—
Balance - end of period	115
Current portion	20
Non-current portion	95

The Corporation's asset retirement obligations were estimated either by a third-party specialist or management based on the Corporation's estimated costs to remediate, reclaim and abandon the Corporation's facilities and estimated timing of the costs to be incurred in future periods. The Corporation used a credit-adjusted risk-free discount rate ranging from 8.82% to 9.21% (December 31, 2021: 5.69% to 6.79%) with an implied inflation rate of 1.8% to calculate the net present value of its asset retirement obligations at September 30, 2022 (December 31, 2021: 1.8%).

9. SHAREHOLDERS' EQUITY

(\$ millions except for shares)	Number of Shares	Amount
Balance at December 31, 2021	308,158,691	1,670
Restricted Share Units ("RSUs") and Performance Share Units ("PSUs") exercised	1,803,846	—
Transfer from reserves in equity	—	10
Balance at September 30, 2022	309,962,537	1,680

The Corporation declared dividends to holders of common shares for the three and nine months ended September 30, 2022 of \$3 million and \$7 million, respectively (three and nine months ended September 30, 2021: \$2 million and \$5 million, respectively). On September 15, 2022, the Corporation declared a dividend in the amount of \$0.0075 (0.75 cents) per common share. Subsequent to September 30, 2022, the Corporation paid out this dividend to holders of common shares on record on October 1, 2022.

Basic and Diluted Income (Loss) Per Share

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

	For the three months ended,		For the nine months ended,	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Weighted average number of shares - basic	309,912,215	306,474,523	309,529,670	209,329,456
Effect of dilution:				
RSUs and PSUs	3,366,094	—	3,272,821	—
Weighted average number of shares - diluted	313,278,309	306,474,523	312,802,491	209,329,456

The above calculation includes the effect of all RSUs and PSUs for the three and nine months ended September 30, 2022. For the three and nine months ended September 30, 2021, the effect of all RSUs and PSUs have been excluded as they are considered to be anti-dilutive.

10. SHARE-BASED COMPENSATION 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, 2021. The following table summarizes the units outstanding at September 30, 2022:

	RSUs	PSUs	DSUs
Balance at December 31, 2021	1,578,111	3,418,184	1,136,200
Granted	1,551,820	1,653,245	149,887
Reinvested dividends	7,161	15,591	3,577
Redeemed for common shares	(826,849)	(976,996)	—
Redeemed for cash	—	—	(125,812)
Forfeited	(82,697)	(10,342)	—
Balance at September 30, 2022	2,227,546	4,099,682	1,163,852

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

11. EXPENSES

The below table summarizes the disaggregation of expenses for the three and nine months ended September 30, 2022 and 2021:

Three months ended September 30, 2022	Cost of Sales	General and Administrative Expense	Total
Employee compensation and benefits	47	20	67
Share-based compensation	—	4	4
Depreciation	32	5	37
Depletion	12	—	12
Amortization	3	—	3
Oil purchase/resale services expense	1,730	—	1,730
Other ⁽¹⁾	189	8	197
Total	2,013	37	2,050

Nine months ended September 30, 2022	Cost of Sales	General and Administrative Expense	Total
Employee compensation and benefits	130	58	188
Share-based compensation	1	13	14
Depreciation	75	10	85
Depletion	35	—	35
Amortization	9	—	9
Oil purchase/resale services expense	4,844	—	4,844
Other ⁽¹⁾	511	25	536
Total	5,605	106	5,711

Three months ended September 30, 2021	Cost of Sales	General and Administrative Expense	Total
Employee compensation and benefits	22	11	33
Share-based compensation	—	3	3
Depreciation	44	6	50
Depletion	5	—	5
Amortization	6	—	6
Impairment	22	—	22
Oil purchase/resale services expense	936	—	936
Other ⁽¹⁾	161	18	179
Total	1,196	38	1,234

Nine months ended September 30, 2021	Cost of Sales	General and Administrative Expense	Total
Employee compensation and benefits	57	25	82
Share-based compensation	1	9	10
Depreciation	94	11	105
Depletion	10	—	10
Amortization	7	—	7
Impairment	22	—	22
Oil purchase/resale services expense	1,860	—	1,860
Other ⁽¹⁾	278	31	309
Total	2,329	76	2,405

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

Transaction and related costs

For the three months ended September 30, 2022, the Corporation incurred and expensed transaction and related costs of \$4 million of integration costs related to compliance and regulatory and information technology expenditures.

For the nine months ended September 30, 2022, the Corporation incurred and expensed transaction and related costs of \$22 million consisting of \$12 million related to legal and advisory fees for the completion of the Transaction, including the competition review process, and \$10 million of integration costs. The integration costs primarily related to severance and information technology expenditures.

For the three and nine months ended September 30, 2021, transaction and related costs amounted to \$18 million and \$29 million, respectively.

12. INTEREST, ACCRETION AND FINANCE COSTS

Interest, accretion and finance costs consists of the following for the three and nine months ended September 30, 2022 and 2021:

	For the three months ended,		For the nine months ended,	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Interest on senior secured notes, unsecured notes and Revolving Credit Facility	20	21	60	29
Amortization of debt issuance costs	1	1	3	—
Accretion of asset retirement obligations	2	2	8	2
Interest on obligations under leases	1	—	2	1
Interest, accretion and finance costs	24	24	73	32

13. OTHER (INCOME) EXPENSE

In the three months ended September 30, 2022, the Corporation sold an interest in a facility and realized a gain of \$14 million which is recorded within other income. The nine months ended September 30, 2022 also includes a \$15 million gain realized primarily as a result of the sale of unused land.

14. CAPITAL MANAGEMENT

The capital structure of the Corporation consists of the following:

	September 30, 2022	December 31, 2021
Working capital ⁽¹⁾	239	183
Total debt	1,009	1,180
Shareholders' equity	1,267	1,106
	2,515	2,469

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

Principal debt consists of the following:

	September 30, 2022	December 31, 2021
Amount drawn on credit facilities	368	460
2025 senior secured notes (principal)	301	380
2026 unsecured notes (principal)	340	340
	1,009	1,180

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

15. CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

	1 year or less	1-5 years	5 years and thereafter	Total
Crude oil transportation	32	91	10	133
Crude oil storage	10	41	33	84
Capital commitments	16	—	—	16
Total contractual obligations	58	132	43	233

Crude oil transportation commitments

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

Crude oil storage commitment

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

Capital commitments

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

Contingencies

During the normal course of business, SECURE is involved in legal proceedings, with several unresolved claims currently outstanding. The legal process of these claims has not advanced sufficiently to the point where it is practicable to assess the timing and financial effect of these claims, if any. SECURE does not anticipate that the financial position, results of operations or operations of the Corporation will be materially affected by the resolution of these legal proceedings.

Transaction update

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, which, was amended post-closing of the Transaction to seek the divestiture of unspecified assets. A hearing of the Section 92 Application was held in the second quarter of 2022. SECURE believes the resolution of such proceedings will not be material to the Corporation's financial results.

16. SEGMENT REPORTING

The Corporation reports results in the following two reportable segments:

- **Midstream Infrastructure** includes a network of owned and operated midstream processing and storage facilities, and crude oil and water pipelines located throughout key resource plays in western Canada, North Dakota and Oklahoma. SECURE's midstream infrastructure operations generate cash flows from oil production processing and disposal, produced water disposal, and crude oil storage, logistics, and marketing.

- **Environmental and Fluid Management** includes a network of owned, operated and marketed industrial landfills, hazardous and non-hazardous waste management and disposal facilities, onsite abandonment, environmental solutions for site remediation and reclamation, bio-remediation, waste treatment and recycling, emergency response, rail services, metal recycling services, as well as fluid management for drilling, completion and production activities.

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.

Accounting policies used for segment reporting are consistent with the accounting policies used for the preparation of the Corporation's Annual consolidated financial statements.

The following tables present the financial performance by reportable segment and includes a measure of segment profit or loss regularly reviewed by management for the three and nine months ended September 30, 2022, and 2021.

Three months ended September 30, 2022	Midstream Infrastructure	Environmental and Fluid Management	Corporate	Total
Revenue excluding oil purchase and resale service	181	238	—	419
Oil purchase and resale service	1,730	—	—	1,730
Total revenue	1,911	238	—	2,149
Cost of sales excluding items listed separately below	(1,794)	(170)	—	(1,964)
Segment profit margin	117	68	—	185
G&A expenses excluding items listed separately below	(9)	(8)	(13)	(30)
Depreciation, depletion and amortization ⁽¹⁾	(33)	(16)	(3)	(52)
Share-based compensation ⁽¹⁾	—	—	(4)	(4)
Interest, accretion and finance costs	(1)	(4)	(19)	(24)
Transaction and related costs	—	—	(4)	(4)
Other income (expense)	14	—	(3)	11
Income (loss) before tax	88	40	(46)	82

Nine Months Ended September 30, 2022	Midstream Infrastructure	Environmental and Fluid Management	Corporate	Total
Revenue excluding oil purchase and resale service	503	630	—	1,133
Oil purchase and resale service	4,844	—	—	4,844
Total revenue	5,347	630	—	5,977
Cost of sales excluding items listed separately below	(5,021)	(462)	—	(5,483)
Segment profit margin	326	168	—	494
G&A expenses excluding items listed separately below	(24)	(25)	(36)	(85)
Depreciation, depletion and amortization ⁽¹⁾	(75)	(49)	(5)	(129)
Share-based compensation ⁽¹⁾	—	—	(14)	(14)
Interest, accretion and finance costs	(4)	(6)	(63)	(73)
Transaction and related costs	—	—	(22)	(22)
Other income	13	4	9	26
Income (loss) before tax	236	92	(131)	197

Three months ended September 30, 2021	Midstream Infrastructure	Environmental and Fluid Management	Corporate	Total
Revenue excluding oil purchase and resale service	132	185	—	317
Oil purchase and resale service	936	—	—	936
Total revenue	1,068	185	—	1,253
Cost of sales excluding items listed separately below	(983)	(136)	—	(1,119)
Segment profit margin	85	49	—	134
G&A expenses excluding items listed separately below	(9)	(7)	(13)	(29)
Depreciation, depletion and amortization ⁽¹⁾	(55)	(25)	(3)	(83)
Share-based compensation ⁽¹⁾	—	—	(3)	(3)
Interest, accretion and finance costs	—	(2)	(22)	(24)
Transaction and related costs	—	—	(18)	(18)
Other expense	—	—	(7)	(7)
Income (loss) before tax	21	15	(66)	(30)

Nine months ended September 30, 2021	Midstream Infrastructure	Environmental and Fluid Management	Corporate	Total
Revenue excluding oil purchase and resale service	231	335	—	566
Oil purchase and resale service	1,860	—	—	1,860
Total revenue	2,091	335	—	2,426
Cost of sales excluding items listed separately below	(1,947)	(248)	—	(2,195)
Segment profit margin	144	87	—	231
G&A expenses excluding items listed separately below	(18)	(16)	(22)	(56)
Depreciation, depletion and amortization ⁽¹⁾	(96)	(42)	(6)	(144)
Share-based compensation ⁽¹⁾	—	—	(10)	(10)
Interest, accretion and finance costs	(1)	(2)	(29)	(32)
Transaction and related costs	—	—	(29)	(29)
Other expense	(2)	—	(7)	(9)
Income (loss) before tax	27	27	(103)	(49)

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

As at September 30, 2022	Midstream Infrastructure	Environmental and Fluid Management	Corporate	Total
Current assets	300	318	20	638
Property, plant and equipment	1,265	238	12	1,515
Right-of-use assets	20	38	10	68
Intangible assets	146	24	—	170
Goodwill	248	103	—	351
Total assets	2,010	721	204	2,935
Current liabilities	254	147	52	453
Total liabilities	307	249	1,112	1,668

As at December 31, 2021	Midstream Infrastructure	Environmental and Fluid Management	Corporate	Total
Current assets	215	246	5	466
Property, plant and equipment	1,329	299	18	1,646
Right-of-use assets	23	37	11	71
Intangible assets	154	26	—	180
Goodwill	248	101	—	349
Total assets	1,968	709	260	2,937
Current liabilities	209	102	22	333
Total liabilities	304	237	1,290	1,831

Geographical Financial Information

	Canada		U.S.		Total	
Three months ended September 30,	2022	2021	2022	2021	2022	2021
Revenue	2,134	1,218	15	35	2,149	1,253
Nine months ended September 30,	2022	2021	2022	2021	2022	2021
Revenue	5,940	2,330	37	96	5,977	2,426
As at September 30, 2022 and December 31, 2021	2022	2021	2022	2021	2022	2021
Total non-current assets	2,192	2,371	105	100	2,297	2,471

CORPORATE INFORMATION

DIRECTORS

Rene Amirault
Mark Bly ^{(1) (3) (4)}
Brad Munro ^{(2) (4) (5)}
Kevin Nugent ^{(1) (4)}
Susan Riddell Rose ^{(2) (4)}
Jay Thornton ^{(2) (3)}
Deanna Zumwalt ^{(1) (3)}

¹ Audit Committee

² Human Resources and Compensation Committee

³ Corporate Governance & Nominating Committee

⁴ Environment, Social & Governance Committee

⁵ Interim Chairman

STOCK EXCHANGE

Toronto Stock Exchange
Symbol: SES

AUDITORS

KPMG LLP
Calgary, Alberta

LEGAL COUNSEL

Bennett Jones LLP
Calgary, Alberta

LEAD BANKERS

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

TRANSFER AGENT AND REGISTRAR

Odyssey Trust Company
Calgary, Alberta

OFFICERS

Rene Amirault
President & Chief Executive Officer

Allen Gransch
Chief Operating Officer

Chad Magus
Chief Financial Officer

Michael Callihoo
General Counsel and Corporate Secretary

James Anderson
Senior Vice President, Fluids Management

David Engel
Senior Vice President, Landfill Solutions

Corey Higham
Senior Vice President, Midstream Operations

David Mattinson
Senior Vice President, Environmental Solutions

Mike Mikuska
Senior Vice President, Commercial & Transportation