August 6, 2025

The following corrections have been made to the attached document, which were

originally filed on August 6, 2025:

Additional disclosure has been added below Note 14 - CONTINGENCIES AND PROVISIONS as follows:

NOTE 15 – SUBSEQUENT EVENTS

Tariffs

The decisions by the U.S. government to levy tariffs on Canadian goods and the retaliatory response from the Canadian government during 2025 has created considerable economic uncertainty. The effective dates of some of these tariffs have been postponed, new tariffs have come into effect briefly then been removed, and retaliatory tariffs have been implemented and then paused as well. The Company assesses the direct and indirect impacts to its business of such tariffs, retaliatory tariffs or other trade protectionist measures implemented as this situation develops, and such impacts could be material. The resulting higher levels of volatility and uncertainty could result in actual results being different from management's current estimates. STEP has worked with industry associations to request, and have received, some remission of these tariffs, however, the status of all tariffs and their impact remains uncertain.

STEP energy services

TSX STEP

Condensed Consolidated Interim

Financial Statements

As at and for the three and six months ended June 30, 2025

STEP ENERGY SERVICES LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

As at Unaudited (in thousands of Canadian dollars)	Notes	June 30, 2025	December 31, 2024
ASSETS			
Current Assets			
Cash and cash equivalents		$ 3,230	$ 4,362
Trade and other receivables	12	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	3	14,922	-
		212,613	145,107
Property and equipment	4	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	8,12	$ 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	5,8,12	8,935	8,652
Deferred tax liabilities		17,482	16,963
Loans and borrowings	5	46,308	56,721
		222,816	210,109
Shareholders' equity			
Share capital	7	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

See accompanying notes to the condensed consolidated interim financial statements

See Note 6 – Commitments
See Note 14 – Contingencies and provisions

STEP ENERGY SERVICES LTD.

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

Unaudited (in thousands of Canadian dollars, except per share amounts)	Notes	For the three months ended June 30, 2025	2024	For the six months ended June 30, 2025	2024
Revenue	13	$ 228,003	$ 231,375	$ 535,744	$ 551,521
Operating expenses	10	207,600	207,061	467,573	457,668
Gross profit		20,403	24,314	68,171	93,853
Selling, general and administrative expenses	10	10,540	10,985	22,463	22,489
Results from operating activities		9,863	13,329	45,708	71,364
Finance costs	11	1,732	2,771	3,710	5,680
Foreign exchange (gain) loss		(2,310)	(300)	(1,908)	2,017
Unrealized loss (gain) on derivatives	12	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	9	$ 0.08	$ 0.15	$ 0.42	$ 0.72
Diluted	9	$ 0.08	$ 0.14	$ 0.41	$ 0.70

See accompanying notes to the condensed consolidated interim financial statements
See Note 2 – Terminated Operations

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Unaudited (in thousands of Canadian dollars)	Notes	Share capital	Contributed surplus	Accumulated other comprehensive income	Deficit	Total
Balance at January 1, 2024		$ 455,679	$ 36,060	$ 10,138	$ (146,329)	$ 355,548
Net income for the period		-	-	-	51,826	51,826
Foreign currency translation gain		-	-	7,386	-	7,386
Share-based compensation		-	2,028	-	-	2,028
Exercise of equity share-based compensation		4,226	(4,226)	-	-	-
Repurchase of shares		(12,041)	4,090	-	-	(7,951)
Balance at June 30, 2024		**$ 447,864**	**$ 37,952**	**$ 17,524**	**$ (94,503)**	**$ 408,837**
Balance at January 1, 2025		$ 447,987	$ 40,471	$ 26,635	$ (144,567)	$ 370,526
Net income for the period		-	-	-	30,004	30,004
Foreign currency translation loss		-	-	(8,711)	-	(8,711)
Share-based compensation	8	-	2,327	-	-	2,327
Exercise of equity share-based compensation	7	5,003	(5,003)	-	-	-
Repurchase of shares	7	(4,915)	1,469	-	-	(3,446)
Balance at June 30, 2025		**$ 448,075**	**$ 39,264**	**$ 17,924**	**$ (114,563)**	**$ 390,700**

See accompanying notes to the condensed consolidated interim financial statements

STEP ENERGY SERVICES LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

Unaudited (in thousands of Canadian dollars)	Notes	For the three months ended June 30, 2025	2024	For the six months ended June 30, 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	8	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	12	685	(684)	659	(2,667)
Gain on disposal of property and equipment		(468)	(2,806)	(1,202)	(3,164)
Finance costs	11	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	4	(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	5	(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	7	(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

See accompanying notes to the condensed consolidated interim financial statements

Notes to the condensed consolidated interim financial statements
(unaudited)

As at and for the three and six months ended June 30, 2025 and 2024.

Tabular amounts expressed in thousands of Canadian dollars, except where otherwise noted.

NOTE 1 – NATURE OF BUSINESS AND BASIS OF PREPARATION

STEP Energy Services Ltd. (the “Company”, “STEP Energy Services” or “STEP”) is a publicly traded company domiciled in Canada, incorporated under the laws of the Province of Alberta on March 25, 2011 and is listed under the symbol “STEP” on the Toronto Stock Exchange. The registered office of the Company is 4300, 888 – 3rd Street SW, Calgary, Alberta T2P 5C5 and the principal place of business is 1200, 205-5th Ave SW, Calgary, Alberta T2P 2V7. STEP provides specialized coiled tubing and associated pumping and fracturing equipment to service the oil and gas industry in Canada and the United States (“U.S.”).

As at June 30, 2025 the significant shareholders of the Company were ARC Energy Fund 6, ARC Energy Fund 8 and MM Asset Management Inc.

Statement of Compliance
These condensed consolidated interim financial statements are prepared in accordance with International Accounting Standard 34, interim Financial Reporting, as issued by International Accounting Standard Board (“IASB”). The same accounting policies and methods of computation are followed in these condensed consolidated interim financial statements as compared with the last annual financial statements, except as noted below. These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual consolidated financial statements as at and for the year ended December 31, 2024.

These condensed consolidated interim financial statements were approved by the Board of Directors (“Board”) on August 6, 2025.

The condensed consolidated interim financial statements were prepared under the historical cost basis, except for the revaluation of cash settled share-based compensation and certain financial assets and liabilities at fair value. These condensed consolidated interim financial statements are presented in Canadian dollars, which is the presentation currency of the Company. All financial information has been rounded to the nearest thousands, except where indicated.

Seasonality of operations
The Company’s Canadian business is seasonal in nature with the periods of greatest activity being in the first and third quarters. Activity generally tends to decline in the second and fourth quarters because of spring break-up and client budget exhaustion, respectively. Spring break-up typically occurs between March and June and can limit the Company’s operating activities due to extended periods of adverse weather which can result in restrictions on the movement of heavy equipment. Activity in the U.S. can be affected by spring break-up but is generally not as influenced by seasonal conditions.

Critical accounting estimates and judgments
The preparation of the condensed consolidated interim financial statements requires management to make certain estimates and judgments 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 condensed consolidated interim financial statements may change as events unfold, additional knowledge is acquired or the environment in which the Company operates changes.

Segment reporting
Beginning in 2025, the Company began reporting the financial and operating performance for the United States and Canada under a single North America segment. With the termination and wind down of the U.S. Fracturing Cash Generating Unit (“CGU”), STEP has streamlined its operational and reporting structure with the chief operating decision makers reviewing financial information as a single segment for the purposes of resource allocations and assessing performance. Prior year comparatives have been reclassified to conform with the current presentation.

Assets held for sale
When required, the Company assesses whether assets qualify as assets held for sale. A non-current asset or disposal group is classified as held-for-sale when its carrying amount will be recovered principally through a sale transaction and the sale is reasonably certain. Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

NOTE 2 – TERMINATED OPERATIONS

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 has decided to exit this market and has terminated all further work related to these operations. The results of the terminated operations are as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	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 from terminated U.S. fracturing operations	-	(1,568)	-	(1,100)
Loss from terminated U.S fracturing operations, net of taxes	$ (4,976)	$ (8,839)	$ (9,009)	$ (7,621)

NOTE 3 – ASSETS HELD FOR SALE

In conjunction with terminating operations of the U.S. fracturing CGU during the first quarter of 2025, the Company has a plan to sell a group of assets related to this CGU by the end of 2025. The Company classified these assets as held for sale at March 31, 2025 and upon classification measured them at the lower of their carrying amount and estimated fair value less costs to sell. As these assets were written down to fair value less costs to sell at December 31, 2024 as part of the impairment of the U.S. fracturing CGU, no further impairment charge was required as at June 30, 2025. During the three months ended June 30, 2025, the asset held for sale balance decreased by $2.4 million, as a result of $0.1 million being sold externally, $1.3 million of inventory and $0.1 million of property and equipment being reclassified to inventory and property and equipment in use, respectively, as it was transferred to Canada, and the remaining decrease being due to a $0.9 million foreign exchange revaluation.

As at June 30,	2025
Property and equipment	$ 11,377
Inventory	3,545
Assets held for sale	$ 14,922

NOTE 4 – PROPERTY AND EQUIPMENT

	Land and buildings	Field equipment	Office equipment	Total
Cost:				
Balance at January 1, 2024	$ 36,448	$ 872,059	$ 8,960	$ 917,467
Additions	941	92,224	262	93,427
Disposals	(9,517)	(57,676)	(6,381)	(73,574)
Effect of exchange rate changes	789	31,337	108	32,234
Balance at December 31, 2024	$ 28,661	$ 937,944	$ 2,949	$ 969,554
Additions	306	29,338	-	29,644
Disposals	-	(13,119)	-	(13,119)
Reclassification of assets held for sale	-	(115,118)	(704)	(115,822)
Effect of exchange rate changes	(195)	(11,421)	(14)	(11,630)
Balance at June 30, 2025	**$ 28,772**	**$ 827,624**	**$ 2,231**	**$ 858,627**
Accumulated depreciation:				
Balance at January 1, 2024	$ 11,755	$ 477,564	$ 8,397	$ 497,716
Depreciation	1,338	81,373	284	82,995
Impairment	3,677	32,987	-	36,664
Disposals	(7,077)	(55,019)	(6,331)	(68,427)
Effect of exchange rate changes	466	17,621	100	18,187
Balance at December 31, 2024	$ 10,159	$ 554,526	$ 2,450	$ 567,135
Depreciation	644	34,917	117	35,678
Disposals	-	(12,827)	-	(12,827)
Reclassification of assets held for sale	-	(103,027)	(704)	(103,731)
Effect of exchange rate changes	(84)	(4,972)	(10)	(5,066)
Balance at June 30, 2025	**$ 10,719**	**$ 468,617**	**$ 1,853**	**$ 481,189**
Carrying amounts:				
As at December 31, 2024	$ 18,502	$ 383,418	$ 499	$ 402,419
As at June 30, 2025	**$ 18,053**	**$ 359,007**	**$ 378**	**$ 377,438**

NOTE 5 – LOANS AND BORROWINGS

As at June 30, 2025, the Company's credit facilities with a syndicate of lenders were comprised of a Canadian $200.0 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 include 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 is September 27, 2027. As amended September 27, 2024, 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, 2025 the Company had an interest coverage ratio of 14.56:1.00.

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 2025, the Company had a Funded Debt to Adjusted Bank EBITDA ratio of 0.42:1.00.

The Company complied with all financial and non-financial covenants under its Credit Facilities as at June 30, 2025.

Interest is payable monthly, at the lead syndicate bank's lending rate plus 100 basis points to 325 basis points depending on certain financial ratios of the Company and the applicable type of loan. The effective borrowing rate for loans and borrowings for the three and six months ended June 30, 2025 was 5.65% and 5.79% respectively (June 30, 2024 – 7.32% and 7.30% respectively). The total amount of Credit Facilities outstanding on June 30, 2025 is as follows:

As at		June 30, 2025		December 31, 2024
Revolving loan facility	$	39,467	$	52,051
Canadian and U.S. operating lines		7,143		5,032
Deferred financing costs		(302)		(362)
Total loans and borrowings	$	46,308	$	56,721

The following table displays the movements in loans and borrowings during the six months ended June 30, 2025:

		(000's)
Balance at January 1, 2025	$	56,721
Repayment of loans and borrowings		(9,298)
Accretion of deferred financing costs		59
Effect of exchange rate changes		(1,174)
Balance at June 30, 2025	**$**	**46,308**

The Company has entered into Cross Currency Swap ("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 26, 2025, the Company entered into a 30-day CCS of (CAD)$40 million for (USD) $29 million. The derivative contract was revalued to its fair value of a $0.5 million liability on June 30, 2025. The CCS liability is recorded at fair value in current portion of other liabilities on the condensed consolidated interim statements of financial position.

NOTE 6 – COMMITMENTS

The following table summarizes the Company's estimated commitments that are not included in the condensed consolidated interim statements of financial position related to leases as at June 30, 2025 for the following five years and thereafter:

	2025	2026	2027	2028	2029	Thereafter	**Total**
Operating expenses for lease obligations(1)	$ 613	$ 1,221	$ 1,158	$ 47	$ 9	$ -	**$ 3,048**
Short term and low value lease obligations(1)	138	42	-	-	-	-	**180**
Total commitments	$ 751	$ 1,263	$ 1,158	$ 47	$ 9	$ -	**$ 3,228**

(1) Includes U.S. obligations at the June 30, 2025 exchange rate of 1 USD = 1.361 CAD.

Operating expenses for lease obligations relate to leases of certain service centers and office space with lease terms of between 1 year and 5 years. The total expense recognized during the three and six months ended June 30, 2025 for short term and low value lease obligations was $0.3 million and $0.8 million, respectively (June 30, 2024 - $0.4 million and $0.7 million, respectively).

As at June 30, 2025, the Company had $17.3 million (December 31, 2024 - $16.3 million) of commitments related to capital expenditures. These commitments are expected to be incurred in fiscal 2025.

NOTE 7 – SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares. The shares have no par value. All issued shares are fully paid.

	Shares #	Amount
Balance at January 1, 2025	72,037,391	$ 447,987
Issued – exercise of share-based instruments(1)	1,618,922	5,003
Repurchased – Normal course issuer bid(2)	(783,200)	(4,915)
Balance at June 30, 2025	72,873,113	$ 448,075

(1) Option exercises for the period ended June 30, 2025 were on a cashless basis.
(2) Shares repurchased and cancelled through the normal course issuer bid.

Normal Course Issuer Bid

On January 6, 2025, the Company announced the renewal of the NCIB commencing on January 9, 2025 and expiring on January 8, 2026 or at such an earlier date if the Company has completed the maximum allowable purchases under the bid. Under the NCIB, the Company may repurchase up to 3,601,082 common shares, representing five percent of its issued and outstanding common shares as at December 26, 2024. The Company is permitted to purchase and cancel up to 38,697 common shares in any one day under this bid, subject to the block purchase exemption.

As at June 30, 2025, 783,200 shares had been repurchased and cancelled to date under the NCIB program at a weighted average price of $4.32.

All purchases were made in accordance with the NCIB at prevalent market prices as permitted by the Toronto Stock Exchange. The NCIB can be cancelled at the discretion of the Company at any time.

NOTE 8 – SHARE-BASED COMPENSATION

Equity settled share-based instruments

	Stock options	Restricted share units	Performance share units	Total
Balance at January 1, 2025	2,125,273	1,821,439	669,922	4,616,634
Granted	396,170	943,879	399,066	1,739,115
Exercised[1]	(570,025)	(889,634)	(222,339)	(1,681,998)
Forfeited/Expired	(17,133)	(144,874)	(50,893)	(212,900)
Outstanding at June 30, 2025	**1,934,285**	**1,730,810**	**795,756**	**4,460,851**
Exercisable at June 30, 2025	1,271,189	-	-	1,271,189

(1) Option exercises for the six month period ended June 30, 2025 were on a cashless basis.

The Company uses the Black-Scholes pricing model to calculate the fair value of equity settled share-based compensation instruments. Regarding PSUs and RSUs, the estimated fair value per unit approximates the five-day weighted average share price on grant date. The Company estimates volatility using the Company's historical share prices and peer information. Estimated fair values for the stock options granted in the year were calculated using the following weighted average assumptions:

Stock options For the six months ended June 30,	**2025**	2024
Risk-free interest rate (%)	**2.64 - 2.97**	3.28
Expected life (years)	**5.00**	5.00
Expected forfeiture rate (%)	**8.62 - 8.63**	8.88
Expected volatility (%)	**61.28 - 65.40**	70.89
Weighted average exercise price	**3.89**	4.22
Weighted average fair value at grant date	**2.11**	2.56

Cash settled share-based instruments

	Deferred share units	Cash-settled RSUs	Cash-settled PSUs	Total
Balance at January 1, 2025	1,960,323	285,461	-	2,245,784
Granted	114,234	2,108	76,236	192,578
Exercised	-	(108,681)	-	(108,681)
Forfeited	-	(26,176)	-	(26,176)
Outstanding at June 30, 2025	**2,074,557**	**152,712**	**76,236**	**2,303,505**
Exercisable at June 30, 2025	2,074,557	-	-	2,074,557

During the six months ended June 30, 2025, 192,578 cash settled units were granted at a fair value of $3.89 per share.

Share-based compensation expense

The composition of share-based compensation expense incurred was:

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Equity settled				
Stock options	$ 146	$ 119	$ 300	$ 281
Performance share units	646	150	758	280
Restricted share units	581	624	1,269	1,467
	$ 1,373	$ 893	$ 2,327	$ 2,028
Cash settled				
Deferred share units	$ 192	$ 1,096	$ 388	$ 773
Performance share units	4	-	4	-
Restricted share units	109	69	248	97
	$ 306	$ 1,165	$ 640	$ 870
Total share-based compensation expense	$ 1,678	$ 2,058	$ 2,967	$ 2,898

NOTE 9 – PER SHARE COMPUTATIONS

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Weighted average number of shares outstanding - basic	72,311,173	71,506,780	72,151,573	71,666,553
Dilutive impact of stock options and other equity-based awards	1,280,400	2,380,003	1,410,970	2,405,814
Weighted average number of shares outstanding - diluted	73,591,573	73,886,783	73,562,543	74,072,367

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
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

For the three and six months ended June 30, 2025, 751.0 thousand and 499.0 thousand stock options, respectively, were excluded from the diluted weighted average number of shares calculation as their effect would have been anti-dilutive (three and six months ended June 30, 2024; 515.7 thousand stock options, and 513.8 thousand stock options).

NOTE 10 – PRESENTATION OF EXPENSES

	For the three months ended June 30, 2025	2024	For the six months ended June 30, 2025	2024
Operating expenses				
Employee costs	$ 54,543	$ 60,224	$ 118,525	$ 128,051
Operating expense	53,115	56,133	117,415	122,153
Materials and inventory costs	79,447	64,273	190,065	160,083
	187,105	180,630	426,005	410,287
Depreciation	20,169	26,125	40,788	46,623
Share-based compensation expense	326	306	780	758
Total operating expenses	$ 207,600	$ 207,061	$ 467,573	$ 457,668
Selling, general and administrative expenses				
Employee costs	$ 6,592	$ 6,172	$ 14,517	$ 13,892
General expenses	2,640	3,041	5,260	5,756
	9,232	9,213	19,777	19,648
Allowance for doubtful accounts expense (recovery)	(166)	(134)	240	387
Depreciation	122	154	259	314
Share-based compensation expense	1,352	1,752	2,187	2,140
Total selling, general and administrative expenses	$ 10,540	$ 10,985	$ 22,463	$ 22,489

NOTE 11 – FINANCE COSTS

	For the three months ended June 30, 2025	2024	For the six months ended June 30, 2025	2024
Interest on loans and borrowings	$ 1,082	$ 2,012	$ 2,391	$ 4,114
Interest on lease obligations	588	483	1,205	1,013
Interest income	(2)	-	(2)	-
Accretion of deferred financing charges	30	269	59	538
Other	34	7	57	15
Total finance costs	$ 1,732	$ 2,771	$ 3,710	$ 5,680

NOTE 12 – FINANCIAL INSTRUMENTS

Accounting classifications and 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, 2025		December 31, 2024	
	Asset	Liabilities	Asset	Liabilities
Foreign cross currency swaps	$ -	$ 532	$ 53	$ -
Contract embedded derivatives	-	278	-	204

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 and trade and other receivables on the condensed consolidated interim statements 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 2025 or 2024.

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, 2025	December 31, 2024
Current (0 to 30 days from invoice date)	$ 107,106	$ 57,386
31 - 60 days	33,877	21,670
61 - 90 days	1,888	2,192
91+ days	1,007	1,448
Receivables from trade clients	143,878	82,696
Allowance for doubtful accounts	(982)	(832)
Other amounts	4,518	905
Total trade and other receivables	$ 147,414	$ 82,769

The cash and cash equivalents and the derivative contracts are held with major banks and counterparties.

Included in other receivables is $4.5 million to be received by a foreign jurisdiction related to an ongoing tax dispute with the Company. The dispute has been resolved, and the disputed tax amount paid is expected to be received in Q3 2025.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Company's objective in managing liquidity risk is to maintain sufficient available resources to meet its liquidity requirements at any point. The Company achieves this by managing its capital spending and maintaining sufficient funds for anticipated short-term spending in the cash and cash equivalents account (See Note 3 for commitments).

The expected timing of cash outflows relating to financial liabilities on the condensed consolidated interim statements of financial position as at June 30, 2025 are:

	2025	2026	2027	2028	2029	Thereafter	Total
Lease obligations(1)	$ 6,181	$ 8,514	$ 4,123	$ 1,481	$ 1,289	$ 6,123	**$ 27,712**
Trade and other payables	118,074	-	-	-	-	-	**118,074**
Loans and borrowings(2)	1,360	2,699	48,629	-	-	-	**52,688**
	$ 125,615	$ 11,214	$ 52,752	$ 1,481	$ 1,289	$ 6,123	**$ 198,474**

(1) Includes interest portion of lease obligations.

(2) Loans and borrowing balances are based on the credit facility in place at June 30, 2025. Included are the estimated interest and principal repayments, based on current amounts outstanding and current interest rates at June 30, 2025. Both are variable in nature.

The Company anticipates that its cash on hand, trade accounts receivable and cash provided by operating activities and the available credit facilities, will be adequate to satisfy its liquidity requirements over the next twelve months.

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 and currency risk.

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% change in the bankers' prime rate would result in a $0.1 million and $0.2 million increase or decrease in interest expense for the three and six months ended June 30, 2025 respectively (June 30, 2024 - $0.2 million and $0.4 million respectively).

Foreign exchange rate 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 (refer to Note 5 – Loans and Borrowings). As at June 30, 2025 the Company was not materially exposed to foreign exchange risk.

NOTE 13 – OPERATING SEGMENTS

Beginning in 2025, the Company began reporting the financial and operating performance for the United States and Canada under a single North America segment. With the wind down of the U.S. Fracturing CGU, STEP has streamlined its operational and reporting structure with the chief operating decision makers reviewing financial information as a single segment for the purposes of resource allocations and assessing performance. Prior year comparatives have been represented to align with the current presentation.

The Company generated revenue from providing fracturing and coiled tubing services to clients in Canada and the U.S. Revenues have been disaggregated by service line and geographical location below:

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	**2025**	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
Canada	**188,785**	160,986	**441,716**	402,055
U.S.	**39,218**	70,389	**94,028**	149,466
Total Revenue	**$ 228,003**	$ 231,375	**$ 535,744**	$ 551,521

Assets by geographical location

As at	**June 30, 2025**	December 31, 2024
Property and equipment		
Canada	**$ 262,694**	$ 258,619
U.S.	**114,744**	143,800
Total property and equipment	**$ 377,438**	$ 402,419

NOTE 14 - CONTINGENCIES AND PROVISIONS

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 any appropriate provisions based on such assessments.

NOTE 15 – SUBSEQUENT EVENTS

Tariffs

The decisions by the U.S. government to levy tariffs on Canadian goods and the retaliatory response from the Canadian government during 2025 has created considerable economic uncertainty. The effective dates of some of these tariffs have been postponed, new tariffs have come into effect briefly then been removed, and retaliatory tariffs have been implemented and then paused as well. The Company assesses the direct and indirect impacts to its business of such tariffs, retaliatory tariffs or other trade protectionist measures implemented as this situation develops, and such impacts could be material. The resulting higher levels of volatility and uncertainty could result in actual results being different from management's current estimates. STEP has worked with industry associations to request, and have received, some remission of these tariffs, however, the status of all tariffs and their impact remains uncertain.

CORPORATE INFORMATION

Management

Steve Glanville
President and Chief Executive Officer

Klaas Deemter
Chief Financial Officer

Rory Thompson
Chief Operating Officer

Joshua Kane
Vice-President, Legal and General Counsel

Brad McFarlane
Vice-President, Finance

Tara Boucher
Vice-President, Human Resources

Chistine Crawford
Vice-President, Sustainability and Communications

Directors

Jeremy Gackle (1)(8)

Steve Glanville (3)(4)

Jacqueline Forrest (4)

James Harbilas (7)(8)

Michael Kelly (2)

Edward LaFehr (6)

Rachel Moore (2)(5)

1. *Chair of the Board*
2. *Member of the Audit Committee*
3. *Chief Executive Officer*
4. *Member of the Health, Safety and Environment Committee*
5. *Chair of the Compensation and Corporate Governance Committee*
6. *Chair of the Health, Safety and Environment Committee*
7. *Chair of the Audit Committee*
8. *Member of the Compensation and Corporate Governance Committee*

Corporate office

Bow Valley Square II
#1200, 205 – 5 Ave SW
Calgary, Alberta T2P 2V7

Registered office

Bow Valley Square II
#1200, 205 – 5 Ave SW
Calgary, Alberta T2P 2V7

Website

www.stepenergyservices.com

Trustee and transfer agent

TSX Trust Company
Calgary, Alberta and Toronto, Ontario

Bank

ATB Corporate Financial Services

Auditors

KPMG LLP
Chartered Professional Accountants
Calgary, Alberta

Legal Counsel

Stikeman Elliott LLP

Stock Symbol

"STEP"
Toronto Stock Exchange