

Condensed Consolidated Financial Statements

For the three months ended
March 31, 2021



**SECURE
ENERGY**

SECURE ENERGY SERVICES INC.
Consolidated Statements of Financial Position

(\$000's) (unaudited)	Notes	As at	
		March 31, 2021	December 31, 2020
Assets			
Current assets			
Cash		17,461	6,781
Accounts receivable and accrued receivables		154,250	143,887
Inventories		50,447	48,190
Prepaid expenses and other current assets		9,996	8,839
		232,154	207,697
Property, plant and equipment	4	1,125,503	1,155,763
Right-of-use assets		29,754	31,999
Intangible assets		17,179	17,993
Goodwill		11,127	11,127
Total Assets		1,415,717	1,424,579
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		156,570	143,874
Asset retirement obligations		2,261	3,294
Lease liabilities		8,435	10,235
		167,266	157,403
Long-term borrowings	5	392,909	399,069
Asset retirement obligations		97,075	104,656
Lease and other liabilities		23,554	25,071
Deferred tax liabilities		24,816	24,877
Total Liabilities		705,620	711,076
Shareholders' Equity			
Issued capital	6	1,047,950	1,038,400
Share-based compensation reserve		42,332	50,541
Foreign currency translation reserve		22,138	23,933
Non-controlling interest		28,680	29,801
Deficit		(431,003)	(429,172)
Total Shareholders' Equity		710,097	713,503
Total Liabilities and Shareholders' Equity		1,415,717	1,424,579

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

SECURE ENERGY SERVICES INC.
Consolidated Statements of Comprehensive Loss

<i>(\$000's except per share and share data) (unaudited)</i>	Notes	For the three months ended	
		March 31,	2020
		2021	2020
Revenue	11	661,212	605,577
Cost of sales	8	637,387	591,012
Gross margin		23,825	14,565
General and administrative expenses	8	16,957	23,754
Transaction costs and restructuring	3, 8	3,142	9,373
Operating income (loss)		3,726	(18,562)
Interest, accretion and finance costs		4,650	9,090
Loss before tax		(924)	(27,652)
Current tax expense		275	529
Deferred tax recovery		(54)	(5,771)
Net loss		(1,145)	(22,410)
Net loss attributable to:			
Shareholders of SECURE		(630)	(21,952)
Non-controlling interest		(515)	(458)
Other comprehensive loss			
Foreign currency translation adjustment		(2,124)	15,688
Total comprehensive loss		(3,269)	(6,722)
Total comprehensive loss attributable to:			
Shareholders of SECURE		(2,425)	(6,829)
Non-controlling interest		(844)	107
Basic and diluted loss per common share	6	(0.01)	(0.14)
Weighted average shares outstanding - basic and diluted	6	159,540,722	158,513,800

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

SECURE ENERGY SERVICES INC.

Consolidated Statements of Changes in Shareholders' Equity

<i>(\$000's) (unaudited)</i>	Note	Issued capital	Share-based compensation reserve	Foreign currency translation reserve	Non-controlling interest	Deficit	Total Shareholders' Equity
Balance at January 1, 2021		1,038,400	50,541	23,933	29,801	(429,172)	713,503
Net loss		-	-	-	(515)	(630)	(1,145)
Dividends declared	6	-	-	-	(277)	(1,201)	(1,478)
Foreign currency translation adjustment		-	-	(1,795)	(329)	-	(2,124)
Exercise of share units	6	9,550	(9,550)	-	-	-	-
Share-based compensation		-	1,341	-	-	-	1,341
Balance at March 31, 2021		1,047,950	42,332	22,138	28,680	(431,003)	710,097
Balance at January 1, 2020		1,017,990	61,586	26,734	32,954	(326,620)	812,644
Net loss		-	-	-	(458)	(21,952)	(22,410)
Dividends declared		-	-	-	(413)	(10,606)	(11,019)
Foreign currency translation adjustment		-	-	15,123	565	-	15,688
Exercise of share units		20,072	(20,072)	-	-	-	-
Share-based compensation		-	4,497	-	-	-	4,497
Shares cancelled under normal course issuer bid ("NCIB")		(1,531)	-	-	-	-	(1,531)
Balance at March 31, 2020		1,036,531	46,011	41,857	32,648	(359,178)	797,869

The accompanying notes are an integral part of these consolidated financial statement

SECURE ENERGY SERVICES INC.
Consolidated Statements of Cash Flows

(\$000's) (unaudited)	Notes	For the three months ended	
		March 31,	
		2021	2020
Cash flows (used in) from operating activities			
Net loss		(1,145)	(22,410)
Adjustments for non-cash items:			
Depreciation, depletion and amortization	8	29,716	39,668
Interest, accretion and finance costs		4,650	9,090
Current and deferred tax expense (recovery)		221	(5,242)
Other non-cash expense (recovery)		228	(4,476)
Impairment of non-current assets	8	-	15,723
Share-based compensation	8	2,380	2,333
Interest paid		(4,172)	(5,330)
Income taxes (paid) recovered		(900)	4
Asset retirement costs incurred		(1,260)	(103)
Funds flow from operations		29,718	29,257
Change in non-cash working capital		(5,133)	16,593
Net cash flows from operating activities		24,585	45,850
Cash flows (used in) from investing activities			
Purchase of property, plant and equipment		(6,427)	(41,360)
Proceeds from dispositions		619	142
Partnership distributions to non-controlling interest		(277)	(413)
Change in non-cash working capital		2,923	14,868
Net cash flows used in investing activities		(3,162)	(26,763)
Cash flows (used in) from financing activities			
Repurchase and cancellation of shares under NCIB	6	-	(1,531)
Repayment on credit facilities		(6,357)	(2,550)
Lease liability principal payments		(3,420)	(4,415)
Dividends declared		(1,201)	(10,606)
Change in non-cash working capital		11	-
Net cash flows used in financing activities		(10,967)	(19,102)
Effect of foreign exchange on cash		224	329
Increase in cash		10,680	314
Cash, beginning of period		6,781	8,854
Cash, end of period		17,461	9,168

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

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

Nature of Business

SECURE Energy Services Inc. (“SECURE” or “the Corporation”) is incorporated under the Business Corporations Act of Alberta. The Corporation’s common shares are traded on the Toronto Stock Exchange (“TSX”) under the symbol “SES”.

SECURE provides industry leading customer solutions to upstream oil and natural gas companies operating in western Canada and certain regions in the United States (“U.S.”) through its network of midstream processing and storage facilities, crude oil and water pipelines, and crude by rail terminals located throughout key resource plays in western Canada, North Dakota and Oklahoma. SECURE’s core midstream infrastructure operations generate cash flows from oil production processing and disposal, produced water disposal, and crude oil storage, logistics, and marketing. SECURE also provides comprehensive environmental and fluid management for landfill disposal, onsite abandonment, remediation and reclamation, drilling, completion and production operations for oil and gas producers in western Canada.

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 the areas in which the Corporation operates, the second quarter has generally been the slowest quarter as a result of spring break-up. Historically, the Corporation’s first, third and fourth quarters represent higher activity levels and operations. 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 March 31, 2021. The condensed consolidated financial statements do not include all of the information required for full annual statements and should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2020.

These 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 financial instruments and share-based compensation transactions that have been measured at fair value. All values are rounded to the nearest thousand dollars (\$000’s), except where otherwise indicated. The accounting policies described in Note 2 have been applied consistently to all periods presented in these consolidated financial statements. Effective April 1, 2020, the Corporation adjusted prior year comparative and first quarter of 2020 figures to present pipeline tariff fees charged as a recovery of cost of sales rather than revenue. As a result, revenue for the three months ended March 31, 2020, decreased by \$5.5 million, with an offsetting decrease to cost of sales.

These consolidated financial statements were approved by SECURE’s Board of Directors on April 27, 2021.

2. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

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, 2020. Unless otherwise stated, these policies have been consistently applied to all periods presented.

Significant 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 or liability 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 and liabilities 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, purchase price equations, 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.

3. TERVITA TRANSACTION

On March 8, 2021, SECURE and Tervita Corporation ("Tervita") entered into an arrangement agreement (the "Arrangement Agreement") to combine in an all-share transaction (the "Transaction"). Upon completion of the Transaction, pursuant to which SECURE will acquire all of the issued and outstanding common shares of Tervita (the "Tervita Shares") on the basis of 1.2757 common shares of SECURE (the "SECURE Shares") for each outstanding Tervita Share, SECURE and Tervita shareholders will own approximately 52% and 48%, respectively, of the combined company. The combined company will operate as SECURE and remain listed on the TSX as TSX: SES.

In conjunction with the Transaction, SECURE has entered into a binding agreement with ATB Financial, National Bank of Canada, Toronto-Dominion Bank, Canadian Imperial Bank of Commerce, and Bank of Montreal, collectively acting as co-lead arrangers and joint bookrunners, to provide the combined company with committed financing by way of a \$725 million three-year credit facility available at closing of the Transaction (the "New Credit Facility"). The New Credit Facility will be utilized to replace and repay SECURE's existing first and second lien credit facilities and Tervita's first lien credit facilities.

SECURE and Tervita expect to file a joint information circular (the "Circular") with respect to the shareholder approvals that are required for the Transaction in mid-May 2021. The Transaction will require approval by holders of at least 66% of holders of the Tervita Shares represented in person or by proxy at a special meeting of Tervita Shares shareholders to be held on June 15, 2021, to consider the Transaction (the "Tervita Meeting"). The issuance of the SECURE Shares pursuant to the Transaction will require approval by holders of a simple majority of SECURE Shares represented in person or by proxy at a special meeting of SECURE shareholders to be held on June 15, 2021, to consider the issuance of SECURE Shares pursuant to the Transaction (the "SECURE Meeting").

The Arrangement Agreement provides for mutual non-completion fees of \$20 million in the event that the Transaction is not completed or is terminated by either party in certain circumstances. The Transaction is also subject to approval by the Alberta Court of Queen's Bench and the TSX, receipt of requisite approvals under the *Competition Act* (Canada), and other customary closing conditions being met, as well as the entering into of the New Credit Facility by SECURE and its syndicate of lenders.

SECURE ENERGY SERVICES INC.
Notes to the Condensed Consolidated Financial Statements (unaudited)
For the three months ended March 31, 2021 and 2020

4. PROPERTY, PLANT AND EQUIPMENT

(\$000's)	
Balance at December 31, 2020	1,155,763
Additions	6,760
Change in asset retirement cost	(7,435)
Disposals	(3,231)
Depreciation and depletion	(24,786)
Foreign exchange effect	(1,568)
Balance at March 31, 2021	1,125,503

5. LONG-TERM BORROWINGS

(\$000's)	Mar 31, 2021	Dec 31, 2020
Amount drawn on first lien credit facility	263,105	269,463
Amount drawn on second lien credit facility	130,000	130,000
Unamortized transaction costs	(196)	(394)
Total long-term borrowings	392,909	399,069
Credit facilities	805,000	805,000
Amount drawn on first and second lien credit facilities	(393,105)	(399,463)
Letters of credit	(37,400)	(39,993)
Available amount ⁽¹⁾	374,495	365,544

⁽¹⁾ Subject to covenant restrictions discussed below.

SECURE's credit facilities at March 31, 2021, consist of a \$600 million first lien credit facility ("First Lien Facility") with a syndicate of ten financial institutions and Chartered banks (with a maturity date of June 30, 2023), a \$130 million second lien credit facility ("Second Lien Facility") with a syndicate of three financial institutions and Canadian Chartered banks (with a maturity date of July 31, 2022), and a \$75 million bilateral Letter of Credit Facility ("LC Facility") with a syndicate of two financial institutions and Chartered banks (collectively, the "Credit Facilities").

Amounts borrowed under the First Lien Facility bear interest at the Corporation's option of either the Canadian prime rate plus 0.45% to 2.00% per annum or the banker acceptance or LIBOR rate plus 1.45% to 3.00% per annum, depending, in each case, on the ratio of senior funded debt to EBITDA. Interest on the Second Lien Facility has been fixed at 5.5% per annum through the use of interest rate swaps. The Credit Facilities are subject to customary terms, conditions and covenants, including the following financial covenants:

- the Senior Debt to EBITDA ratio is not to exceed 3.5 to 1.0;
- the Total Debt to EBITDA ratio is not to exceed 5.0 to 1.0; and
- the EBITDA to Financing Charges coverage ratio is not less than 2.5 to 1.0.

Senior Debt is defined in the lending agreement to include amounts drawn under the First Lien Facility and finance leases entered into by the Corporation as defined by IAS 17, less cash balances in excess of \$5 million. Total Debt includes Senior Debt plus amounts drawn under the Corporation's Second Lien Facility. Should the Corporation issue any unsecured notes in the future, Total Debt would also include the principal amount of the notes.

EBITDA is defined in the lending agreement as trailing twelve months earnings before interest, taxes, depreciation, depletion and amortization, and is adjusted for non-recurring losses, any non-cash impairment charges and any other non-cash charges, and acquisitions on a pro-forma basis. Financing Charges are defined to include interest expense on Total Debt.

SECURE ENERGY SERVICES INC.
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5. LONG-TERM BORROWINGS (continued)

The Corporation also covenants the following:

- the aggregate principal amount of unsecured notes, if any, will not exceed \$500 million; and
- the aggregate principal amount of any unsecured notes, principal amount outstanding under the First Lien Facility and the principal amount outstanding under second lien credit facility will not exceed \$1 billion.

At March 31, 2021, and December 31, 2020, the Corporation was in compliance with all financial covenants contained in the lending agreements. The following table outlines the Corporation's covenant ratios as at March 31, 2021, and December 31, 2020.

	Mar 31, 2021	Dec 31, 2020	Covenant
Senior debt to EBITDA	2.1	2.2	3.5
Total debt to EBITDA	3.1	3.2	5.0
Interest coverage	6.5	6.4	2.5

6. SHAREHOLDERS' EQUITY

	Number of Shares	Amount (\$000's)
Balance at December 31, 2020	158,700,373	1,038,400
Restricted Share Units ("RSUs") and Performance Share Units ("PSUs") exercised	1,437,268	9,550
Balance at March 31, 2021	160,137,641	1,047,950

The Corporation declared dividends to holders of common shares for the three months ended March 31, 2021, of \$1.2 million (three months ended March 31, 2020: \$10.6 million).

On March 15, 2021, the Corporation declared a dividend in the amount of \$0.0075 (0.75 cents) per common share. Subsequent to March 31, 2021, the Corporation paid out this dividend to holders of common shares on record on April 1, 2021.

In May 2020, SECURE renewed the previous NCIB which ended on May 27, 2020. Under the renewed NCIB, SECURE may purchase for cancellation up to a maximum of 10,796,069 common shares of the Corporation from May 28, 2020, to May 27, 2021, 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. No shares were repurchased under the NCIB during the three months ended March 31, 2021 (three months ended March 31, 2020: 336,500 shares for a total cost of \$1.5 million).

Basic and Diluted Earnings Per Share

For the three months ended March 31, 2021, the basic and diluted weighted average number of shares used in the basic and diluted income per share computations was 159,540,722 shares (for the three months ended March 31, 2020: 158,513,800 shares). The effect of all options, RSUs and PSUs for the three months ended March 31, 2021, has been excluded as they are considered to be anti-dilutive.

SECURE ENERGY SERVICES INC.
Notes to the Condensed Consolidated Financial Statements (unaudited)
For the three months ended March 31, 2021 and 2020

7. 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 (collectively, “Incentive Units”) 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, 2020.

Incentive Units and DSUs

The following table summarizes the units outstanding:

	RSUs	PSUs	DSUs
Balance at December 31, 2020	2,295,514	2,501,349	699,191
Granted	523,264	1,546,513	-
Reinvested dividends	5,979	6,491	1,831
Redeemed for common shares	(1,090,030)	(347,238)	-
Forfeited	(25,753)	(28,409)	-
Balance at March 31, 2021	1,708,974	3,678,706	701,022

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

Options

The balance of share options outstanding at March 31, 2021 and December 31, 2020, is 63,333 with a weighted average exercise price of \$10.80. All options are exercisable at March 31, 2021.

8. EXPENSES

The below table summarizes the disaggregation of cost of sales and general and administrative expenses for the three months ended March 31, 2021 and 2020:

(\$000's)		General and Administrative Expense	Total
For the three months ended March 31, 2021	Cost of Sales		
Employee compensation and benefits	16,428	6,333	22,761
Share-based compensation	407	1,973	2,380
Depreciation, depletion and amortization	27,395	2,321	29,716
Oil purchase/resale services expense	529,077	-	529,077
Other ⁽¹⁾	64,080	6,330	70,410
Total	637,387	16,957	654,344

(\$000's)		General and Administrative Expense	Total
For the three months ended March 31, 2020	Cost of Sales		
Employee compensation and benefits	31,701	15,071	46,772
Share-based compensation	870	1,463	2,333
Depreciation, depletion and amortization	51,314	4,077	55,391
Oil purchase/resale services expense	433,554	-	433,554
Other ⁽¹⁾	73,573	3,143	76,716
Total	591,012	23,754	614,766

⁽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.

SECURE ENERGY SERVICES INC.
Notes to the Condensed Consolidated Financial Statements (unaudited)
For the three months ended March 31, 2021 and 2020

8. EXPENSES (continued)

Transaction costs and restructuring

During the three months ended March 31, 2021, the Corporation recorded \$3.1 million of costs related to the Transaction.

During the three months ended March 31, 2020, the Corporation recorded \$9.4 million of restructuring costs, primarily associated with severance and related costs as a result of measures taken to reduce the Corporation's fixed cost structure to align with industry activity declines resulting from the COVID-19 pandemic and decreased oil demand.

9. CAPITAL MANAGEMENT

(\$000's)	Mar 31, 2021	Dec 31, 2020
Current assets	232,154	207,697
Current liabilities	(167,266)	(157,403)
Amount drawn on credit facilities	393,105	399,463
Shareholders' equity	710,097	713,503
	1,168,090	1,163,260

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 growth, payment of dividends and stable cash flow so as to sustain the business for the long-term. Management considers the Corporation's current assets less current liabilities, total amounts drawn on debt facilities and shareholders' equity as the components of capital to be managed.

The Corporation's overall capital management strategy remains unchanged from prior periods. Management controls its capital structure through detailed financial and operating budgets and forecasts, as well as established policies and processes over monitoring planned capital and operating expenditures. The forecasts are regularly updated based on various factors that could influence activity levels and cash flows, including, among other things, changes in commodity prices, and drilling, completion and production expectations. Forecast results, including cash flows, working capital and debt levels are subject to material changes as a result of ongoing uncertainty with respect to commodity prices and price forecasts, along with the effect of the COVID-19 pandemic on global crude oil demand.

Management will closely monitor changes in the external environment and will continue to adjust the Corporation's operating strategy in a timely manner, maintaining stringent cost controls, monitoring capital spend and initiating further cost reduction initiatives if necessary, in order to strengthen cash flow and continue the Corporation's stable operation.

SECURE ENERGY SERVICES INC.
Notes to the Condensed Consolidated Financial Statements (unaudited)
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10. CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

(\$000's)	1 year or less	1-5 years	5 years and thereafter	Total
Crude oil transportation	34,807	120,140	27,032	181,979
Crude oil storage	10,365	41,460	48,371	100,196
Capital commitments	1,026	-	-	1,026
Total contractual obligations	46,198	161,600	75,403	283,201

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.

Capital commitments

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

11. SEGMENT REPORTING

The Corporation reports results in the following two reportable segments:

- **Midstream Infrastructure** includes a network of midstream infrastructure assets that includes oil and water pipelines, midstream processing facilities, oil storage terminals, and crude by rail terminals throughout western Canada, North Dakota and Oklahoma. The Midstream Infrastructure segment services include clean oil terminalling and storage, rail transloading, pipeline transportation, crude oil marketing, custom treating of crude oil, produced and waste water disposal, oilfield waste processing, and oil purchase/resale service.
- **Environmental and Fluid Management** includes a network of landfill disposal facilities; onsite abandonment, remediation and reclamation management; a suite of comprehensive environmental management solutions provided by the Corporation to a diversified customer base; and drilling, completion and production fluid operations management for oil and gas producers in western Canada. Services offered include secure disposal of oilfield and industrial solid wastes into SECURE's owned or managed landfill network located in western Canada and North Dakota; project assessment and planning; demolition and decommissioning; and reclamation and remediation.

These reportable segments of the Corporation have been derived because they are the segments: (a) that engage in business activities from which revenues are earned and expenses are incurred; (b) whose operating results are regularly reviewed by the Corporation's chief operating decision maker, identified as the Corporation's Chairman, President and Chief Executive Officer, to make decisions about resources to be allocated to each segment and assess its performance; and (c) for which discrete financial information is available. The Corporation has aggregated certain operating segments into the above noted reportable segments through examination of the Corporation's performance which is based on the similarity of services and goods provided and economic characteristics exhibited by the operating segments.

SECURE ENERGY SERVICES INC.
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11. SEGMENT REPORTING (continued)

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 condensed consolidated financial statements.

The Corporation disaggregates revenue from contracts with customers by type of service or good to reflect how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

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 months ended March 31, 2021 and 2020.

(\$000's)	Midstream Infrastructure	Environmental and Fluid Management	Corporate	Total
Three months ended March 31, 2021				
Revenue from services	51,264	80,871	-	132,135
Oil purchase and resale service	529,077	-	-	529,077
Total revenue	580,341	80,871	-	661,212
Cost of sales excluding items listed separately below	(550,240)	(59,345)	-	(609,585)
Segment profit margin	30,101	21,526	-	51,627
G&A expenses excluding items listed separately below	(3,895)	(4,752)	(4,016)	(12,663)
Depreciation, depletion and amortization ⁽¹⁾	(19,734)	(8,765)	(1,217)	(29,716)
Share-based compensation ⁽¹⁾	-	-	(2,380)	(2,380)
Interest, accretion and finance costs	(198)	(59)	(4,393)	(4,650)
Transaction costs and restructuring	-	-	(3,142)	(3,142)
Income (loss) before tax	6,274	7,950	(15,148)	(924)

(\$000's)	Midstream Infrastructure	Environmental and Fluid Management	Corporate	Total
Three months ended March 31, 2020				
Revenue from services	74,627	97,395	-	172,022
Oil purchase and resale service	433,555	-	-	433,555
Total revenue	508,182	97,395	-	605,577
Cost of sales excluding items listed separately below	(464,420)	(74,408)	-	(538,828)
Segment profit margin	43,762	22,987	-	66,749
G&A expenses excluding items listed separately below	(4,575)	(7,489)	(6,150)	(18,214)
Depreciation, depletion and amortization ⁽¹⁾	(25,595)	(12,657)	(1,416)	(39,668)
Share-based compensation ⁽¹⁾	-	-	(2,333)	(2,333)
Interest, accretion and finance costs	(276)	(147)	(8,667)	(9,090)
Impairment ⁽¹⁾	-	(15,723)	-	(15,723)
Transaction costs and restructuring	(3,411)	(4,764)	(1,198)	(9,373)
Income (loss) before tax	9,905	(17,793)	(19,764)	(27,652)

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

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Notes to the Condensed Consolidated Financial Statements (unaudited)
For the three months ended March 31, 2021 and 2020

11. SEGMENT REPORTING (continued)

Assets and liabilities

(\$000's)	Midstream Infrastructure	Environmental and Fluid Management	Corporate	Total
As at March 31, 2021				
Current assets	128,013	104,141	-	232,154
Property, plant and equipment	963,694	157,693	4,116	1,125,503
Right-of-use assets	12,684	17,070	-	29,754
Intangible assets	17,069	110	-	17,179
Goodwill	-	11,127	-	11,127
Total assets	1,121,459	290,142	4,116	1,415,717
Current liabilities	121,757	45,509	-	167,266
Total liabilities	228,395	84,316	392,909	705,620

(\$000's)	Midstream Infrastructure	Environmental and Fluid Management	Corporate	Total
As at December 31, 2020				
Current assets	106,371	101,326	-	207,697
Property, plant and equipment	987,659	163,565	4,539	1,155,763
Right-of-use assets	15,188	16,811	-	31,999
Intangible assets	17,818	175	-	17,993
Goodwill	-	11,127	-	11,127
Total assets	1,127,036	293,004	4,539	1,424,579
Current liabilities	112,325	45,078	-	157,403
Total liabilities	227,270	84,738	399,068	711,076

Information about geographic areas

(\$000's)	Canada		U.S.		Total	
Three months ended March 31,	2021	2020	2021	2020	2021	2020
Revenue	591,579	566,966	69,633	38,611	661,212	605,577
As at March 31, 2021 and December 31, 2020	2021	2020	2021	2020	2021	2020
Total non-current assets	1,020,412	1,047,390	163,151	169,492	1,183,563	1,216,882

12. SUBSEQUENT EVENTS

On April 11, 2019, the Corporation acquired a 27% interest in a crude oil storage business which owns a crude oil storage facility located in Cushing, Oklahoma. SECURE had an option to purchase the remaining 73% interest in the business within two years of the acquisition. The call option provided SECURE with control due to substantive potential voting rights and as such, SECURE applied the acquisition method of accounting for business combinations and consolidated the statements of financial position and comprehensive income of the acquired business for the periods subsequent to the acquisition date.

On April 11, 2021, the option to acquire the remaining 73% interest in the business expired without being exercised. As a result of the call option expiry, SECURE has lost control of this subsidiary for accounting purposes as the Corporation no longer has substantive potential voting rights.

In accordance with International Financial Reporting Standard 10 *Consolidated Financial Statements*, subsequent to quarter end, SECURE has derecognized the assets, liabilities and non-controlling interest of the former subsidiary from the consolidated statement of financial position, recognized the investment retained in the former subsidiary at its fair value as at April 11, 2021, and recognized a gain associated with the loss of control attributable to the former controlling interest. This will be reflected in the Corporation's June 30, 2021, condensed consolidated financial statements.

CORPORATE INFORMATION

DIRECTORS

Rene Amirault – Chairman

Marion Burnyeat ^{(1) (4)}

Brad Munro ^{(1) (2) (5)}

Kevin Nugent ^{(1) (2)}

Shaun Paterson ^{(3) (4)}

Daniel Steinke ⁽⁴⁾

Richard Wise ^{(2) (3)}

Deanna Zumwalt ^{(1) (3)}

¹ Audit Committee

² Compensation Committee

³ Corporate Governance and Nominating
Committee

⁴ Health, Safety, Sustainability & Environment
Committee

⁵ Lead Director

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

TRANSFER AGENT AND REGISTRAR

Odyssey Trust Company

Calgary, Alberta

OFFICERS

Rene Amirault

President & Chief Executive Officer

Michael Callihoo

*Corporate Secretary and VP Commercial
Operations/Legal*

David Engel

Executive Vice President, New Ventures

Allen Gransch

Chief Operating Officer, Midstream

Corey Higham

Executive Vice President, Operations

Chad Magus

Executive Vice President & Chief Financial Officer

David Mattinson

*Executive Vice President, Environmental
Solutions*

Mike Mikuska

*Executive Vice President, Commercial &
Transportation*