

ClearStream Announces First Quarter 2021 Financial Results

New project awards and contract renewals total \$176 million during the first four months of 2021

Calgary, Alberta (May 6, 2021) – ClearStream Energy Services Inc. (“ClearStream” or the “Company”) (TSX: CSM) today announced its results for the three months ended March 31, 2021. All amounts are in Canadian dollars and expressed in thousands of dollars unless otherwise noted.

“EBITDAS” and “Adjusted EBITDAS” are not standard measures under IFRS. Please refer to the Advisory regarding Non-Standard Measures at the end of this press release for a description of these items and limitations of their use.

“We delivered a solid first quarter in 2021 as the recovery that commenced in the second half of 2020 extended into the first quarter of 2021. We continued to see our business stabilize as revenues in the first quarter were similar to the fourth quarter of 2020. However, gross profit margins improved compared to the first quarter of 2020 due to aggressive cost management to right size the organization and adapt to market demand,” said Yves Paletta, Chief Executive Officer.

“While our customers remain cautious, the continued improvement in oil and natural gas prices during the first quarter of 2021 and the rollout of vaccinations provide for a more optimistic outlook for our sector. We have seen an increase in bidding activity due to our service offerings aligning with current market needs, resulting in a strong win rate as evidenced by the \$176 million of new awards and contract renewals secured during the first four months of 2021. We believe that activity levels will continue to recover in the second half of 2021,” added Mr. Paletta.

HIGHLIGHTS

- Revenues for the three months ended March 31, 2021 were \$82.2 million, representing a decrease of \$44.6 million or 35.2% from Q1 2020 and a decrease of \$2.3 million or 2.7% from Q4 2020.
- Gross profit margin for the three months ended March 31, 2021 was 9.8%, as compared to 7.2% in Q1 2020 and 9.9% in Q4 2020.
- Adjusted EBITDAS for the three months ended March 31, 2021 was \$2.2 million, representing a decrease of \$0.5 million or 16% from Q1 2020 and an increase of \$0.5 million or 340% from Q4 2020.
- Selling, general and administrative expenses for the three months ended March 31, 2021 were \$6.0 million, representing a decrease of \$0.5 million or 8.8% from Q1 2020 and a decrease of \$1.9 million or 24% from Q4 2020.
- Liquidity remained strong with total cash and available credit facilities of \$66.2 million at March 31, 2021, down from \$71.7 million at December 31, 2020 due to a reduction in the maximum borrowing base under the asset-based lending facility effective March 23, 2021.
- New project awards and contract renewals were \$135 million for the three months ended March 31, 2021 and approximately \$41 million for the month of April 2021. Approximately 60% of that work will be completed in 2021 with the balance scheduled for 2022-2025.

Maintenance and Construction Services

Activity levels for maintenance and construction services in the first quarter were similar to the fourth quarter of 2020, as public health measures to limit the spread of the virus remained in place. Revenues from maintenance and construction services in Q1 2021 were 4.6% lower than Q4 2020 and 35.8% lower than Q1 2020, which was largely unaffected by the pandemic.

With the continuing recovery in world oil prices combined with on-going strength in North American natural gas prices, bidding activity for new work accelerated towards the end of 2020 and has continued to be very active in 2021. We remain focused on consolidating various scopes of work with existing customers by adding additional services to enable more efficient execution and lower costs for our customers on each work site.

During the first quarter, we established a joint venture with Christina River Enterprises, the business entity of the Fort McMurray #468 First Nation, to provide heavy equipment operators in North Eastern Alberta. This joint venture will leverage the experience and strengths of both parties for mutual benefit and growth, and further position us as a leading service provider of heavy equipment operators.

Wear Technology Overlay Services

In 2020, activity levels for wear technology overlay services remained well below historical levels as customers scaled back their production output and spending on consumables in response to weak oil prices. We saw a modest increase in activity in Q1 2021 with revenues up 13.2% from Q4 2020. With the recovery in world oil prices, we are seeing customers increase their production outlook for 2021, which should result in an increase in demand for wear technology overlay services.

Environmental Services

We are actively pursuing opportunities with our customers to secure funding under the federal and provincial programs for the closure and reclamation of oil and gas wells, pipelines and facilities in British Columbia, Alberta and Saskatchewan. We expect the pace at which funding under these programs is released to accelerate in 2021. In addition, we are seeing oil and gas companies increase their own expenditures for reclamation and remediation activities.

To accelerate our turnkey asset retirement solution and better support our customers, on February 1, 2021, ClearStream re-branded its environmental services offering as Flint Environmental Services. The combination of our environmental specialists and project managers together with Flint's personnel operating through its extensive network of facilities in Western Canada, has added value to our integrated full-service offering, as evidenced by the corresponding increase in activity levels in Q1 2021 with revenues up more than 50% from Q4 2020.

FIRST QUARTER 2021 FINANCIAL RESULTS

(\$ millions, except per share amounts)	Three months ended March 31,		
	2021	2020	% Change
Revenue			
Maintenance and Construction Services	74.0	115.3	(35.8)%
Wear Technology Overlay Services	8.6	11.8	(27.2)%
Total	82.2	126.8	(35.2)%
Gross Profit			
Maintenance and Construction Services	5.9	6.7	(12.1)%
Wear Technology Overlay Services	2.2	2.4	(11.8)%
Total	8.0	9.1	(12.0)%
% of revenue	9.8 %	7.2 %	35.7 %
Selling, general and administrative expenses	6.0	6.5	(8.8)%
% of revenue	7.3 %	5.2 %	40.7 %
Adjusted EBITDAS			
Maintenance and Construction Services.	5.8	6.6	(11.3)%
Wear Technology Overlay Services	2.1	2.4	(14.0)%
Corporate	(5.7)	(6.3)	(10.4)%
Total	2.2	2.7	(16.0)%
% of revenue	2.7 %	2.1 %	29.6 %
Loss from continuing operations	(7.6)	(9.3)	(18.4)%
Net loss per share from continuing operations (basic and diluted)	(0.07)	(0.08)	(18.4)%

Note: (1) "Adjusted EBITDAS" is not a standard measure under IFRS. Please refer to the Advisory regarding Non-Standard Measures at the end of this press release for a description of this measure and limitations of its use.

2021 SUMMARY RESULTS COMMENTARY

Revenue for the three months ended March 31, 2021 was \$82,204 compared to \$126,799 for the same period in 2020, a decrease of 35.2%. The decrease in 2021, in comparison to 2020, was driven by the macro-economic uncertainties and the economic impacts of the COVID-19 pandemic which started in mid-March 2020 extending through Q1 2021. However, we have seen a stabilization of our business with revenue for the three months ended March 31, 2021 relatively consistent with the three months ended December 31, 2020 of \$84,530. Revenues within the Wear segment and the Environmental division of the Maintenance and Construction segment have increased over Q4 2020.

Gross profit for the three months ended March 31, 2021 was \$8,045 compared to \$9,146 for the same period in 2020, a decrease of 12.0%. Gross profit margin for the three months ended March 31, 2021 was 9.8% compared to 7.2% for the same period in 2020 and is holding consistent with the three months ended December 31, 2020 at 9.9%. As it became clear that the COVID-19 outbreak and other market conditions were going to have longer term impacts on our activity levels and margins across the whole business, we took immediate steps to adjust our cost structures. This included closing ClearStream Wear's locations in Nisku and Edmonton and consolidating all operations into the Sherwood Park location during the third quarter of 2020. These mitigation measures have improved operational flexibility and reduced the fixed costs associated with ClearStream's operations as shown by the increase in gross profit margin for the three months ended March 31, 2021 in comparison to the three months ended March 31, 2020.

Selling, general and administrative ("SG&A") expenses for the three months ended March 31, 2021 were \$5,969, in comparison to \$6,542 for the same period in 2020, a decrease of 8.8%. As a percentage of revenue, SG&A expenses for the three months ended March 31, 2021 were 7.3% compared to 5.2% in the same period in 2020. The increase in SG&A expenses as a percentage of revenue was due to the decline in revenue resulting from macro-economic uncertainty and the economic impact of the COVID-19 pandemic. In response to reduced operational volumes, we right sized our SG&A cost structures compared to the prior year as shown by the decrease in total SG&A expenses in the first quarter of 2021 compared to the same period in 2020.

For the three months ended March 31, 2021, Adjusted EBITDAS was \$2,229 compared to \$2,653 in 2020. As a percentage of revenue, Adjusted EBITDAS was 2.7% for the three months ended March 31, 2021 compared to 2.1% for the same period in 2020. Adjusted EBITDAS as a percentage of revenue increased due to gross profit margin increases in both the Maintenance and Construction Services segment and the Wear Technology Overlay Services segment.

Income from government subsidies includes the Canada Emergency Wage Subsidy ("CEWS") and the Canada Emergency Rent Subsidy ("CERS") received from the Government of Canada to assist with the payment of employee wages and rent as a result of the impact of the COVID-19 pandemic. During the three months ended March 31, 2021, the Company qualified for both CEWS and CERS and recorded total subsidies of \$6,755 in the Consolidated Interim Statements of Loss and Comprehensive Loss.

Loss from continuing operations for the three months ended March 31, 2021 was \$7,569 compared to a loss of \$9,272 for the same period in 2020. The income variance was driven by the government subsidies received in 2021 and the recovery of the share-based compensation and other long-term incentive plans in 2020, offset by the impairment of right-of-use assets in 2021 and the goodwill impairment loss in 2020.

LIQUIDITY AND CAPITAL RESOURCES

On March 23, 2021, ClearStream and the lead lender under its asset-based lending facility entered into an amended and restated credit agreement that extended the maturity date of the revolving facility to March 31, 2022, reduced the maximum borrowings available under the revolving facility to \$15 million and effected certain

other amendments. Due to ClearStream's current cash position, it was able to reduce the maximum borrowings available under the revolving facility.

The Company anticipates that its liquidity (cash on hand and available credit facilities) and cash flow from operations will be sufficient to meet its short-term contractual obligations, maintain compliance with its financial covenants, and maintain a positive cash position through March 31, 2022.

As at March 31, 2021 and December 31, 2020, issued and outstanding share capital included 109,992,668 common shares, 127,735 Series 1 preferred shares, and 40,111 Series 2 preferred shares. The Series 1 preferred shares (having an aggregate value of \$127.735 million) are convertible at the option of the holder into common shares at a price of \$0.35/share and the Series 2 preferred shares (having an aggregate value of \$40.111 million) are convertible into common shares at a price of \$0.10/share.

OUTLOOK

The third wave of the COVID-19 pandemic (including variants) continues to impact both local and global economies. The public health measures to limit the spread of the virus, including business restrictions, travel restrictions, border closures, quarantines and social distancing, will remain in place for the near-term to both slow down the spread and to allow for the global distribution of vaccines to get ahead of this new wave. As the rate of vaccinations increases, we expect that governments will reduce those measures and further re-open their economies, which should increase demand for oil and gas products worldwide.

With the current level in world oil prices, we expect that our customers who are involved in the energy sector will realize higher cash flows, and increase their spending to address maintenance projects and asset retirement obligations that have been deferred in the last few years. We expect that activity levels will recover even further in the second half of 2021 as customers prioritize asset management and integrity services to increase operational reliability.

With energy transition and environmental considerations becoming increasingly important for all stakeholders in the energy sector, our customers will focus on improving their operational processes for greater efficiencies and reliability.

To better support our customers, ClearStream has continued to add new service offerings that encompass the full asset lifecycle and is now offering a suite of more than 40 services. Through the extensive regional coverage provided by our 15 operating facilities, we believe that ClearStream is well-positioned to consolidate further multiple services required at various operating sites while generating efficiencies and cost reductions for its customers.

ClearStream's business model continues to prove its resilience as we are working closely with our customers every day in helping them to effectively manage their operations.

Additional Information

Our unaudited condensed interim consolidated financial statements for three months ended March 31, 2021 and the related Management's Discussion and Analysis of the operating and financial results can be accessed on our website at www.clearstreamenergy.ca and will be available shortly through SEDAR at www.sedar.com.

About ClearStream Energy Services Inc.

With a legacy of excellence and experience stretching back more than 50 years, ClearStream provides solutions for the Energy and Industrial markets including: Oil & Gas, Petrochemical, Mining, Power, Agriculture, Forestry, Infrastructure and Water Treatment. With offices strategically located across Canada and a dedicated workforce,

we provide maintenance, construction and environmental services that keep our clients moving forward. For more information about ClearStream, please visit www.clearstreamenergy.ca or contact:

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ypaletta@clearstreamenergy.ca**Advisory regarding Forward-Looking Information**

Certain information included in this MD&A may constitute “forward-looking information” within the meaning of Canadian securities laws. In some cases, forward-looking information can be identified by terminology such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “predict”, “potential”, “continue” or the negative of these terms or other similar expressions concerning matters that are not historical facts. This press release contains forward-looking information relating to: our business plans, strategies and objectives; the effects of the COVID-19 pandemic on global commerce and oil prices; that customers will remain cautious regarding their spending plans; that activity levels will recover in the second half of 2021; contract renewals and project awards, including the estimated value thereof and the timing of completing the associated work; that the demand for wear technology overlay services will increase as customers increase production levels; that the pace at which funding under federal and provincial programs for the closure and reclamation of oil and gas wells, pipelines and facilities is released will accelerate in 2021; that the consolidation of our wear technology overlay facilities has improved our production flexibility and reduced our fixed costs; the sufficiency of our liquidity and cash flow from operations to meet our short-term contractual obligations and maintain compliance with our financial covenants through March 31, 2022; that the COVID-19 pandemic will continue to impact both the local and global economy; the duration of public health measures; that governments will start to re-open their economies as the rate of vaccinations increases; that our customers who are involved in the energy industry will begin to increase their spending and address maintenance projects that have been deferred as they realize higher cash flows from the recovery in world oil prices; that activity levels will recover in the second half of 2021 as customers prioritize asset management and integrity services to increase operational reliability; that our customers will focus on improving their operational processes; and that we are well-positioned to consolidate further multiple services while generating efficiencies and cost reductions for our customers.

Forward-looking information involves significant risks and uncertainties. A number of factors could cause actual events or results to differ materially from the events and results discussed in the forward-looking information including, but not limited to, the success of our response to the COVID-19 global pandemic, risks related to the integration of acquired businesses, conditions of capital markets, economic conditions, commodity prices, dependence on key personnel, interest rates, regulatory change, ability to meet working capital requirements and capital expenditure needs, factors relating to the weather and availability of labour. These factors should not be considered exhaustive. Risks and uncertainties about ClearStream’s business are more fully discussed in ClearStream’s disclosure materials, including its annual information form and management’s discussion and analysis of the operating and financial results, filed with the securities regulatory authorities in Canada and available at www.sedar.com. In formulating the forward-looking information, management has assumed that business and economic conditions affecting ClearStream will continue substantially in the ordinary course, including, without limitation, with respect to general levels of economic activity, regulations, taxes and interest rates. Although the forward-looking information is based on what management of ClearStream consider to be reasonable assumptions based on information currently available to it, there can be no assurance that actual events or results will be consistent with this forward-looking information, and management’s assumptions may prove to be incorrect.

This forward-looking information is made as of the date of this press release, and ClearStream does not assume any obligation to update or revise it to reflect new events or circumstances except as required by law. Undue reliance should not be placed on forward-looking information. Forward-looking information is provided for the purpose of providing information about management’s current expectations and plans relating to the future. Readers are cautioned that such information may not be appropriate for other purposes.

Advisory regarding Non-Standard Measures

The terms “EBITDAS” and “Adjusted EBITDAS” (collectively, the “Non-standard measures”) are financial measures used in this press release that are not standard measures under IFRS. ClearStream’s method of calculating Non-Standard Measures may differ from the methods used by other issuers. Therefore, ClearStream’s Non-Standard Measures, as presented may not be comparable to similar measures presented by other issuers.

EBITDAS refers to net earnings determined in accordance with IFRS, before depreciation and amortization, interest expense, income tax expense (recovery), share-based compensation, and other long-term incentive plans. EBITDAS is used by management and the directors of ClearStream as well as many investors to determine the ability of an issuer to generate cash from operations. Management also uses EBITDAS to monitor the performance of ClearStream’s reportable segments and believes that in addition to net income or loss and cash provided by operating activities, EBITDAS is a useful supplemental measure from which to determine ClearStream’s ability to generate cash available for debt service, working capital, capital expenditures and income taxes. ClearStream has provided a

reconciliation of income (loss) from continuing operations to EBITDAS in its management's discussion and analysis of the operating and financial results for the three months ended March 31, 2021.

Adjusted EBITDAS refers to EBITDAS excluding the gain on sale of assets held for sale, impairment of goodwill and intangible assets, restructuring costs, gain on sale of property, plant and equipment, recovery of contingent consideration liability, other loss, one time incurred expenses, impairment of right-of-use assets, bargain purchase gain, gain on remeasurement of right-of-use assets, and government subsidies. ClearStream has used Adjusted EBITDAS as the basis for the analysis of its past operating financial performance. Adjusted EBITDAS is used by ClearStream and management believes it is a useful supplemental measure from which to determine ClearStream's ability to generate cash available for debt service, working capital, capital expenditures, and income taxes. Adjusted EBITDAS is a measure that management believes facilitates the comparability of the results of historical periods and the analysis of its operating financial performance which may be useful to investors. ClearStream has provided a reconciliation of income (loss) from continuing operations to Adjusted EBITDAS in its management's discussion and analysis of the operating and financial results for the three months ended March 31, 2021.

Investors are cautioned that the Non-Standard Measures are not alternatives to measures under IFRS and should not, on their own, be construed as an indicator of performance or cash flows, a measure of liquidity or as a measure of actual return on the shares. These Non-Standard Measures should only be used with reference to ClearStream's consolidated interim and annual financial statements available on SEDAR at www.sedar.com or on ClearStream's website at www.clearstreamenergy.ca.