

STEP ENERGY SERVICES LTD. REPORTS SECOND QUARTER 2025 RESULTS

Calgary, Alberta –August 6, 2025 – STEP Energy Services Ltd. (the “Company” or “STEP”) (TSX: STEP) is pleased to announce its financial and operating results for the three and six months ended June 30, 2025. The following Press Release should be read in conjunction with the management’s discussion and analysis (“MD&A”) and the unaudited condensed consolidated financial statements and notes thereto as at June 30, 2025 (the “Financial Statements”). Readers should also refer to the “Forward-looking information & statements” legal advisory and the section regarding “Non-IFRS Measures and Ratios” at the end of this Press Release. 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.sedarplus.ca, including the Company’s Annual Information Form for the year ended December 31, 2024 dated March 11, 2025 (the “AIF”).

CONSOLIDATED HIGHLIGHTS

FINANCIAL REVIEW

(\$000s except percentages and per share amounts)	Three months ended		Six months ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Consolidated revenue	\$ 228,003	\$ 231,375	\$ 535,744	\$ 551,521
Net income	\$ 5,853	\$ 10,469	\$ 30,004	\$ 51,826
Per share-basic	\$ 0.08	\$ 0.15	\$ 0.42	\$ 0.72
Per share-diluted	\$ 0.08	\$ 0.14	\$ 0.41	\$ 0.70
Adjusted EBITDA ⁽¹⁾	\$ 34,769	\$ 41,692	\$ 93,729	\$ 112,827
Adjusted EBITDA % ⁽¹⁾	15%	18%	17%	20%
Free Cash Flow ⁽¹⁾	\$ 17,327	\$ 20,460	\$ 49,499	\$ 73,943
Per share-basic ⁽¹⁾	\$ 0.24	\$ 0.29	\$ 0.69	\$ 1.03
Per share-diluted ⁽¹⁾	\$ 0.24	\$ 0.28	\$ 0.67	\$ 1.00

⁽¹⁾ Adjusted EBITDA, Free Cash Flow, Free Cash Flow per share-basic and Free Cash Flow per share-diluted 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.

(\$000s except shares)	June 30, 2025	December 31 2024
Cash and cash equivalents	\$ 3,230	\$ 4,362
Working capital (including cash and cash equivalents) ⁽²⁾	\$ 76,992	\$ 35,355
Total assets	\$ 613,516	\$ 580,635
Total long-term financial liabilities ⁽²⁾	\$ 69,713	\$ 83,394
Net Debt ⁽²⁾	\$ 43,912	\$ 52,668
Shares outstanding	72,873,113	72,037,391

⁽²⁾ 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.

OPERATIONAL REVIEW

(\$000s except days, proppant, pumped, horsepower and units)	Three months ended		Six months ended	
	June 30,	June 30,	June 30,	June 30,
	2025	2024	2025	2024
Fracturing services				
Fracturing operating days ⁽¹⁾⁽²⁾	312	377	799	944
Proppant pumped (tonnes) ⁽³⁾	533,000	638,000	1,319,000	1,470,000
Fracturing crews	6	8	6	8
Dual fuel horsepower ("HP"), end of period	369,550	349,800	369,550	349,800
Total HP, end of period	478,400	490,000	478,400	490,000
Coiled tubing services				
Coiled tubing operating days ⁽¹⁾	1,227	1,368	2,611	2,720
Active coiled tubing units, end of period	21	23	21	23
Total coiled tubing units, end of period	35	35	35	35

⁽¹⁾ An operating day is defined as any coiled tubing or fracturing work that is performed in a 24-hour period, exclusive of support equipment.

⁽²⁾ Includes operational results from terminated operations of the U.S. fracturing cash generating unit ("CGU") of nil and 54 days for the three and six months ended June 30, 2025 (72 and 189 days for three and six months ended June 30, 2024).

⁽³⁾ Includes proppant pumped (tonnes) from terminated operations of the U.S. fracturing cash generating unit ("CGU") of nil and 155,330 for the three and six months ended June 30, 2025 (137,000 and 409,000 for three and six months ended June 30, 2024).

SECOND QUARTER 2025 HIGHLIGHTS

- Consolidated revenue for the three months ended June 30, 2025 of \$228.0 million, was in line with revenue of \$231.4 million for the three months ended June 30, 2024 and down 26% from \$307.7 million for the three months ended March 31, 2025, which is typically the busiest quarter for the Company and the industry.
- Net income for the three months ended June 30, 2025 was \$5.9 million (\$0.08 per diluted share) compared to \$10.5 million (\$0.14 per diluted share) in the same period of 2024 and \$24.2 million (\$0.33 per diluted share) for the three months ended March 31, 2025. Included in net income for three months ended June 30, 2025 was share based compensation expense of \$1.7 million, compared to \$1.3 million during the three months ended March 31, 2025 and \$2.1 million during the three months ended June 30, 2024.
- For the three months ended June 30, 2025, Adjusted EBITDA was \$34.8 million (15% of revenue) compared to \$41.7 million (18% of revenue) in Q2 2024 and \$59.0 million (19% of revenue) in Q1 2025.
- Free Cash Flow for the three months ended June 30, 2025 was \$17.3 million compared to \$20.5 million in Q2 2024 and \$32.2 million in Q1 2025.
- During the second quarter of 2025, STEP repurchased and cancelled 166,100 shares at an average price of \$3.90 per share under its Normal Course Issuer Bid ("NCIB").
- STEP continues to strengthen its balance sheet while investing into the long-term sustainability of the business:
 - The Company had Net Debt of \$43.9 million at June 30, 2025, compared to \$52.7 million at December 31, 2024 and \$84.7 million at March 31, 2025.
 - The Company invested \$13.5 million for the three months ended June 30, 2025 into sustaining and optimization capital budget expenditures, ensuring that the fleet maintains a high level of operational readiness while also selectively investing into technology to further STEP's strategy of displacing diesel with natural gas.
- Working Capital as at June 30, 2025 of \$77.0 million was \$41.6 million higher than the \$35.4 million at December 31, 2024 and \$26.5 million lower than the \$103.5 million as at March 31, 2025. Working capital fluctuations are typical and are influenced by activity levels and timing of client receipts.

SECOND QUARTER 2025 OVERVIEW

Commodity prices were volatile throughout the second quarter of 2025, with both oil and natural gas prices down approximately 10% quarter over quarter. The decline in gas prices is partially attributable to the shoulder season, when the reduced demand from winter heating has yet to be replaced by power demand for summer cooling. In addition to the ongoing turmoil created by the U.S. tariffs, oil prices were also impacted by the supply announcements from the Organization of the Petroleum Exporting Countries (“OPEC”) and allied non-OPEC nations (“OPEC+”) and the eruption of open hostilities between Israel and Iran. Oil prices traded in a wide range from \$57 to \$75 (USD) per barrel, with the benchmark West Texas Intermediate (“WTI”) crude price averaging \$63.72 (USD) per barrel in Q2 2025, down from \$71.42 (USD) per barrel in Q1 2025. Henry Hub averaged \$3.52 (USD) per million cubic feet (“Mcf”) in Q2 2025, down from \$3.87 (USD) per Mcf in Q1 2025, while AECO-C Daily averaged \$1.75 (CAD) per Mcf in Q2 2025, down from \$2.12 (CAD) per Mcf in Q1 2025. Natural gas prices typically benefit from the winter heating season, with colder weather driving higher demand.

Oilfield service levels are primarily reflected in drilling rig counts publicly reported by Baker Hughes and estimates made by Primary Vision for fracturing crews in the U.S. Land based drilling rigs in the U.S. averaged 556 rigs in the second quarter, down from 572 rigs in the first quarter. Canadian rig counts were down due to spring break up, averaging 127 during the second quarter, compared to 214 in the first quarter, which is typically the busiest drilling season in Canada. U.S. fracturing fleets declined in the second quarter to an average of 192, down from 202 in the first quarter of 2025.

STEP’s consolidated revenue in the second quarter was \$228.0 million, down from \$307.7 million in the first quarter of 2025 and in line with the \$231.4 million recorded in the same period from the prior year despite the termination of the U.S. fracturing business. Despite the spring break up conditions, the fracturing service line had good utilization through the quarter, with 312 operating days across six crews, pumping 533 thousand tons of sand. Coiled tubing services were also well utilized, operating 1,227 days across 21 units.

Adjusted EBITDA of \$34.8 million (15% Adjusted EBITDA %) was down from the \$59.0 million (19% Adjusted EBITDA %) in the first quarter of 2025 and down from \$41.7 million (18% Adjusted EBITDA %) in the same period last year. The Company’s margins continue to be impacted by the cumulative effect of several years of high inflation which increase the cost profile, oversupply of fracturing capacity in the market causing pricing pressure, and increased sand volumes which are generally at lower margins.

Net income was \$5.9 million in Q2 2025 (\$0.08 diluted income per share), lower than the \$24.2 million in Q1 2025 (\$0.33 diluted income per share) and the \$10.5 million net income in Q2 2024 (\$0.14 diluted income per share). Net income included \$1.7 million in share-based compensation expense (Q1 2025 - \$1.3 million, Q2 2024 - \$2.1 million expense) and \$1.7 million in finance costs (Q1 2025 - \$2.0 million, Q2 2024 - \$2.8 million).

Free Cash Flow was \$17.3 million in Q2 2025 (\$0.24 diluted Free Cash Flow per share), sequentially lower than the \$32.2 million (\$0.43 diluted Free Cash Flow per share) in Q1 2025 and lower than the \$20.5 million (\$0.28 diluted Free Cash Flow per share) in Q2 2024. While working capital decreased by \$26.5 million from the first quarter of 2025 to land at \$77.0 million at the end of the second quarter, this was still significantly higher than the \$35.4 million at the end of the fourth quarter of 2024. While the build in working capital is typical for the first half of the year, which follows a slower Q4 that realizes a sizable working capital recovery, the increase in the current year was inflated by the inclusion of \$11.4 million in assets held for sale reclassified from property and equipment related to the terminated U.S. fracturing operations. Net Debt decreased to \$43.9 million from \$52.7 million at the close of 2024. The decrease in Net Debt and improvement in Adjusted EBITDA resulted in a 12-month trailing Funded Debt to Adjusted Bank EBITDA of 0.42:1.00, well under the limit of 3.00:1 in the Company’s Credit Facilities (as defined in Capital Management – Debt below). The Company continued its Normal Course Issuer Bid in the second quarter and acquired 166,100 shares at a weighted average price of \$3.90 per share in the quarter.

Late in the first quarter of 2025, management committed to a plan to terminate the Company’s U.S. fracturing operations. Active operations were terminated and equipment has been marshalled to STEP’s yards for sale or transfer to Canada. Certain costs associated with legacy fracturing operations and decommissioning were incurred in the second quarter, resulting in Adjusted EBITDA from terminated operations of negative \$2.9 million, which is not included in the Q2 reported Adjusted EBITDA of \$34.8 million. These costs are expected to reduce to more modest levels for the balance of the year.

MARKET OUTLOOK

The initial uncertainty stemming from the decisions made by the U.S. administration has lessened as markets discover that the tactical nature of these decisions means that they are likely to change through the course of negotiations. Similarly, the geopolitical tensions created by the conflict in the Middle East have also eased as the primary actors have backed away from deeper confrontation. Commodity prices continue to look for direction, drifting sideways until a clear catalyst for growth or recession becomes apparent.

North American gas prices are shifting from the shoulder season in Q2 to the more pronounced summer power demand season, although high storage levels will limit upside to price until the anticipated draw from new LNG offtake facilities begins to be felt in the markets. Canada's first shipment of liquified natural gas ("LNG") departed the LNG Canada facility on June 30, 2025, marking the successful start of operations for Canada's first large scale LNG export facility. The multiyear outlook for natural gas continues to show promise, with approximately 10 billion cubic feet ("BCF") per day of demand from additional LNG facilities in Canada and the U.S. expected by 2030, in addition to the demand for more power generation.

Oil prices have retreated from the second quarter spikes back to the mid \$60s (USD) per barrel. Demand has remained relatively resilient, absorbing the additional OPEC+ supply that has been added to the market this year. Global crude oil and related product inventory levels are near the bottom of their five-year range, providing some buffer in the event that demand from the summer driving season isn't enough to consume supply. Oil demand is expected to grow modestly, but catalysts for increased oil production in North America are limited, given the global market dynamics.

STEP's revenue is largely driven by natural gas and natural gas liquids ("NGLs"), which should shield STEP's schedule from the worst of the commodity price volatility. However, if the volatility continues and commodity prices weaken it is likely that clients could defer work into later quarters or trim their core capital programs. STEP maintains close contact with its clients and will adjust its operations if activity slows.

The third quarter fracturing schedule is expected to see a modest uptick in activity, although more client supplied sand, along with shifting client schedules and competitive pressures will likely result in flat to down sequential revenue. Margins on work with client supplied sand are typically higher relative to margins on work with STEP supplied sand, given the high volumes of sand pumped by many STEP clients. Offsetting this higher margin work is inflation on input costs, driven in many instances by the escalating tariff actions taken by governments around the world. The remission of tariffs on proppant imported from the U.S. provides some relief, but the ongoing tariffs on many products entering the U.S. and Canada are resulting in cost inflation that can be difficult to pass through to clients. STEP's trial of the NGx, Canada's first 100% natural gas powered fracturing pump is expected to see steady utilization as clients respond positively to the increased diesel displacement that this pump offers.

Coiled tubing activity is expected to stay relatively steady across all regions, with a slight increase in activity relative to the second quarter. Increased market penetration with STEP's Coil+ split string technology is expected to offset the lower industry demand associated with a slowing rig count. Similar to fracturing, tariffs continue to impact the industry, particularly on the cost of coiled tubing strings, which is tariffed when it enters the U.S. as raw steel and then again when it enters Canada and is tariffed by the Canadian government. STEP has submitted a request for remission of the Canadian tariffs and is optimistic that it will be successful given the recent reversal of tariffs on proppant entering Canada.

Expectations for the fourth quarter remain modest. This quarter is typically characterized by slower activity as clients exhaust their annual capital budgets, resulting in margin compression for service providers as increased competition and lower fixed cost leverage weigh on results. The slower than expected ramp in demand coming from newly commissioned LNG facilities in Canada and the U.S. is limiting drawdown of natural gas inventories and is not expected to create sufficient market incentive for producers to add to their capital budgets for the year. Further clarity on this is likely to be forthcoming late in the third quarter or early in the fourth quarter.

Views on 2026 are beginning to clarify, with activity in the first quarter expected to be in line with the first quarter of 2025. Activity levels through the year will likely be affected by the ramp in production at LNG Canada, which will process approximately 2 BCF per day when fully operational.

On balance, pricing is largely in line with what was expected in 2025. Increased oilfield service capacity and limited producer growth has put downward pressure on margins relative to 2024. Cost control remains a focus for STEP as it navigates the current economic uncertainty.

Free Cash Flow will be committed towards additional fleet investments required for sustaining and optimization needs, as well as additional debt repayment. The increase in STEP's share price and the cautious outlook meant that the NCIB was used only sparingly in the second quarter. The Company will retain the flexibility to engage opportunistically on the NCIB if conditions change.

FINANCIAL REVIEW

(\$'000's except per share amounts)	Three months ended		Six months ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Fracturing	\$ 153,480	\$ 147,742	\$ 377,579	\$ 384,084
Coiled tubing	74,523	83,633	158,165	167,437
Total revenue	228,003	231,375	535,744	551,521
Operating expenses	187,431	180,936	426,785	411,045
Depreciation and amortization	20,169	26,125	40,788	46,623
Total operating expenses	207,600	207,061	467,573	457,668
Gross profit	20,403	24,314	68,171	93,853
Selling, general and administrative	10,418	10,831	22,204	22,175
Depreciation and amortization	122	154	259	314
Total selling, general and administrative	10,540	10,985	22,463	22,489
Results from operating activities	9,863	13,329	45,708	71,364
Finance costs	1,732	2,771	3,710	5,680
Foreign exchange (gain) loss	(2,310)	(300)	(1,908)	2,017
Unrealized loss (gain) on derivatives	685	(684)	659	(2,667)
Gain on disposal of property and equipment	(468)	(2,806)	(1,202)	(3,164)
Amortization of intangible assets	77	10	215	20
Income before income tax	10,147	14,338	44,234	69,478
Income tax expense	4,294	3,869	14,230	17,652
Net income	5,853	10,469	30,004	51,826
Net Income per share – basic	\$ 0.08	\$ 0.15	\$ 0.42	\$ 0.72
Net Income per share – diluted	\$ 0.08	\$ 0.14	\$ 0.41	\$ 0.70
Adjusted EBITDA ⁽¹⁾	\$ 34,769	\$ 41,692	\$ 93,729	\$ 112,827
Adjusted EBITDA % ⁽¹⁾	15%	18%	17%	20%

⁽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.

Revenue

For the three and six months ended June 30, 2025, revenue decreased 1% to \$228.0 million and 3% to \$535.7 million compared to \$231.4 million and \$551.5 million for the three and six months ended June 30, 2024.

Alignment with large scale operators continues to provide a strong baseline of utilization for fracturing and coiled tubing operations in both the quarter and for the year to date. STEP operated six fracturing crews during the quarter, down from eight for the same period of the prior year. Fracturing operating days for the quarter were down 17% and have decreased by 15% for the year to date. The reduction in fracturing crews and operating days is all associated with the termination of U.S. fracturing operations during 2025. Despite the declines in operating days and active fleets, fracturing revenue was up 4% for the quarter

and only declined by 2% for the year to date reflecting the increased proppant pumped for the Canadian Frac CGU as a result of higher pumping intensity.

STEP deactivated one coiled tubing spread during the quarter bringing the total active spreads back down to 21 which is down two spreads from the prior year. Coiled tubing operating days for the quarter were down 10% and have decreased by 4% for the year to date. New technology offerings and strategic client alignment in all operating basins have allowed the Company to maintain utilization levels per active spread despite the decrease in activity in the market as whole.

Operating expenses

Operating expenses includes employee costs, direct operating expenses such as repairs, transportation and facility costs, material and inventory costs, depreciation of equipment and share-based compensation for operational employees. The following table provides a summary of operating expenses:

(\$000's)	Three months ended		Six months ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Employee costs	\$ 54,543	\$ 60,224	\$ 118,525	\$ 128,051
Share-based compensation	326	306	780	758
Operating expenses	53,115	56,133	117,415	122,153
Material and inventory costs	79,447	64,273	190,065	160,083
Operating expenses	187,431	180,936	426,785	411,045
Depreciation and amortization	20,169	26,125	40,788	46,623
Total operating expenses	\$ 207,600	\$ 207,061	\$ 467,573	\$ 457,668

Employee costs and general operating expenses decreased slightly compared to the prior year for both the quarter and year to date as the wind down of U.S. fracturing operations was partially offset by inflationary impacts.

Material and inventory costs increased significantly compared to the prior year for both the quarter and year to date as changes in sand mix, increases in STEP supplied sand and currency fluctuations increased the cost of materials.

Selling, general and administrative expenses

The following table provides a summary of selling, general and administrative expenses:

(\$000's)	Three months ended		Six months ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Employee costs	\$ 6,592	\$ 6,172	\$ 14,517	\$ 13,892
Share-based compensation	1,352	1,752	2,187	2,140
Allowance for doubtful accounts expense	(166)	(134)	240	387
General and organizational expenses	2,640	3,041	5,260	5,756
Selling, general and administrative expenses	10,418	10,831	22,204	22,175
Depreciation and amortization	122	154	259	314
Total selling, general and administrative expenses	\$ 10,540	\$ 10,985	\$ 22,463	\$ 22,489

Selling, general and administrative expenses were in line with the prior year for both the quarter and year to date. Share-based compensation expense was slightly lower in the second quarter of 2025 compared to the same period of 2024 as the share price was lower, however this was largely offset by higher employee costs. For the year to date, the higher employee costs in 2025 compared to the prior year have been largely offset by reduced general expenses.

Terminated Operations

Results from consolidated operations include the results from the terminated operations presented below. In the first quarter of 2025, the U.S. fracturing CGU was subject to changes in business conditions that materially impacted its expected economic performance. As a result, STEP decided to exit this market and terminated all further work related to these operations. The results of the terminated operations are as follows:

(\$000's)	Three months ended		Six months ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Revenues	\$ -	\$ 22,868	\$ 13,650	\$ 60,839
Operating expenses	2,925	21,664	16,053	49,538
Selling, general and administrative	12	1,231	1,604	2,930
Depreciation and amortization	2,351	11,966	5,842	18,528
Share based compensation (recovery) expense	(88)	55	(258)	154
Other recoveries	(224)	(1,641)	(582)	(1,590)
Expenses	\$ 4,976	\$ 33,275	\$ 22,659	\$ 69,560
Loss from terminated U.S. fracturing operations	(4,976)	(10,407)	(9,009)	(8,721)
Income tax recoveries from terminated U.S. fracturing operations	-	(1,568)	-	(1,100)
Net loss from terminated U.S fracturing operations, net of taxes	\$ (4,976)	\$ (8,839)	\$ (9,009)	\$ (7,621)

(\$000's)	Three months ended		Six months ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
U.S. Fracturing services terminated operations				
Fracturing operating days ⁽¹⁾	-	72	54	189
Proppant pumped (tonnes)	-	137,000	155,330	409,000
Fracturing crews	-	2	-	2

⁽¹⁾ An operating day is defined as any coiled tubing or fracturing work that is performed in a 24-hour period, exclusive of support equipment.

NON-IFRS MEASURES AND RATIOS

This Press Release 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, unrealized (gain) loss on derivatives, foreign exchange (gain) loss, impairment losses and Adjusted EBITDA from terminated operations⁽¹⁾. "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.

⁽¹⁾ STEP has expanded the definition of Adjusted EBITDA to exclude the Adjusted EBITDA from terminated operations in order to provide clarity on the Company's normal course business activities to users of these documents. As a reminder, in Q1 2025,

the U.S. fracturing CGU was subject to changes in business conditions that materially impacted its expected future economic performance. As a result, STEP began an orderly process to terminate operations of this CGU following completion of the work scope in Q1 2025. The Company expects to transfer the U.S. fracturing CGU's recently refurbished Tier 4 dual fuel equipment to Canada and will dispose of the remaining equipment over the next several quarters. As not all the equipment is being disposed of, the accounting presentation does not meet the test for the IFRS standard for discontinued operations.

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, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Net income	\$ 5,853	\$ 10,469	\$ 30,004	\$ 51,826
Add (deduct):				
Depreciation and amortization	20,368	26,289	41,262	46,957
Gain on disposal of equipment	(468)	(2,806)	(1,202)	(3,164)
Finance costs	1,732	2,771	3,710	5,680
Income tax expense	4,294	3,869	14,230	17,652
Share-based compensation – Cash settled	305	1,164	640	869
Share-based compensation – Equity settled	1,373	893	2,327	2,028
Foreign exchange (gain) loss	(2,310)	(300)	(1,908)	2,017
Unrealized loss on derivatives	685	(684)	659	(2,667)
Adjusted EBITDA from terminated operations ⁽¹⁾	2,937	27	4,007	(8,371)
Adjusted EBITDA	\$ 34,769	\$ 41,692	\$ 93,729	\$ 112,827
Adjusted EBITDA %	15%	18%	17%	20%

⁽¹⁾ Adjusted EBITDA from terminated operations is calculated in the same manner as the calculation of Adjusted EBITDA but does not include non-applicable items, such as unrealized (gain) loss on derivatives nor foreign exchange losses (gain) amounts. The calculation of Adjusted EBITDA from terminated operations is as follows:

(\$000s except percentages)	Three months ended		Six months ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Net loss from terminated U.S. fracturing operations, net of taxes	\$ (4,976)	\$ (8,839)	\$ (9,009)	\$ (7,621)
Add (deduct):				
Depreciation and amortization	2,351	11,966	5,842	18,528
Gain on disposal of equipment	(289)	(1,792)	(675)	(1,883)
Finance costs	65	151	93	293
Income tax recovery	-	(1,568)	-	(1,100)
Share-based compensation – equity settled	(88)	55	(258)	154
Adjusted EBITDA from terminated operations	\$ (2,937)	\$ (27)	\$ (4,007)	\$ 8,371

“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.

“Free Cash Flow per share-basic” is a financial measure not presented in accordance with IFRS and is equal to Free Cash Flow divided by the weighted average number of shares outstanding – basic. Management uses Free Cash Flow per share-basic 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 on a normalized per basic share basis. The following table presents a reconciliation of the non-IFRS financial measure of Free Cash Flow per share-basic to the IFRS financial measure of net cash provided by operating activities.

“Free Cash Flow per share-diluted” is a financial measure not presented in accordance with IFRS and is equal to Free Cash Flow divided by the weighted average number of shares outstanding – diluted. Management uses Free Cash Flow per share-basic 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 on a normalized per diluted share basis. The following table presents a reconciliation of the non-IFRS financial measure of Free Cash Flow per share-basic to the IFRS financial measure of net cash provided by operating activities.

(\$000s)	Three months ended		Six months ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Net cash provided by operating activities	\$ 60,764	\$ 68,263	\$ 45,094	\$ 78,505
Add (deduct):				
Changes in non-cash working capital from operating activities	(34,686)	(35,262)	23,568	21,474
Sustaining capital	(6,262)	(9,590)	(14,175)	(20,711)
Lease payments (net of sublease receipts)	(2,489)	(2,951)	(4,988)	(5,325)
Free Cash Flow	\$ 17,327	\$ 20,460	\$ 49,499	\$ 73,943
Weighted average number of shares outstanding - basic	72,311,173	71,506,780	72,151,573	71,666,553
Free Cash Flow per share-basic	0.24	0.29	0.69	1.03
Weighted average number of shares outstanding - diluted	73,591,573	73,886,783	73,562,543	74,072,367
Free Cash Flow per share-diluted	0.24	0.28	0.67	1.00

“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, 2025	December 31, 2024
Current assets	\$ 212,613	\$ 145,107
Current liabilities	(135,621)	(109,752)
Working Capital (including cash and cash equivalents)	\$ 76,992	\$ 35,355

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

(\$000s)	June 30, 2025	December 31, 2024
Long-term loans	\$ 46,308	\$ 56,721
Long-term leases	14,470	18,021
Other long-term liabilities	8,935	8,652
Total long-term financial liabilities	\$ 69,713	\$ 83,394

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

(\$000s)	June 30, 2025	December 31, 2024
Loans and borrowings	\$ 46,308	\$ 56,721
Add back: Deferred financing costs	302	362
Less: Cash and cash equivalents	(3,230)	(4,362)
Less: CCS Derivatives liability (asset)	532	(53)
Net Debt	\$ 43,912	\$ 52,668

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 in the AIF and Annual MD&A 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. Readers should review and carefully consider the disclosure provided under the heading "Risk Factors" in the AIF and "Risk Factors and Risk Management" in the Annual MD&A, both of which are available on www.sedarplus.ca, and the disclosure provided in the MD&A under the headings "Market Outlook". In addition, global and national risks associated with market uncertainty due to changing tariffs and other trade barriers 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. Other than as supplemented in this Press Release, the Company's risk factors, and management thereof has not changed substantially from those disclosed in the AIF and Annual MD&A.

FORWARD-LOOKING INFORMATION & STATEMENTS

Certain statements contained in this Press Release 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 Press Release 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 Press Release contains forward-looking statements pertaining to: 2025 and 2026 industry conditions and outlook, including commodity pricing and demand for oil and gas; the effect of LNG facilities on export capacity, natural gas storage, and industry activity levels; anticipated utilization and activity levels, revenue, pricing, and schedule; capabilities of the NGx, including fuel savings, and the Company's intent to invest in the technology; the oil and gas industry's ability to withstand volatility; the Company's ability to transfer assets where economic returns are most favorable; the Company's ability to test and evaluate next generation technologies; the effect large clients and their programs may have on the Company's activity levels; the Company's intention to invest in the development of next generation coiled tubing and

fracturing technologies; the effect of tariffs and other trade barriers, inflation and cost increases on the Company and its margins; the Company's view that the NCIB is an effective means to provide value to shareholders; the impact of weather and break up on the Company's operations; 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 and adjust the Company's budget in light of market conditions; 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; 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 Press Release 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; 2025 and 2026 activity levels; the effect of tariffs, trade barriers, and related market concerns; levels of oil and gas production and LNG demand and export capacity 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; actual performance and availability of the NGx; 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 expected receipt of tax amounts previously paid by the Company; 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 also 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 Press Release.

Any financial outlook or future orientated financial information contained in this Press Release 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 Press Release 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.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

As at Unaudited (in thousands of Canadian dollars)	June 30, 2025	December 31, 2024
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 3,230	\$ 4,362
Trade and other receivables	147,414	82,769
Income tax receivable	496	-
Inventory	43,142	49,546
Prepaid expenses and deposits	3,409	8,430
Assets held for sale	14,922	-
	212,613	145,107
Property and equipment	377,438	402,419
Right-of-use assets	22,521	27,539
Intangible assets	944	1,159
Other assets	-	4,411
	\$ 613,516	\$ 580,635
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Trade and other payables	\$ 118,074	\$ 86,208
Current portion of lease obligations	8,588	9,726
Income tax payable	4,829	8,280
Current portion of other liabilities	4,130	5,538
	135,621	109,752
Lease obligations	14,470	18,021
Other liabilities	8,935	8,652
Deferred tax liabilities	17,482	16,963
Loans and borrowings	46,308	56,721
	222,816	210,109
Shareholders' equity		
Share capital	448,075	447,987
Contributed surplus	39,264	40,471
Accumulated other comprehensive income	17,924	26,635
Deficit	(114,563)	(144,567)
	390,700	370,526
	\$ 613,516	\$ 580,635

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF NET INCOME AND OTHER COMPREHENSIVE INCOME (LOSS)

Unaudited (in thousands of Canadian dollars, except per share amounts)	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Revenue	\$ 228,003	\$ 231,375	\$ 535,744	\$ 551,521
Operating expenses	207,600	207,061	467,573	457,668
Gross profit	20,403	24,314	68,171	93,853
Selling, general and administrative expenses	10,540	10,985	22,463	22,489
Results from operating activities	9,863	13,329	45,708	71,364
Finance costs	1,732	2,771	3,710	5,680
Foreign exchange (gain) loss	(2,310)	(300)	(1,908)	2,017
Unrealized loss (gain) on derivatives	685	(684)	659	(2,667)
Gain on disposal of property and equipment	(468)	(2,806)	(1,202)	(3,164)
Amortization of intangible assets	77	10	215	20
Income before income tax	10,147	14,338	44,234	69,478
Income tax expense (recovery)				
Current	5,540	4,438	14,692	17,328
Deferred	(1,246)	(569)	(462)	324
Total income tax expense	4,294	3,869	14,230	17,652
Net income	5,853	10,469	30,004	51,826
Other comprehensive income				
Foreign currency translation (loss) gain	(8,726)	2,366	(8,711)	7,386
Total comprehensive (loss) income	\$ (2,873)	\$ 12,835	\$ 21,293	\$ 59,212
Net income per share:				
Basic	\$ 0.08	\$ 0.15	\$ 0.42	\$ 0.72
Diluted	\$ 0.08	\$ 0.14	\$ 0.41	\$ 0.70

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

Unaudited (in thousands of Canadian dollars)	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Operating activities:				
Net income	\$ 5,853	\$ 10,469	\$ 30,004	\$ 51,826
Adjusted for the following:				
Depreciation and amortization	20,368	26,289	41,262	46,957
Share-based compensation expense	1,678	2,058	2,967	2,898
Unrealized foreign exchange (gain) loss	(1,633)	(731)	(1,264)	1,474
Unrealized loss (gain) on derivatives	685	(684)	659	(2,667)
Gain on disposal of property and equipment	(468)	(2,806)	(1,202)	(3,164)
Finance costs	1,732	2,771	3,710	5,680
Income tax expense	4,294	3,869	14,230	17,652
Income taxes paid	(5,073)	(5,844)	(18,764)	(15,261)
Cash finance costs paid	(1,358)	(2,390)	(2,940)	(5,416)
Funds flow from operations	26,078	33,001	68,662	99,979
Changes in non-cash working capital from operating activities	34,686	35,262	(23,568)	(21,474)
Net cash provided by operating activities	60,764	68,263	45,094	78,505
Investing activities:				
Purchase of property and equipment	(13,477)	(26,434)	(29,644)	(56,969)
Proceeds from disposal of equipment and vehicles	186	4,420	692	4,432
Changes in non-cash working capital from investing activities	(3,924)	(7,471)	667	(704)
Net cash used in investing activities	(17,215)	(29,485)	(28,285)	(53,241)
Financing activities:				
Repayment of loans and borrowings	(38,907)	(36,547)	(9,298)	(10,777)
Repayment of obligations under finance lease	(2,500)	(2,963)	(4,988)	(5,345)
Common shares repurchased	(708)	(3,669)	(3,446)	(7,951)
Net cash used in financing activities	(42,115)	(43,179)	(17,732)	(24,073)
Impact of exchange rate changes on cash and cash equivalents	(220)	(71)	(209)	(21)
Increase (decrease) in cash and cash equivalents	1,214	(4,472)	(1,132)	1,170
Cash and cash equivalents, beginning of the period	2,016	7,427	4,362	1,785
Cash and cash equivalents, end of the period	\$ 3,230	\$ 2,955	\$ 3,230	\$ 2,955

STEP will host a conference call on Thursday, August 7, 2025 at 9:00 a.m. MT to discuss the results for the second quarter.

To listen to the webcast of the conference call, please click on the following URL:

<https://onlinexperiences.com/Launch/QReg/ShowUUID=0ABE18C1-FD05-4BA1-AD9F-C612DC17636A&LangLocaleID=1033>

You can also visit the Investors section of our website at www.stepenergyservices.com and click on “Reports, Presentations & Key Dates”.

To participate in the Q&A session, please call the conference call operator at: 1-800-717-1738 (toll free) 15 minutes prior to the call’s start time and ask for “STEP Energy Services Second Quarter 2025 Earnings Results Conference Call”

The conference call will be archived on STEP’s website at www.stepenergyservices.com/investors

ABOUT STEP

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 coiled tubing services are concentrated 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.

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