Second Quarter

Management Discussion and Analysis

As at and for the three and six months ended June 30, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") for STEP Energy Services Ltd. ("STEP" or the "Company") has been prepared by management as of August 2, 2023 and is a review of the Company's financial condition and results of operations based on International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. It should be read in conjunction with the unaudited condensed consolidated interim financial statements and notes thereto as at and for the three and six months ended June 30, 2023 (the "Quarterly Financial Statements") and the audited consolidated financial statements as at and for the year ended December 31, 2022 (the "Annual Financial Statements") and related MD&A (the "Annual MD&A"). All financial amounts and measures are expressed in Canadian dollars unless otherwise indicated. Additional information about STEP is available on the SEDAR website at www.sedar.com, including the Company's Annual Information Form for the year ended December 31, 2022 dated March 1, 2023 (the "AIF").

STEP is an energy services company that provides coiled tubing, fluid and nitrogen pumping and hydraulic fracturing solutions. Our combination of modern equipment along with our commitment to safety and quality execution has differentiated STEP in plays where wells are deeper, have longer laterals and higher pressures. STEP has a high-performance, safety-focused culture and its experienced technical office and field professionals are committed to providing innovative, reliable and cost-effective solutions to its clients.

Founded in 2011 as a specialized deep capacity coiled tubing company, STEP has grown into a North American service provider delivering completion and stimulation services to exploration and production ("E&P") companies in Canada and the U.S. Our Canadian services are focused in the Western Canadian Sedimentary Basin ("WCSB"), while in the U.S., our fracturing and coiled tubing services are focused in the Permian and Eagle Ford in Texas, the Uinta-Piceance and Niobrara-DJ basins in Colorado and the Bakken in North Dakota.

Our four core values; **Safety**, **Trust**, **Execution** and **Possibilities** inspire our team of professionals to provide differentiated levels of service, with a goal of flawless execution and an unwavering focus on safety.

TABLE OF CONTENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS 1

CONSOLIDATED HIGHLIGHTS 2

SECOND QUARTER 2023 HIGHLIGHTS 3

MARKET OUTLOOK 4

CAPITAL EXPENDITURES 5

CANADIAN FINANCIAL AND OPERATIONS REVIEW 7

UNITED STATES FINANCIAL AND OPERATIONS REVIEW 9

CORPORATE FINANCIAL REVIEW 11

CONSOLIDATED FINANCIAL REVIEW 12

LIQUIDITY AND CAPITAL RESOURCES 13

SELECTED QUARTERLY INFORMATION 17

FINANCIAL INSTRUMENTS 19

NON-IFRS MEASURES AND RATIOS 21

ACCOUNTING POLICIES AND ESTIMATES 23

RISK FACTORS AND RISK MANAGEMENT 24

FORWARD-LOOKING INFORMATION & STATEMENTS 25

CONSOLIDATED HIGHLIGHTS

FINANCIAL REVIEW

($000s except percentages and per share amounts)	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	**June 30, 2023**	June 30, 2022
Consolidated revenue	**$ 232,073**	$ 273,000	**$ 495,441**	$ 492,539
Net income	**$ 15,273**	$ 38,064	**$ 34,929**	$ 47,237
Per share-basic	**$ 0.21**	$ 0.56	**$ 0.49**	$ 0.69
Per share-diluted	**$ 0.21**	$ 0.54	**$ 0.47**	$ 0.67
Adjusted EBITDA [(1)]	**$ 47,404**	$ 55,251	**$ 92,756**	$ 92,241
Adjusted EBITDA % [(1)]	**20%**	20%	**19%**	19%
Free Cash Flow [(1)]	**34,797**	33,167	**50,148**	49,339

[(1)] Adjusted EBITDA and Free Cash Flow are non-IFRS financial measures, Adjusted EBITDA % is a non-IFRS financial ratio. These metrics are not defined and have no standardized meaning under IFRS. See Non-IFRS Measures and Ratios.

OPERATIONAL REVIEW

($000s except days, proppant, pumped, horsepower and units)	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	**June 30, 2023**	June 30, 2022
Fracturing services				
Fracturing operating days [(2)]	**394**	508	**866**	1,123
Proppant pumped (tonnes)	**594,000**	697,000	**1,104,000**	1,298,000
Active horsepower (“HP”), ended [(3)]	**380,000**	380,000	**380,000**	380,000
Total HP, ended	**490,000**	490,000	**490,000**	490,000
Coiled tubing services				
Coiled tubing operating days [(2)]	**1,139**	913	**2,402**	1,988
Active coiled tubing units, ended	**21**	16	**21**	16
Total coiled tubing units, ended	**35**	29	**35**	29

[(2)] An operating day is defined as any coiled tubing or fracturing work that is performed in a 24-hour period, exclusive of support equipment.
[(3)] Active horsepower denotes units active on client work sites. An additional 20-25% of this amount is required to accommodate equipment maintenance cycles.

($000s except shares)	**June 30 2023**	December 31, 2022
Cash and cash equivalents	**$ 5,708**	$ 2,785
Working Capital (including cash and cash equivalents) [(1)]	**$ 83,842**	$ 66,580
Total assets	**$ 618,090**	$ 682,532
Total long-term financial liabilities [(1)]	**$ 154,903**	$ 168,746
Net Debt [(1)]	**$ 115,759**	$ 142,224
Shares outstanding	**72,212,966**	71,589,626

[(1)] Working Capital, Total long-term financial liabilities and Net Debt are non-IFRS financial measures. They are not defined and have no standardized meaning under IFRS. See Non-IFRS Measures and Ratios.

SECOND QUARTER 2023 HIGHLIGHTS

- Consolidated revenue for the three months ended June 30, 2023 of $232.1 million, decreased 15% from $273.0 million as at three months ended June 30, 2022 and decreased 12% from $263.4 million as at three months ended March 31, 2023.
- Net income for the three months ended June 30, 2023 of $15.3 million ($0.21 per diluted share) compared to $38.1 million ($0.54 per diluted share) in the same period of 2022 and $19.7 million ($0.26 per diluted share) for the three months ended March 31, 2023. Included in income for three months ended June 30, 2023 was share based compensation expense of $1.4 million, compared to a recovery of $5.1 million during the three months ended March 31, 2022. Net income for the same period of 2022 included an impairment reversal of $32.7 million.
- For the three months ended June 30, 2023, Adjusted EBITDA was $47.4 million or 20% of revenue compared to $55.3 million or 20% of revenue in Q2 2022 and $45.4 million or 17% in Q1 2023.
- Free Cash Flow for the three months ended June 30, 2023 was $34.8 million compared to $33.2 million in Q2 2022 and $17.1 million in Q1 2023.
- STEP made significant progress on debt reduction during the quarter while also investing into the long-term sustainability of the business.
  - The Company had Net Debt of $115.8 million at June 30, 2023, compared to $142.2 million at December 31, 2022. STEP has reduced Net Debt by nearly $200 million from peak levels in 2018.
  - The Company invested $14.4 million into sustaining and optimization capital equipment, completing the Company's first Tier 4 dual fuel fleet conversion that was started in Q4 2022. The Company had sixteen Tier 4 dual fuel units in the field at the end of Q2, providing diesel substitution rates of up to 85%.
- STEP's Canadian fracturing division placed 5,196 metric tons in less than a 24-hour period for a leading Canadian E&P client, setting a new daily proppant pumping record for STEP.

SECOND QUARTER 2023 OVERVIEW

The second quarter of 2023 continued the trend of positive financial results since the first quarter of 2022. Revenue of $232.1 million and Adjusted EBITDA of $47.4 million were driven by solid performance across all service lines. Despite the unstable market environment and the seasonality of spring break up conditions in Canada, the adjusted EBITDA for Q2 2023 was second only to Q2 2022 for second quarter results. Effective January 1, 2023, Adjusted EBITDA reflects the expensing of fracturing fluid ends in Canada, which added $1.1 million in expense to the quarter. While EBITDA showed a modest decline year over year, it showed a slight improvement sequentially as a result of improved activity in the U.S. segment of our business.

Commodity price volatility was a factor in industry activity levels, as markets grappled with the global macroeconomic uncertainty. Slower Chinese demand and recessionary concerns in the developed world capped gains in oil prices, although a tightening fundamental supply outlook and the decision by the Organization of the Petroleum Exporting Countries ("OPEC") to reduce production kept oil prices in line on a sequential quarterly basis. West Texas Intermediate (WTI), the benchmark U.S. oil price, averaged $73.84, down 3.0% sequentially. High storage levels in North America and Europe continued to weigh on natural gas prices, pushing the benchmark Henry Hub natural gas price down 16.2% sequentially, to an average of $2.32 / mmBTU in Q2 2023 and as low as $1.74 in daily trading.

The commodity price uncertainty impacted E&P activity levels in the U.S., with the rig count declining sequentially from 760 to 719 in Q2 2023. The rig count in the Permian basin, home of STEP's three U.S. fracturing crews, is down 3.3% from closing 2022 numbers, in contrast to the broader U.S. market which has dropped 13.5%[1]. Analysis by Rystad Energy, an independent global energy research firm, has determined that E&P companies are operating approximately 60 oil directed rigs over what is required to maintain production[2], a positive indicator that producers are anticipating more robust market demand in 2024. Rig counts in Canada exhibited the usual spring break up decline, dropping to 123 rigs in Q2 2023 from 230 in Q1 2023.

STEP's fracturing service lines had a solid performance in the quarter. Despite the spring break up conditions, which were exacerbated by drought, then wildfires and floods, the Canadian fracturing service line generated $111.8 million in revenue on 310,000 tonnes of proppant pumped, the second best Q2 in the Company's history. Activity in the U.S. fracturing service line improved significantly to start the second quarter, despite lower revenue resulting from client supplied product. Coiled tubing operating days set a new quarterly record in the U.S., with good utilization on 12 operating units, while the Canadian coiled

[1] Baker Hughes North America Rotary Rig Count, July 21, 2023
[2] Rig Monitor, Rystad Energy, July 13, 2023

tubing service line was more impacted by the seasonal slowdown, resulting in a modest decline in utilization compared to the prior year.

Net income was $15.3 million in Q2 2023 ($0.21 diluted earnings per share), sequentially lower than the $19.7 million in Q1 2023 ($0.26 diluted earnings per share) and the $38.1 million in Q2 2022 ($0.54 diluted earnings per share). Net income included $2.8 million in finance costs (Q1 2023 - $2.9 million, Q2 2022 - $2.9 million) and $1.4 million in share-based compensation expense (Q1 2023 - $5.3 million recovery, Q2 2022 - $9.6 million expense). Net income for Q2 2022 included an impairment reversal of $32.7 million.

Free Cash Flow was $34.8 million in Q2 2023, sequentially higher than the $17.1 million in Q1 2023 and higher than the $33.2 million in Q2 2022. This Free Cash Flow enabled STEP to reduce Net Debt to $115.8 million at the close of Q2 2023 from $133.0 million at close of Q1 2023. This debt reduction was accomplished while investing $22.8 million into capital expenditures during Q2 2023. STEP has now reduced debt by nearly $200 million from peak levels in 2018. The reduction in debt and improvement in Adjusted EBITDA resulted in a 12-month trailing Funded Debt to Adjusted Bank EBITDA of 0.68:1.00, well under the limit of 3.00:1 in the Company's Credit Facilities (as defined in *Capital Management – Debt* below).

MARKET OUTLOOK

STEP anticipates that commodity markets will continue to remain unsettled through the third quarter before strengthening into the fourth quarter and into 2024. Near-term concerns over a potential recession have weighed on commodity prices, but steps taken to constrain supply are expected to begin a tightening cycle that will be positive for commodities.

OPEC proactively responded to concerns regarding weakened oil demand by lowering production quotas, which will be constructive for supply-demand balances. The International Energy Agency (the "IEA") reiterated in its June 2023 Oil Market Report its expectation that world crude demand will grow by 2.4 million barrels per day in 2023 to a record global demand of 102.3 million barrels per day. The IEA forecasts that total supply is expected to grow to 101.3 million barrels per day, leaving a shortfall that is expected to reverse the trend of growing oil inventories and provide support for oil prices.

U.S. natural gas prices are beginning to respond to the decline in natural gas directed drilling activity, which is expected to slow the growth in U.S. natural gas storage levels. The decline in rig count, coupled with a resumption of exports from the Freeport LNG facility and high power demand to start the U.S. summer season, is expected to be constructive for natural gas prices for the balance of the year. Pricing for natural gas liquids continues to remain strong, providing support for Canadian gas producers.

The long-term outlook for oilfield services is very constructive. The structural under-investment in hydrocarbon production capacity through the last seven years has been exacerbated by geopolitical tensions, forcing governments and policy makers to confront the realty that oil and gas will be a key part of the energy mix for many years. STEP is proud to work in Canada and the U.S., countries that have the natural resources, the regulatory frameworks, and the technical expertise to deliver safe and affordable energy to the world.

STEP's focus for the balance of 2023 and into 2024 is on generation of Free Cash Flow while continuing to invest in emission reducing technologies on our asset base, including the recently deployed Tier 4 dual fuel engines in our Canadian fracturing fleet. The strong results posted year to date support the Company's goals to reduce its balance sheet leverage and make disciplined investments that support STEP's goal of building a resilient company and creating shareholder value.

Canada

Canadian activity levels are expected to hold steady through the second half of the year. STEP had some work scheduled for the second half of 2023 deferred into 2024 due to low natural gas prices but anticipates that most producers have adjusted their work scope to the current price framework and are unlikely to materially alter their programs for the balance of the year. Recent updates from LNG Canada reinforced the timeline to begin shipping in 2025, which will start to build incremental demand for completion services into 2024.

Q3 2023 will be the first full quarter for STEP's first Tier 4 dual fuel fleet, which was completed in the second quarter. The performance of the Tier 4 dual fuel engines in the field has been exemplary relative to a Tier 2 diesel engine, with diesel substitution rates of up to 85%. These high substitution rates bring immediate cost and emission reduction benefits to STEP's clients, as well as providing higher profitability to STEP.

Pricing is expected to stay relatively stable, despite the additional fracturing capacity brought onstream by competitors in 2023. Increased efficiencies, particularly through use of STEP's industry-leading logistics division, have preserved margin performance.

United States

The U.S. fracturing market has responded to the weakness in commodity prices by deactivating fleets, particularly in natural gas-focused basins. Rystad Energy reported that active fracturing fleets declined to 265 at the close of Q2 2023, down from 293 at the end of Q1 2023. STEP deactivated its fourth fleet in mid-Q1 2023.

Fracturing utilization was slow to start the quarter, but STEP has aligned itself with operators that have full programs for the remainder of the year, which should result in consistent utilization through the remainder of 2023. Coiled tubing utilization is expected to remain steady into the second half of the year, with the exception of STEP's unique e-coil service, which is growing consistently quarter over quarter.

Pricing is only down modestly as the sector remains disciplined. Nearly 70% of the total fracturing capacity is controlled by the five largest service providers, who have chosen to deactivate capacity rather than discount heavily, which has been the pattern in previous down cycles.

Despite the near-term volatility, the U.S. is a critical market for STEP for the medium and long-term. The U.S. is the world's largest LNG exporter, with plans to double its current export capacity by 2030. A Final Investment Decision ("FID") was reached on NextDecade's Rio Grande Phase 1 LNG project in early Q3 2023, adding to the growing list of LNG capacity under construction in the U.S. FID was also reached on the Williams Louisiana Energy Gateway pipeline project, which will deliver an additional 1.8 Bcfd of Haynesville natural gas to LNG facilities when it is completed in 2024. The Permian Highway Expansion and Whistler Expansion pipelines in the Permian are expected to be completed by year end, adding an additional 1.2 Bcfd in natural gas takeaway capacity.

Demand for next generation equipment continues to remain strong, supporting STEP's plan to begin converting its Tier 4 diesel fleet to a Tier 4 dual fuel fleet, using similar technology already employed on its Tier 2 dual fuel engines. That technology has enabled STEP to displace diesel with cleaner burning natural gas, a significant cost savings for clients, while also reducing emissions. The Tier 4 dual fuel technology allows for diesel displacement of up to 85%. STEP anticipates converting 21 existing Tier 4 pumps to dual fuel, bringing its total U.S. Tier 2 and Tier 4 dual fuel pump count to 48 by year end, enough for two full fracturing fleets.

CAPITAL EXPENDITURES

($000's)	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	**June 30, 2023**	June 30, 2022
Capital program additions				
Sustaining capital	**$ 6,919**	$ 10,512	**$ 21,621**	$ 19,424
Optimization capital	**7,463**	7,870	**18,753**	10,672
Total capital program additions	**14,382**	18,382	**40,374**	30,096
Right-of-use asset additions	**8,395**	5,611	**9,051**	10,898
Total capital expenditures	**$ 22,777**	$ 23,993	**$ 49,425**	$ 40,994
Capital was incurred for:				
Canada	**$ 9,173**	$ 14,820	**$ 22,351**	$ 25,563
United States	**$ 13,604**	$ 9,173	**$ 27,074**	$ 15,431

STEP classifies capital expenditures as either optimization capital, sustaining capital or right-of-use additions. Optimization capital are capital expenditures that add revenue generating assets or increase the revenue generating profile of an asset. Sustaining capital refers to capital expenditures required to maintain ongoing business operations. Right-of-use assets primarily consist of leases associated with facilities and light duty vehicles. STEP funds its capital program from a combination of existing cash, cash provided by operating activities, available Credit Facilities and, in certain circumstances, issuance of equity.

Capital expenditures for the three months ended June 30, 2023 were $22.8 million, a decrease from $24.0 million for the three months ended June 30, 2022. STEP continues to spend optimization capital to enhance its current asset base while increased activity over the last several periods has resulted in higher sustaining capital to replace critical components.

Effective January 1, 2023, STEP's Canadian region started to record fracturing fluid ends as maintenance expense rather than sustaining capital. Fluid ends have a useful life that is based on an expected number of pumping hours, which is now being realized in a period less than 12 months as daily pumping hours and equipment utilization increases. STEP's Canadian operations recognized $1.1 million for fluid end expense in the second quarter and $3.9 million for the six months ended June 30, 2022. STEP's U.S. region has been expensing fluid ends since 2018.

STEP continually monitors its capital budget against industry conditions, striking the balance between continued deleveraging of the balance sheet and investing opportunistically where adequate returns can be generated. STEP's Board approved an additional $6.0 million in sustaining and optimization capital which will primarily be used to accelerate the upgrade of its Tier 4 dual fuel strategy in the U.S. With the additional capital, STEP expects to have 52,500 of Tier 4 direct injection dual fuel horsepower and 61,750 of Tier 2 direct injection dual fuel horsepower in the U.S., along with 42,500 dynamic gas blending ("DGB") horsepower in Canada. The increase brings the total approved capital program for 2023 to $104.9 million.

CANADIAN FINANCIAL AND OPERATIONS REVIEW

STEP has a fleet of 16 coiled tubing units in the WCSB, all of which are designed to service the deepest wells in the basin. STEP's fracturing business primarily focuses on the deeper, more technically challenging plays in Alberta and northeast British Columbia. STEP has 282,500 fracturing HP of which approximately 132,500 HP has dual-fuel capability. STEP deploys or idles coiled tubing units and fracturing horsepower as dictated by the market's ability to support targeted utilization and economic returns.

($000's except per day, days, units, proppant pumped and HP)	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	**June 30, 2023**	June 30, 2022
Revenue:				
Fracturing	**$ 111,793**	$ 140,513	**$ 251,369**	$ 259,527
Coiled tubing	**24,124**	24,596	**58,983**	52,394
	135,917	165,109	**310,352**	311,921
Expenses	**111,489**	137,634	**250,098**	262,323
Results from operating activities	**$ 24,428**	$ 27,475	**$ 60,254**	$ 49,598
Adjusted EBITDA [1]	**$ 33,390**	$ 39,710	**$ 78,166**	$ 71,578
Adjusted EBITDA % [1]	**25%**	24%	**25%**	23%
Sales mix (% of segment revenue)				
Fracturing	**82%**	85%	**81%**	83%
Coiled tubing	**18%**	15%	**19%**	17%
Fracturing services				
Number of fracturing operating days [2]	**209**	279	**521**	674
Proppant pumped (tonnes)	**310,000**	358,000	**606,000**	681,000
Stages completed	**2,537**	3,114	**6,897**	7,875
Horsepower ("HP")				
Active pumping HP, end of period [3]	**215,000**	215,000	**215,000**	215,000
Total pumping HP, end of period	**282,500**	282,500	**282,500**	282,500
Coiled tubing services				
Number of coiled tubing operating days [2]	**348**	371	**920**	932
Active coiled tubing units, end of period	**9**	8	**9**	8
Total coiled tubing units, end of period	**16**	16	**16**	16

[1] Adjusted EBITDA is a non-IFRS financial measure and Adjusted EBITDA % are non-IFRS financial ratios. They are not defined and have no standardized meaning under IFRS. See Non-IFRS Measures and Ratios.
[2] An operating day is defined as any coiled tubing or fracturing work that is performed in a 24-hour period, exclusive of support equipment.
[3] Active horsepower denotes units active on client work sites. An additional 20-25% of this amount is required to accommodate equipment maintenance cycles.

SECOND QUARTER 2023 COMPARED TO SECOND QUARTER 2022

Revenue for the three months ended June 30, 2023 was $135.9 million compared to $165.1 million for the same period of the prior year. Pricing for fracturing services was stable quarter over quarter, however this was offset by the number of operating days which decreased to 209 for Q2 of 2023 from 279 during the same period of 2022. Extreme weather conditions throughout the WCSB impacted activity levels in the current year as these conditions limited our ability to access client locations. STEP remains focused on proper client alignment which contributed to steady utilization in the coiled tubing business during the quarter however overall days decreased to 348 for Q2 2023 from 371 during the comparable period of 2022. Coiled tubing revenue benefited from warm, dry weather conditions in April which allowed for spillover work from Q1 to be completed.

Adjusted EBITDA for the second quarter of 2023 was $33.4 million (25% of revenue) versus $39.7 million (24% of revenue) in the second quarter of 2022. The year-over-year decrease in results is a direct consequence of the weather conditions that persisted during the quarter that caused delayed and cancelled work programs.

SIX MONTHS ENDED JUNE 30, 2023 COMPARED TO SIX MONTHS ENDED JUNE 30, 2022

Revenue for the six months ended June 30, 2023 was $310.4 million compared to $311.9 million for the six months ended June 30, 2022. Revenue was effectively flat compared to the prior year as decreasing activity levels have been offset by improved operating rates than the same period in 2022 despite recent pricing pressures. Fracturing operating days decreased to 521 for the first six months of 2023 from 674 during the same period of 2022. Extreme weather conditions throughout most of the operating region restricted our ability to access client locations pushing work into future periods. Coiled tubing operating days decreased slightly to 920 for the first six months of 2023 from 932 during the comparable period of 2022.

The Company's Canadian operating expenses decreased slightly with decreased activity levels however, inflationary pressures continue to be a factor during the first six months of 2023. Continued supply chain disruptions, commodity price appreciation, and strong industry activity has costs escalating across all expense categories.

Canadian operations generated Adjusted EBITDA of $78.2 million (25% of revenue) for the first six months of 2023 compared to $71.6 million (23% of revenue) in the same period of 2022. The most significant factor in the $6.6 million increase in EBITDA was continued cost management while retaining pricing improvements achieved since early 2022. The margin improvement provides the critical cash flow needed to reinvest into the business to ensure that clients receive the best equipment on their wellsites.

UNITED STATES FINANCIAL AND OPERATIONS REVIEW

STEP has a fleet of 19 coiled tubing units in the Permian and Eagle Ford basins in Texas, the Bakken shale in North Dakota, and the Uinta-Piceance and Niobrara-DJ basins in Colorado. The U.S. fracturing business has 207,500 fracturing HP, of which 80,000 HP is Tier 4 low emission diesel and 50,250 HP has direct injection dual-fuel capabilities. The U.S. fracturing business primarily operates in the Permian and Eagle Ford basins in Texas. The Company deploys or idles coiled tubing units and fracturing horsepower as dictated by the market's ability to support targeted utilization and economic returns.

($000's except per day, days, units, proppant pumped and HP)	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	**June 30, 2023**	June 30, 2022
Revenue:				
Fracturing	**$ 48,648**	$ 81,574	**$ 97,965**	$ 131,241
Coiled tubing	**47,508**	26,317	**87,124**	49,377
	96,156	107,891	**185,089**	180,618
Expenses	**90,299**	103,723	**186,355**	174,754
Results from operating activities	**$ 5,857**	$ 4,168	**$ (1,266)**	$ 5,864
Adjusted EBITDA [1]	**$ 18,332**	$ 20,324	**$ 23,148**	$ 30,144
Adjusted EBITDA % [1]	**19%**	19%	**13%**	17%
Sales mix (% of segment revenue)				
Fracturing	**51%**	76%	**53%**	73%
Coiled tubing	**49%**	24%	**47%**	27%
Fracturing services				
Number of fracturing operating days[2]	**185**	229	**345**	449
Proppant pumped (tonnes)	**284,000**	339,000	**498,000**	617,000
Stages completed	**1,438**	1,435	**2,439**	2,557
Horsepower ("HP")				
Active pumping HP, end of period [3]	**165,000**	165,000	**165,000**	165,000
Total pumping HP, end of period	**207,500**	207,500	**207,500**	207,500
Coiled tubing services				
Number of coiled tubing operating days [2]	**791**	542	**1,482**	1,056
Active coiled tubing units, end of period	**12**	8	**12**	8
Total coiled tubing units, end of period	**19**	13	**19**	13

[1] Adjusted EBITDA is a non-IFRS financial measure and Adjusted EBITDA % is non-IFRS financial ratios. They are not defined and have no standardized meaning under IFRS. See Non-IFRS Measures and Ratios.

[2] An operating day is defined as any coiled tubing or fracturing work that is performed in a 24-hour period, exclusive of support equipment.

[3] Active horsepower denotes units active on client work sites. An additional 15-20% of this amount is required to accommodate equipment maintenance cycles.

SECOND QUARTER 2023 COMPARED TO SECOND QUARTER 2022

Revenue for the three months ended June 30, 2023 was $96.2 million compared to $107.9 million at June 30, 2022. The transition to client-supplied product for fracturing services was the main contributor to the revenue decline compared to the prior year however, this was predominately offset by the increase in active coiled tubing units and resultant increase in operating days for these services. The additional coiled tubing units acquired last year enabled STEP to deploy more fleets to key basins and benefit from the strong oilfield activity levels.

U.S. fracturing had a good second quarter after being impacted by shifting client schedules during the first quarter of 2023, however, instability in the U.S. market resulted in a decline in operating days compared to the prior year. STEP continues to focus on establishing partnerships with key clients to fully deploy its fleet of dual-fuel fracturing pumps. The recent transition to dedicated clients with larger scale programs should provide operating stability in the back half of 2023.

U.S. operations generated Adjusted EBITDA of $18.3 million (19% of revenue) for second quarter 2023 versus $20.3 million (19% of revenue) in the second quarter of 2022. Despite the increase in stages completed, overall fracturing operating days declined in the quarter contributing to the slight drop in EBITDA.

SIX MONTHS ENDED JUNE 30, 2023 COMPARED TO SIX MONTHS ENDED JUNE 30, 2022

Revenue for the six months ended June 30, 2023 was $185.1 million compared to $180.6 million for the six months ended June 30, 2022. U.S. operations realized a significant increase in utilization for the coiled tubing service line reflecting the acquisition completed in the third quarter of 2022. Operating days across the Company's U.S. fracturing operations decreased to 345 in the first six months of 2023 from 449 days during the same period of 2022 due to shifting client schedules related to drilling delays to start the year. Adjusted EBITDA was $23.1 million (13% of revenue) for the six months ended June 30, 2023, compared to an Adjusted EBITDA of $30.1 million (17% of revenue) for the six months ended June 30, 2022.

The year over year increase in operating expenses reflects the increased maintenance costs from the U.S operations' intensive preventative maintenance program completed on idle equipment during the first quarter which was partially offset by a shift to more client supplied product during the period. Inflationary pressures and supply chain constraints showed signs of easing towards the end of Q2 2023, but costs are higher on a year over year basis across most expense categories.

CORPORATE FINANCIAL REVIEW

The Company's corporate activities are separated from Canadian and U.S. operations. Corporate operating expenses include expenses related to asset reliability and optimization teams, as well as general and administrative costs which include costs associated with the executive team, the Board of Directors, public company costs and other activities that benefit Canadian and U.S. operating segments collectively.

($000's)	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	**June 30, 2023**	June 30, 2022
Expenses:				
Operating expenses	**$ 463**	$ 795	**$ 948**	$ 1,366
Selling, general and administrative	**4,863**	11,828	**3,397**	20,550
Results from operating activities	**$ (5,326)**	$ (12,623)	**$ (4,345)**	$ (21,916)
Add:				
Depreciation	**194**	148	**415**	286
Share-based compensation expense (recovery)	**814**	7,692	**(4,628)**	12,149
Adjusted EBITDA [1]	**$ (4,318)**	$ (4,783)	**$ (8,558)**	$ (9,481)
Adjusted EBITDA % [1]	**(2%)**	(2%)	**(2%)**	(2%)

[1] Adjusted EBITDA is a non-IFRS financial measure and Adjusted EBITDA % is a non-IFRS financial ratio. They are not defined and have no standardized meaning under IFRS. See Non-IFRS Measures and Ratios.

SECOND QUARTER 2023 COMPARED TO SECOND QUARTER 2022

For the three months ended June 30, 2023, expenses from corporate activities were $5.3 million compared to expenses of $12.6 million for the same period in 2022 due to the mark to market adjustment on cash settled share-based compensation in the current period. This expense was $7.3 million lower in Q2 2023 relative to Q2 2022, as the Company's share price decreased by $0.10 from March 31, 2023 to June 30, 2023 compared to a share price increase of $1.88 during the same period of the prior year. Adjusted EBITDA of $(4.3) million for the three months ended June 30, 2023 remained aligned with Adjusted EBITDA of $(4.8) million for the same period in 2022.

SIX MONTHS ENDED JUNE 30, 2023 COMPARED TO SIX MONTHS ENDED JUNE 30, 2022

For the six months ended June 30, 2023 expenses from corporate activities were $4.3 million compared to $21.9 million for the same period in 2022. Cash settled share-based compensation expense was lower in the first six months of 2023 as the share price decreased $2.07 from December 31, 2022 to June 30, 2023 compared to a share price increase of $3.07 during the same period of the prior year, resulting in lower expenses from the mark to market adjustment in the current period. Adjusted EBITDA of $(8.6) million for the six months ended June 30, 2023 was relatively consistent with Adjusted EBITDA of $(9.5) million for the same period of the prior year. Adjusted EBITDA saw a slight improvement for the six months ended June 30, 2023 compared to the prior due to lower employee related costs.

CONSOLIDATED FINANCIAL REVIEW

($000's except per share amounts)	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Revenue	$ 232,073	$ 273,000	$ 495,441	$ 492,539
Operating expenses	196,120	234,789	425,075	424,852
Gross profit	35,953	38,211	70,366	67,687
Selling, general and administrative	10,994	19,191	15,723	34,141
Results from operating activities	24,959	19,020	54,643	33,546
Finance costs	2,807	2,904	5,707	6,221
Foreign exchange loss (gain)	588	(231)	758	(51)
Unrealized loss on derivatives	1,442	-	2,494	-
Gain on disposal of property and equipment	(374)	(832)	(647)	(1,650)
Amortization of intangible assets	10	12	20	126
Impairment reversal	-	(32,708)	-	(32,708)
Income before income tax	20,486	49,875	46,311	61,608
Income tax expense	5,213	11,811	11,382	14,371
Net income	15,273	38,064	34,929	47,237
Other comprehensive (loss) income	(4,742)	4,980	(5,982)	3,136
Total comprehensive income	$ 10,531	$ 43,044	$ 28,947	$ 50,373
Income per share – basic	$ 0.21	$ 0.56	$ 0.49	$ 0.69
Income per share – diluted	$ 0.21	$ 0.54	$ 0.47	$ 0.67
Adjusted EBITDA [1]	$ 47,404	$ 55,251	$ 92,756	$ 92,241
Adjusted EBITDA % [1]	20%	20%	19%	19%

[1] Adjusted EBITDA is a non-IFRS financial measure and Adjusted EBITDA % is a non-IFRS financial ratio. They are not defined and have no standardized meaning under IFRS. See Non-IFRS Measures and Ratios.

OTHER ITEMS

Depreciation and amortization

For the three and six months ended June 30, 2023, depreciation and amortization expense decreased to $21.1 million and $41.9 million respectively, from $26.7 million and $43.8 million in the same periods of 2022. The Company recorded accelerated depreciation expense in Q2 2022 following the determination that the useful life of certain assets had been diminished due to changes in technology and operating conditions, resulting in higher depreciation in Q2 2022 than in Q2 2023 despite a slightly larger asset base in 2023.

Finance costs

Finance costs were $2.8 million and $5.7 million for the three and six months ended June 30, 2023 compared to $2.9 million and $6.2 million for the three and six months ended June 30, 2022. The effective borrowing rate for loans and borrowings was 6.75% and 6.64% for the three and six months ended June 30, 2023 respectively, compared to 4.27% and 4.78% for the same periods in 2022. Finance costs decreased in comparison to the same periods in 2022 due to comparatively lower levels of outstanding debt in Q2 2023 as compared to Q2 2022 however, this was mostly offset by the increased rates.

Foreign exchange gains and losses

STEP recorded $0.6 million and $0.8 million in foreign exchange losses for the three and six months ended June 30, 2023 compared to $0.2 million and $0.1 million of gains in the corresponding periods of 2022. Foreign exchange gains and losses arise from the translation of assets or liabilities that are held in U.S. dollars by Canadian operations, including the revolving secured overnight financing rate ("SOFR") loan denominated in USD.

Unrealized gains and losses on derivatives

STEP recorded an unrealized loss on derivatives of $1.4 million and $2.5 million for the three and six months ended June 30, 2023, respectively, compared to nil amounts in the corresponding periods of 2022. Unrealized gains and losses on derivatives arise from the revaluation of the fair value of any outstanding derivative contracts as at period end. The unrealized loss recorded during the three and six months ended June 30, 2023 relates to the fair value of the cross-currency swap ("CCS") derivatives and the fair value of contract embedded derivatives. The unrealized loss on CCS derivatives will reverse against the SOFR unrealized foreign exchange gain upon settlement and the cash impact from these two transactions, collectively, will be immaterial. The unrealized loss on contract embedded derivatives will be realized over the term of the contract as the underlying contract services are rendered.

Gains or losses on disposal of property and equipment

The Company recorded gains on disposal of property and equipment of $0.4 million and $0.6 for the three and six months ended June 30, 2023, respectively, compared to gains of $0.8 million and $1.7 million in the same periods of 2022. Gains and losses relate primarily to the disposal of light duty vehicles upon expiry of lease terms and from disposal of non-core assets that were acquired through bulk acquisitions of fracturing assets in prior years.

Share-based compensation

For the three and six months ended June 30, 2023, STEP recorded share-based compensation expense of $1.4 million and a recovery of $3.7 million, respectively, compared to a $9.6 million and $15.1 million expense in the same periods of 2022. The decrease is primarily due to the decrease in fair value of cash settled instruments due to the decrease in share price from $5.33 per share December 31, 2022 and $3.36 per share March 31, 2023, to $3.26 per share June 30, 2023.

Income taxes

STEP recorded a total income tax expense of $5.2 million and $11.4 for the three and six months ended June 30, 2023. This compares to a total income tax expense of $11.8 million and $14.4 million for the comparable periods of 2022. The decrease in income tax was a result of a decrease in income for Q2 2023 compared to the same period in 2022.

LIQUIDITY AND CAPITAL RESOURCES

($000's)	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	**June 30, 2023**	June 30, 2022
Net cash provided by (used in)				
Operating activities	**$ 35,304**	$ 34,060	**$ 81,140**	$ 17,217
Investing activities	**(16,055)**	(10,661)	**(51,025)**	(19,402)
Financing activities	**(14,745)**	(27,937)	**(27,270)**	628
Impact of foreign exchange on cash	**(33)**	79	**78**	37
Increase (decrease) in cash and cash equivalents	**$ 4,471**	$ (4,459)	**$ 2,923**	$ (1,520)
Opening cash balance	**1,237**	6,637	**2,785**	3,698
Ending cash balance	**$ 5,708**	$ 2,178	**$ 5,708**	$ 2,178

NET CASH PROVIDED BY OPERATING ACTIVITIES

Net cash provided by operating activities totaled $35.3 million and $81.1 million for the three and six months ended June 30, 2023, compared to $34.1 million and $17.2 million provided in the comparable periods of 2022. Net cash provided by operating activities increased for the three and six months ended June 30, 2023 compared to the same periods in 2022, primarily due to stronger operating results and changes in non-cash working capital.

NET CASH USED IN INVESTING ACTIVITIES

Net cash used in investing activities totaled $16.1 million and $51.0 million for the three and six months ended June 30, 2023, compared to $10.7 million and $19.4 million used for the three and six months ended June 30, 2022. The increase was due to increased capital spending as improvements in activity drove higher sustaining capital spending and a positive long-term outlook supported capital investment in optimization projects.

NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES

Net cash used in financing activities totaled $14.7 million and $27.3 million for the three and six months ended June 30, 2023. Net cash used in financing activities totalled $28.0 million for three months ended June 30, 2022 and net cash provided by financing activities totalled $0.6 million for six months ended June 30, 2022. Financing activities primarily relate to the draws (repayments) of loans and borrowings and the repayment of obligations under finance leases. For the three and six months ended June 30, 2023 there were net repayments of loans and borrowings of $12.5 million and $23.1 million respectively, compared to net repayment of loans and borrowings of $25.6 million and draws of $5.0 million for the comparable periods of 2022.

WORKING CAPITAL AND CASH REQUIREMENTS

As at June 30, 2023, STEP had positive Working Capital of $83.8 million, compared to $66.6 million as at December 31, 2022. Trade and other receivables decreased from $199.0 million at December 31, 2022 to $136.3 million at June 30, 2023, primarily due to an increase in collection rate in the second quarter of 2023. Trade and other payables decreased to $86.6 million at Q2 2023 from $165.9 million as at Q4 2022, due to the timing of payments to vendors, as payments were more concentrated in Q2 2023 than in Q4 2022. At June 30, 2023, the Company's Working Capital and available Credit Facilities exceed the level required to manage timing differences between cash collections and cash payments. Availability of the Credit Facilities is dependent on compliance with certain covenants. As at June 30, 2023, the Company was in compliance with all terms of its Credit Facilities. Based on currently available information, the Company anticipates maintaining compliance with the covenants during the next twelve months and having sufficient liquidity during the next year and beyond, to support its ongoing operations.

CONTRACTUAL OBLIGATIONS, COMMITMENTS, AND PROVISIONS

($000s)	2023	2024	2025	2026	2027	Thereafter	**Total**
Trade and other payables	$ 86,600	$ -	$ -	$ -	$ -	$ -	**$ 86,600**
Operating commitments [5,6]	549	992	931	883	838	-	**4,193**
Short-term and low value lease obligations [6]	144	71	-	-	-	-	**215**
Lease obligations [6,7]	4,940	8,780	5,584	3,624	2,215	8,304	**33,447**
Loans and borrowings [8]	4,049	8,054	125,630	-	-	-	**137,733**
Capital expenditure commitments [9]	26,140	5,574	-	-	-	-	**31,714**
Total commitments	$ 122,422	$ 23,471	$ 132,145	$ 4,507	$ 3,053	$ 8,304	**$ 293,902**

[5] The Company leases certain office and operating facilities that contain an operating expense commitment. The lease terms range from one to five years with an option to renew upon expiry.
[6] Includes U.S. obligations at the June 30, 2023 exchange rate of 1 USD = 1.324 CAD.
[7] Balance includes interest portion of lease obligations.
[8] Loans and borrowing balances are based on the credit facility in place at June 30, 2023. Included are the estimated interest and principal repayments, based on current amounts outstanding and current interest rates at June 30, 2023. Both are variable in nature.
[9] A capital expenditure commitment is defined as a purchase agreement between the Company and the supplier as it relates to the Company's capital program.

CAPITAL MANAGEMENT

($000s)	**June 30, 2023**	December 31, 2022
Shareholders' equity	**$ 337,664**	$ 306,033
Lease obligations	**26,993**	22,186
Loans and borrowings	**118,784**	140,794
Total capital	**$ 483,441**	$ 469,013

The Company's objectives when managing its capital structure are to maintain a balance between debt and equity to withstand industry and seasonal volatility, maintain investor, creditor, and market confidence and to sustain future development of the business. The Company considers the items included in shareholders' equity, loans and borrowings and leases as capital. Debt includes the current and long-term portions of bank indebtedness and obligations under leases.

Equity

As at August 2, 2023 there were 72,212,966 common shares in the capital of STEP ("Common Shares") issued and outstanding.

Debt

As at June 30, 2023, the Company's credit facilities with a syndicate of lenders were comprised of a Canadian $215.0 million revolving loan facility, a Canadian $15.0 million operating facility and a U.S. $15.0 million operating facility (the "Credit Facilities"). The Credit Facilities included a general security agreement, providing a security interest over all present and after acquired personal property of the Company and all its subsidiaries including mortgages on certain properties. The maturity date of the credit facilities July 12, 2025. As amended July 12, 2022, the Credit Facilities include certain financial and non-financial covenants, including:

1. An Interest Coverage Ratio. This refers to the ratio of Adjusted Bank EBITDA to interest expense for the preceding twelve months. Interest expense includes interest charges, capitalized interest, interest on lease obligations, fees payable in respect of letters of credit and letters of guarantee, and discounts incurred and fees payable in respect of bankers' acceptance and LIBOR advances. Interest on lease obligations for current and future leases, which would have been accounted for as an operating lease on December 31, 2018 is not included in interest expense for purposes of calculating financial covenants. The Company is required to have an interest coverage ratio of greater than 3.00:1.00. At June 30, 2023 the Company had an interest coverage ratio of 21:09:1.00.

2. A Funded Debt to Adjusted Bank EBITDA ratio. This refers to total outstanding interest-bearing debt including lease obligations and letters of credit less cash and cash equivalents held with approved financial institutions to Adjusted Bank EBITDA. Adjusted Bank EBITDA means the Net Income (Loss) on a consolidated basis plus or minus: interest expense, the provision for income taxes, depreciation, amortization, deferred income tax expense or recovery, gains or losses on the sale of assets, allowance for doubtful account provisions, non-cash impairment charges, unrealized foreign exchange gains or losses and marking to market hedging instruments, discretionary management bonuses, severance and share based compensation, and any non-typical and non-recurring transactions. Lease expense for current and future finance leases, which would have been accounted for as an operating lease at December 31, 2018, is deducted from net income (loss) when calculating Adjusted Bank EBITDA. The ratio is calculated quarterly on the last day of each fiscal quarter on a four-quarter rolling basis. The Company is required to have Funded Debt to Adjusted Bank EBITDA ratio of not more than 3.00:1.00. At June 30, 2023, the Company had a Funded Debt to Adjusted Bank EBITDA ratio of 0.68:1.00.

The Company complied with all financial and non-financial covenants under its Credit Facilities as at June 30, 2023.

Interest is payable monthly, at the lead syndicate bank's prime lending rate plus 75 basis points to 200 basis points depending on certain financial ratios of the Company. The effective borrowing rate for loans and borrowings for the three and six months ended June 30, 2023 was 6.75% and 6.64% (June 30, 2022 – 4.27% and 4.78%). The total amount of Credit Facilities outstanding on June 30, 2023 was as follows:

As at	June 30, 2023	December 31, 2022
Revolving loan facility	$ 99,471	$ 123,896
Canadian and U.S. operating lines	21,494	19,602
Deferred financing costs	(2,181)	(2,704)
Total loans and borrowings	$ 118,784	$ 140,794

The following table displays the movements in loans and borrowings during the six months ended June 30, 2023:

		(000's)
Balance at January 1, 2023	$	140,794
Repayment of loans and borrowings		(23,066)
Accretion of deferred financing costs		523
Effect of exchange rate changes		533
Balance at June 30, 2023	$	**118,784**

The Company has entered into CCS derivatives to manage foreign exchange exposure on U.S. denominated debt, fixing the exchange rate on the principal repayments and interest payments. On June 20, 2023, the Company entered into a 30-day CCS of (CAD)$85 million for (USD)$63.8 million. The derivative contract was revalued to its fair value of a $0.5 million liability on June 30, 2023. The Company estimates that through the CCS derivative contracts interest costs were reduced by $0.1 million during the six-month period.

LITIGATION

Periodically, the Company may become involved in, named as a party to, or be the subject of various legal proceedings which are usually related to normal operational or labor issues. The results of such legal proceedings or related matters cannot be determined with certainty. The Company's assessment of the likely outcome of such matters is based on input from internal examination of the facts of the case and advice from external legal advisors, which is based on their judgment of a number of factors including the applicable legal framework and precedents, relevant financial and operational information, and other evidence and facts specific to the matter as known at the time of the assessment. The Company makes appropriate provisions based on such assessments.

SELECTED QUARTERLY INFORMATION

STEP's quarterly financial performance is affected by a number of factors including the seasonality [10] of the business in Canada, assets deployed, asset utilization, pricing, changes in STEP's clients' capital programs, foreign exchange rates, product costs, and other significant events impacting operations. See the *Risk Factors and Risk Management* section below.

Quarterly Results Summary								
($000's, except per share amounts)	**Q2 2023**	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Revenue								
Canadian Operations	**135,917**	174,435	114,826	141,091	165,109	146,812	91,458	83,546
United States Operations	**96,156**	88,933	136,568	103,994	107,891	72,727	67,258	49,689
	232,073	263,368	251,394	245,085	273,000	219,539	158,716	133,235
Net income (loss) attributable to shareholders	**15,273**	19,656	16,692	30,852	38,064	9,173	(6,212)	(3,388)
Adjusted EBITDA [1]								
Canadian Operations	**33,390**	44,776	23,561	40,895	39,710	31,868	13,591	17,307
United States Operations	**18,332**	4,816	28,627	20,814	20,324	9,820	8,012	4,220
Corporate	**(4,318)**	(4,240)	(3,572)	(3,659)	(4,783)	(4,698)	(4,263)	(3,539)
	47,404	45,352	48,616	58,050	55,251	36,990	17,340	17,988
Capital expenditures [11]								
Canadian Operations	**9,173**	13,178	23,059	11,113	14,820	10,743	6,886	4,216
United States Operations[12]	**13,604**	13,470	13,626	33,490	9,173	6,258	10,404	5,293
	22,777	26,648	36,685	44,603	23,993	17,001	17,290	9,509
Per Common Share								
Net income (loss) – basic	**0.21**	0.27	0.24	0.45	0.56	0.14	(0.08)	(0.05)
Net income (loss) – diluted	**0.21**	0.26	0.23	0.43	0.54	0.13	(0.08)	(0.05)
Adjusted EBITDA [1] – basic	**0.66**	0.63	0.70	0.84	0.81	0.54	0.25	0.26
Adjusted EBITDA [1] – diluted	**0.64**	0.60	0.67	0.80	0.78	0.53	0.25	0.26
Canada								
Exit active fracturing spreads	**5**	5	5	5	5	5	4	4
Exit active HP (000's)	**215**	215	215	215	215	215	200	200
Total HP (000's)	**283**	283	283	283	283	283	283	283
Exit active coiled tubing units	**9**	9	8	8	8	8	7	7
Total coiled tubing units	**16**	16	16	16	16	16	16	16
United States								
Exit active fracturing spreads	**3**	3	3	3	3	3	3	3
Exit active HP (000's)	**165**	165	165	165	165	165	165	165
Total HP (000's)	**208**	208	208	208	208	208	208	208
Exit active coiled tubing units	**12**	12	11	11	8	8	8	8
Total coiled tubing units	**19**	19	19	17	13	13	13	13

[1] Adjusted EBITDA is a non-IFRS financial measure and Adjusted EBITDA % is a non-IFRS financial ratio. They are not defined and have no standardized meaning under IFRS. See Non-IFRS Measures and Ratios.

[3] Active horsepower denotes units active on client work sites. An additional 20-25% of this amount is required to accommodate equipment maintenance cycles

[10] STEP's business is seasonal with the periods of greatest activity in Canada being in the second, third and fourth quarters. The U.S. is generally not affected by seasonality.

[11] Capital expenditures include amounts added in respect of finance right-of-use assets.

[12] On September 1, 2022 the Company acquired the coiled tubing assets as part of the transaction with ProPetro Holding Corp. The Company acquired the coiled tubing assets, inventory and prepaids for total consideration of $3.64 million in cash and $16.85 million in shares.

SECOND QUARTER – 2023

The second quarter of 2023 continued the trend of positive financial results since the first quarter of 2022. STEP's Canadian fracturing and coiled tubing operations were impacted by the seasonal spring break up slowdown, which was exacerbated by the extreme weather events that brought drought, fire and floods. STEP's U.S. operations were significantly improved over the first quarter as coiled tubing continued its trend of sequential quarterly increases while the U.S. fracturing service line was able to secure a solid book of work during the quarter. Profitability decreased slightly as a result of the traditional slow down during the second quarter in Canada but increased in the U.S. due to the improved activity in both service lines.

FIRST QUARTER – 2023

STEP's Canadian operations had a robust Q1 2023 in both fracturing and coiled tubing, leading to its best quarterly revenue performance while STEP's U.S. operations saw mixed results in the first quarter. STEP's U.S. coiled tubing continued its trend of sequential quarterly increases while STEP's U.S. fracturing service line was negatively impacted by shifting client schedules related to drilling delays and commodity price pressures. Profitability increased in Canada as a result of increased work scope and the strong pricing environment but decreased in the U.S. due to the completion of a more robust preventative maintenance program to position the assets for the balance of the year.

FOURTH QUARTER – 2022

Q4 2022 showed the benefit of geographic diversity as activity slowed down in Canada but remained strong in the U.S. Activity decreased in Canada for both service lines as many E&P companies completed their capital programs in mid to late Q4 while activity remained strong in the U.S. for both service lines as market fundamentals supported nearly full deployment of staffed units. Profitability increased in the U.S. as a result of the strong pricing environment and additional STEP supplied product but decreased in Canada due to margin pressures in response to the decrease in work scope.

THIRD QUARTER – 2022

Q3 2022 saw commodity prices decline from Q2 in response to increased global economic uncertainty. Activity remained strong across all geographic areas and service lines despite this decline in commodity prices. Declines in activity were predominately driven from required maintenance programs rather than a decline in demand for services. This strong demand resulted in further price increases during the period allowing STEP to continue to sustain margins in the current high inflationary environment. These factors contributed to a third consecutive quarter of improving profitability.

SECOND QUARTER – 2022

Q2 2022 saw strong demand from clients in all regions as strong commodity prices provided incentive for E&P companies to expand their production. The increased demand provided a more constructive pricing environment, leading to better returns for STEP in Canada and the U.S., and, at that time, delivering the Company's best quarterly revenue and adjusted EBITDA results. The strengthening outlook resulted in a $32.7 million reversal of the general impairment taken in Q1 2020.

FIRST QUARTER – 2022

Q1 2022 saw the continuation of rising commodity prices, exacerbated by the Russian invasion of Ukraine. The higher prices increased demand from clients in all regions. These conditions resulted in a continuation of the sequential improvement in both the Canadian and the U.S. operations. The improved activity and rates resulted in positive income for the second time since Q3 2018 and, at that time, the best first quarter revenue in STEP's history.

FOURTH QUARTER – 2021

Q4 2021 saw commodity prices rise to multi-year highs, further increasing activity from clients in all regions. The Company continued to see meaningful increases in the contributions to the consolidated results from its U.S. operations as the tightening market resulted in increased utilization and rates. The Company did not recognize any benefits from the CEWS program in Q4.

THIRD QUARTER – 2021

Q3 2021 saw commodity prices continue to rise, leading to increased activity from clients, particularly in the U.S. operations resulting in meaningful increases in the contributions to the consolidated results. The Company recognized $1.1 million in benefits from the CEWS program.

FINANCIAL INSTRUMENTS

Financial instruments included in the Company's consolidated balance sheets are cash and cash equivalents, trade and other receivables, trade and other payables and loans and borrowings.

FAIR VALUES

Cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings are initially recognized at fair value and subsequently measured at amortized cost. The carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables approximate their fair value due to the relatively short periods to maturity of the instruments. Loans and borrowings utilize floating rates and therefore fair market value approximates carrying value. The Company classifies its financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy.

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - Inputs that are not based on observable market data.

The following is a summary of the Company's derivative contracts outstanding:

	June 30, 2023		December 31, 2022	
	Asset	Liabilities	Asset	Liabilities
Foreign cross currency swaps	$ -	$ 502	$ -	$ 1,511
Contract embedded derivatives	-	3,505	-	-

The Company entered into foreign CCS derivative contracts to manage risk associated with foreign exchange movements on its estimated future net cash inflows denominated in U.S. dollars. These risk management derivatives are a component of the Company's overall risk management program and are captured under other liabilities on the statement of financial position. These CCS derivatives are measured at fair value using the Level 2 input of foreign exchange forward pricing.

The Company entered into a three-year service agreement that resulted in the recognition of embedded derivatives (contract embedded derivatives) which have been classified as Level 3 within the fair value hierarchy. The contract embedded derivatives are accounted for at fair value with unrealized gains and losses recognized in net income. The fair value is measured using the contracted future service price at the reporting date compared to the Company's base service price for similar portfolios of work.

The significant unobservable inputs that impact the fair value of the Level 3 derivative instruments are contracted service prices based on forward WTI pricing and the Company's base service price. Forward WTI prices are obtained from the Chicago Mercantile Exchange Group ("CME") long-term price forecast. The Company's base service price is calculated using average customer data such as contract revenues, scope of work and contract structure.

There were no transfers between levels in the fair value hierarchy in either the second quarter of 2023 or 2022.

CREDIT RISK

Credit risk is the risk that a counterparty to a financial asset will not discharge its obligations, resulting in a financial loss to the Company. The majority of the Company's accounts receivable are with clients in the oil and natural gas industry and are subject to normal industry credit risks that include fluctuations in oil and natural gas prices and the ability to secure adequate debt or

equity financing. The Company's clients are subject to an internal credit review, together with ongoing monitoring of the amount and age of balances in order to minimize the risk of non-payment. The carrying amount of accounts receivable reflects the maximum credit exposure on this balance and management's assessment of the credit risk associated with its clients. The Company's objective is to minimize credit losses.

The Company's aged trade and other receivables are as follows:

As at		June 30, 2023		December 31, 2022
Current (0 to 30 days from invoice date)	$	119,029	$	105,534
31 - 60 days		14,118		82,447
61 - 90 days		2,383		6,128
91+ days		1,127		1,634
Receivables from trade clients		136,657		195,743
Allowance for doubtful accounts		(867)		(730)
Other amounts		517		3,991
Total trade and other receivables	$	136,307	$	199,004

MARKET RISK

Market risk is the risk that the fair value of future cash flows of financial assets or liabilities will fluctuate due to movements in market rates. Market risk is comprised of interest rate risk, currency risk and other price risks which consist primarily of fluctuations in commodity prices.

INTEREST RATE RISK

The Company is exposed to interest rate risk on its floating rate bank indebtedness. Based on the average outstanding consolidated debt, a 1.0% change in the bankers' prime rate would result in a $0.3 million and $1.2 million increase or decrease in interest expense for the three and six months ended June 30, 2023 respectively (June, 30 2022 - $0.5 million and $1.0 million respectively).

FOREIGN CURRENCY RISK

As the Company operates in both Canada and the U.S., fluctuations in the exchange rate between the U.S. dollar and the Canadian dollar can have an impact on the operating results and the future cash flows of the Company's financial assets and liabilities. The Canadian segment is exposed to foreign exchange risk on U.S. dollar denominated purchases made in the normal course of business and debt held in U.S. dollars. The Company manages risk to foreign currency exposure by monitoring financial assets and liabilities denominated in U.S. dollars and exchange rates on an ongoing basis. Exposure to foreign exchange rate changes is further mitigated using CCS derivatives. As at June 30, 2023 the Company was not materially exposed to foreign exchange risk.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as at June 30, 2023 other than those previously noted within this MD&A.

NON-IFRS MEASURES AND RATIOS

This MD&A includes terms and performance measures commonly used in the oilfield services industry that are not defined under IFRS. The terms presented are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These non-IFRS measures have no standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. The non-IFRS measures should be read in conjunction with the Company's quarterly financial statements and Annual Financial Statements and the accompanying notes thereto.

"Adjusted EBITDA" is a financial measure not presented in accordance with IFRS and is equal to net (loss) income before finance costs, depreciation and amortization, (gain) loss on disposal of property and equipment, current and deferred income tax provisions and recoveries, equity and cash settled share-based compensation, transaction costs, foreign exchange forward contract (gain) loss, foreign exchange (gain) loss, and impairment losses. "Adjusted EBITDA %" is a non-IFRS ratio and is calculated as Adjusted EBITDA divided by revenue. Adjusted EBITDA and Adjusted EBITDA % are presented because they are widely used by the investment community as they provide an indication of the results generated by the Company's normal course business activities prior to considering how the activities are financed and the results are taxed. The Company uses Adjusted EBITDA and Adjusted EBITDA % internally to evaluate operating and segment performance, because management believes they provide better comparability between periods. The following table presents a reconciliation of the non-IFRS financial measure of Adjusted EBITDA to the IFRS financial measure of net income.

($000s except percentages)	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	**June 30, 2023**	June 30, 2022
Net income	**$ 15,273**	$ 38,064	**$ 34,929**	$ 47,237
Add (deduct):				
Depreciation and amortization	**21,097**	26,690	**41,871**	43,762
Gain on disposal of equipment	**(374)**	(832)	**(647)**	(1,650)
Finance costs	**2,807**	2,904	**5,707**	6,221
Income tax expense	**5,213**	11,811	**11,382**	14,371
Share-based compensation – Cash settled	**(4)**	8,880	**(6,422)**	14,046
Share-based compensation – Equity settled	**1,362**	673	**2,684**	1,013
Foreign exchange (gain) loss	**588**	(231)	**758**	(51)
Unrealized loss on derivatives	**1,442**	-	**2,494**	-
Impairment reversal	**-**	(32,708)	**-**	(32,708)
Adjusted EBITDA	**$ 47,404**	$ 55,251	**$ 92,756**	$ 92,241
Adjusted EBITDA %	**20%**	20%	**19%**	19%

"Free Cash Flow" is a financial measure not presented in accordance with IFRS and is equal to net cash provided by operating activities adjusted for changes in non-cash Working Capital from operating activities, sustaining capital expenditures, term loan principal repayments and lease payments (net of sublease receipts). The Company may deduct or include additional items in its calculation of Free Cash Flow that are unusual, non-recurring or non-operating in nature. Free Cash Flow is presented as this measure is widely used in the investment community as an indication of the level of cash flow generated by ongoing operations. Management uses Free Cash Flow to evaluate the adequacy of internally generated cash flows to manage debt levels, invest in the growth of the business or return capital to shareholders. The following table presents a reconciliation of the non-IFRS financial measure of Free Cash Flow to the IFRS financial measure of net cash provided by operating activities.

($000s)	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	**June 30, 2023**	June 30, 2022
Net cash provided by (used in) operating activities	**$ 35,304**	$ 34,060	**$ 81,140**	$ 17,217
Add (deduct):				
Changes in non-cash working capital from operating activities	**8,210**	18,836	**(5,712)**	69,641
Sustaining capital	**(6,919)**	(10,514)	**(21,621)**	(19,425)
Term loan principal repayments	**-**	(6,987)	**-**	(13,975)
Lease payments (net of sublease receipts)	**(1,798)**	(2,228)	**(3,659)**	(4,119)
Free Cash Flow	**$ 34,797**	$ 33,167	**$ 50,148**	$ 49,339

"Working Capital", "Total long-term financial liabilities" and "Net Debt" are financial measures not presented in accordance with IFRS. "Working Capital" is equal to total current assets less total current liabilities. "Total long-term financial liabilities" is comprised of loans and borrowings, long-term lease obligations and other liabilities. "Net Debt" is equal to loans and borrowings before deferred financing charges less cash and cash equivalents and CCS derivatives. The data presented is intended to provide additional information about items on the statement of financial position and should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS.

The following table represents the composition of the non-IFRS financial measure of Working Capital (including cash and cash equivalents).

($000s)	**June 30, 2023**	December 31, 2022
Current assets	**$ 193,156**	$ 256,361
Current liabilities	**(109,314)**	(189,781)
Working Capital (including cash and cash equivalents)	**$ 83,842**	$ 66,580

The following table presents the composition of the non-IFRS financial measure of Total long-term financial liabilities.

($000s)	**June 30, 2023**	December 31, 2022
Long-term loans	**$ 118,784**	$ 140,794
Long-term leases	**19,066**	13,860
Other long-term liabilities	**17,053**	14,092
Total long-term financial liabilities	**$ 154,903**	$ 168,746

The following table presents the composition of the non-IFRS financial measure of Net Debt.

($000s)	**June 30, 2023**	December 31, 2022
Loans and borrowings	**$ 118,784**	$ 140,794
Add back: Deferred financing costs	**2,181**	2,704
Less: Cash and cash equivalents	**(5,708)**	(2,785)
Less: CCS Derivatives liability	**502**	1,511
Net Debt	**$ 115,759**	$ 142,224

ACCOUNTING POLICIES AND ESTIMATES

RELATED PARTIES

ARC Energy Fund 6 Canadian Limited Partnership, ARC Energy Fund 6 United States Limited Partnership, ARC Energy Fund 6 International Limited Partnership and ARC Capital 6 Limited Partnership (collectively, "ARC Energy Fund 6") and ARC Energy Fund 8 Canadian Limited Partnership, ARC Energy Fund 8 United States Limited Partnership, ARC Energy Fund 8 International Limited Partnership and ARC Capital 8 Limited Partnership (collectively, "ARC Energy Fund 8"), each a private equity fund advised by ARC Financial Corp. have been investors in the Company since 2011 and 2015, respectively.

DISCLOSURE CONTROLS AND PROCEDURES

The Company is required to comply with National Instrument 52-109 "Certification of Disclosure in Issuers' Annual and Interim Filings" ("NI 52-109"). The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of STEP are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") for the Company.

The Company's designed DC&P provides reasonable assurance that material information is made known to the certifying officers, and that information disclosed by the Company is done in the time period specified in securities legislation.

INTERNAL CONTROL OVER FINANCIAL REPORTING

As defined within NI 52-109, the Company's CEO and CFO are responsible for establishing and maintaining internal control over financial reporting ("ICFR"). The Company's designed ICFR provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles ("GAAP"). The framework behind the design of the Company's ICFR was the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013) ("COSO").

A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system will be met, and it should not be expected that the control system will prevent all errors or fraud.

There have been no changes in the Company's existing ICFR that occurred during the period ended June 30, 2023, which have materially affected or are reasonably likely to materially affect the Company's ICFR.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

This MD&A is based on the Quarterly Financial Statements. The preparation of the Quarterly Financial Statements requires that certain estimates and judgments be made concerning the reported amount of revenue and expenses and the carrying values of assets and liabilities. These estimates are based on historical experience and management's judgment. The estimation of anticipated future events involves uncertainty and therefore the estimates used by management in the preparation of the Quarterly Financial Statements may change as events unfold, additional knowledge is acquired or the environment in which the Company operates changes. Refer to Notes 1 to the Quarterly Financial Statements and Notes 1 and 2 to the Annual Financial Statements for a description of the Company's accounting policies, impacts of changes in significant accounting policies, and practices involving the use of estimates and judgments that are critical to determining STEP's financial results.

RISK FACTORS AND RISK MANAGEMENT

The oilfield services industry involves many risks, which may influence the ultimate success of the Company. The risks and uncertainties set out are not the only ones the Company is facing. There are additional risks and uncertainties that the Company does not currently know about or that the Company currently considers immaterial which may also impair the Company's business operations and can cause the price of the Common Shares to decline. If any of the following risks occur, the Company's business may be harmed and the Company's financial condition and results of operations may suffer significantly:

- The Company's business depends on the oil and natural gas industry and particularly on the level of exploration, development and production for North American oil and natural gas, which is volatile;
- Difficulty in retaining, replacing or adding personnel could adversely affect the Company's business;
- If the Company is unable to obtain raw materials, diesel fuel and component parts from its current suppliers or obtain them at competitive prices, it could have a material adverse effect on the Company's business;
- STEP's reliance on equipment suppliers and fabricators exposes it to risks including timing of delivery and quality of equipment;
- Radical activism could harm the Company's business;
- Natural disasters and pandemics (including COVID-19) could adversely affect the Company;
- The Company's industry is affected by excess equipment levels;
- The Company's industry is intensely competitive;
- The Company's current technology may become obsolete or experience a decrease in demand;
- Cyber-attacks and loss of the Company's information and computer systems could adversely affect the Company's business;
- The Company's client base is concentrated and loss of a significant client could cause its revenue to decline substantially.
- Fluctuations in currency exchange rates could adversely affect the Company's business;
- Legislation, regulations, and court rulings could result in increased costs and additional operating restrictions or delays;
- The Company is subject to a number of health, safety and environmental laws and regulations that may require it to make substantial expenditures or cause it to incur substantial liabilities;
- Political and social events and decisions could have an adverse effect on the Company;
- The Company is susceptible to seasonal volatility in its operating and financial results due to adverse weather conditions.
- The Company may be exposed to third-party credit risk;
- The Company's operations are subject to hazards inherent in the oilfield services industry, which risks may not be covered to the full extent by the Company's insurance policies;
- Failure to maintain the Company's safety standards and record could lead to a decline in the demand for services.
- Access to capital may become restricted, more expensive, or repayment could be required;
- Actual results may differ materially from management estimates and assumptions;
- The Company may become subject to legal proceedings which could have a material adverse effect on its business, financial condition and results of operations;
- The direct and indirect costs of various GHG regulations, existing and proposed, may adversely affect the Company's business, operations and financial results;
- The Company's internal controls may not be sufficient to ensure the Company maintains control over its financial processes and reporting;
- Business acquisitions involve numerous risks and the failure to realize anticipated benefits of acquisitions and dispositions could negatively affect the Company's results of operations;
- There can be no assurance that the steps the Company takes to protect its intellectual property rights will prevent misappropriation or infringement;
- Improper access to confidential information could adversely affect the Company's business; and
- Some of the Company's directors and officers have conflicts of interest as a result of their involvement with other oilfield services companies.

In addition, global and national risks associated with inflation or economic contraction may adversely affect the Company by, among other things, reducing economic activity resulting in lower demand, and pricing, for crude oil and natural gas products, and thereby the demand and pricing for the Company's services. For additional information regarding the risks that the Company is exposed to, see the disclosure provided under the heading "Risk Factors" in the AIF which is available on the SEDAR website at www.sedar.com and is incorporated by reference herein.

FORWARD-LOOKING INFORMATION & STATEMENTS

Certain statements contained in this MD&A constitute "forward-looking statements" or "forward-looking information" within the meaning of applicable securities laws (collectively, "forward-looking statements"). These statements relate to the expectations of management about future events, results of operations and the Company's future performance (both operational and financial) and business prospects. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "contemplate", "continue", "estimate", "expect", "intend", "propose", "might", "may", "will", "shall", "project", "should", "could", "would", "believe", "predict", "forecast", "pursue", "potential", "objective" and "capable" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. While the Company believes the expectations reflected in the forward-looking statements included in this MD&A are reasonable, such statements are not guarantees of future performance or outcomes and may prove to be incorrect and should not be unduly relied upon.

In particular, but without limitation, this MD&A contains forward-looking statements pertaining to: 2023 and 2024 industry conditions and outlook, including the effect of Russia related sanctions and OPEC supply limitations, demand for oil and gas, industry production discipline, and other macroeconomic factors, the effect of new LNG facilities, as well as the resumption of U.S. LNG exports; OPEC production as it relates to oil prices; anticipated 2023 and 2024 utilization levels, commodity prices, and pricing for the Company's services; recession risk, including its effect on oil prices; the timing of completion of the Company's tier 4 dual fuel conversions and anticipated substitution rates in the Company's dual fuel fleets; IEA forecasted demand for crude oil; the effect of under-investment in hydrocarbon production; the effect or large clients and their programs may have on the Company's activity levels; supply and demand for the Company's and its competitors' services, including the ability for the industry to respond to demand increases; the effect of inflation and related cost increases; expected pricing for the Company's services; the impact of weather and break up on the Company's operations; the competitive labour market; the potential for commodity price volatility; the effect of changes in work scope on expected margins; the Company's focus on Free Cash Flow and investment in emissions reduction technologies; the Company's ability to meet all financial commitments including interest payments over the next twelve months; the Company's plans regarding equipment; the Company's ability to manage its capital structure; expected debt repayment and Funded Debt to Adjusted Bank EBITDA ratios; expected income tax and derivative liabilities; adequacy of resources to funds operations, financial obligations and planned capital expenditures; the Company's ability to retain its existing clients; the monitoring of impairment, amount and age of balances owing, and the Company's financial assets and liabilities denominated in U.S. dollars, and exchange rates; supply chain constraints impact on new-build and refurbishment timelines; and the Company's expected compliance with covenants under its Credit Facilities and its ability to satisfy its financial commitments thereunder.

The forward-looking information and statements contained in this MD&A reflect several material factors and expectations and assumptions of the Company including, without limitation: the effect of macroeconomic factors, including global energy security concerns and levels of oil and gas inventories; market concerns regarding economic recession; levels of oil and gas production and the effect of OPEC related capacity and related uncertainty on the market for the Company's services; that the Company will continue to conduct its operations in a manner consistent with past operations; the Company will continue as a going concern; the general continuance of current or, where applicable, assumed industry conditions; pricing of the Company's services; the Company's ability to market successfully to current and new clients; predictable effect of seasonal weather and break up on the Company's operations; the Company's ability to utilize its equipment; the Company's ability to collect on trade and other receivables; Client demand for dual fuel fleets and emissions reduction technologies; the Company's ability to obtain and retain qualified staff and equipment in a timely and cost effective manner; levels of deployable equipment; future capital expenditures to be made by the Company; future funding sources for the Company's capital program; the Company's future debt levels; the availability of unused credit capacity on the Company's credit lines; the impact of competition on the Company; the Company's ability to obtain financing on acceptable terms; the Company's continued compliance with financial covenants; the amount of available equipment in the marketplace; and client activity levels and spending. The Company believes the material factors, expectations and assumptions reflected in the forward-looking information and statements are reasonable, but no assurance can be given that these factors, expectations and assumptions will prove correct.

Actual results could differ materially from those anticipated in these forward-looking statements due to the risk factors set forth under the heading "Risk Factors" in the AIF and under the heading *Risk Factors and Risk Management* in this MD&A.

Any financial outlook or future orientated financial information contained in this MD&A regarding prospective financial performance, financial position or cash flows is based on the assumptions about future events, including economic conditions and proposed courses of action based on management's assessment of the relevant information that is currently available. Projected operational information, including the Company's capital program, contains forward looking information and is based on a number of material assumptions and factors, as are set out above. These projections may also be considered to contain future oriented financial information or a financial outlook. The actual results of the Company's operations will likely vary from the amounts set forth in these projections and such variations may be material. Readers are cautioned that any such financial outlook and future oriented financial information contains herein should not be used for purposes other than those for which it is disclosed herein.

The forward-looking information and statements contained in this MD&A speak only as of the date of the document, and none of the Company or its subsidiaries assumes any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws. The reader is cautioned not to place undue reliance on forward-looking information.