

ENERGY AND ENVIRONMENTAL SERVICES, INC.

A Colorado Corporation
2601 NW Expressway, Suite 605W
Oklahoma City, Oklahoma 73112

Telephone: 800-635-7716
Website: <https://eesokc.com>
Email: Geralde@eesokc.com
Primary SIC code: 2899

Quarterly Report for the Period Ending: June 30, 2024 (the “Reporting Period”)

Outstanding Shares

53,829,393 as of 6/30/2024

53,829,393 as of 12/31/2023

Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes: No:

Indicate by check mark whether the company’s shell status has changed since the previous reporting period:

Yes: No:

Change in Control

Indicate by check mark whether a Change in Control¹ of the company has occurred over this reporting period:

Yes: No:

¹ “Change in Control” shall mean any events resulting in:

- (i) Any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the “beneficial owner” (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company’s then outstanding voting securities;
- (ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company’s assets;
- (iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or
- (iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

Notwithstanding the above, effective July 30, 2024 shareholders owning a majority of the Company's outstanding shares of common stock removed the Company's existing directors and appointed the following persons as directors:

Vicki Smith
Scott Shaw
Dwyer Durant

Effective August 1, 2024, the directors of the Company removed Leon Joyce as the Company's Chief Executive Officer and appointed Gerald Eaton as the Company's Chief Executive Officer.

1) Name and address of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer and any names used by predecessor entities along with the dates of the name changes.

Energy and Environmental Services, Inc.

See below for information regarding name changes.

Current State and Date of Incorporation or Registration: Colorado, domesticated on 3/23/2015

Standing in this jurisdiction: (e.g. active, default, inactive): active

Prior Incorporation Information for the issuer and any predecessors during the past five years:

Incorporated as Energas Resources, Inc in British Columbia, Canada, in 1989

Domesticated in Delaware in 2001

Name changed to Enerlabs, Inc. on 1/25/2012

Domesticated in Colorado on 3/23/2015

Name changed to Energy and Environmental Services, Inc. on 12/05/2016

Describe any trading suspension or halt orders issued by the SEC or FINRA concerning the issuer or its predecessors since inception:

None

List any stock split, dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None

Address of the issuer's principal executive office:

2601 NW Expressway, Suite 605W
Oklahoma City, Oklahoma 73112

Address of the issuer's principal place of business:

Check box if principal executive office and principal place of business are the same address.

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes:

No:

2) Security Information

Transfer Agent

Name: EQ Shareowner Services
Phone: 800-468-9716
Email: chad.dalton@equiniti.com
Address 1: 1110 Centre Pointe Curve, Suite 101
Address 2: Mendota Heights, MN 55120

Publicly Quoted or Traded Securities:

The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.

Trading symbol:	EESE
Exact title and class of securities outstanding:	Common Stock: 100,000,000 authorized
CUSIP:	29273G103
Par or stated value:	\$0.00001 per share
Total shares authorized:	100,000,000 shares as of: 6/30/2024
Total shares outstanding:	53,829,393 shares as of: 6/30/2024
Total number of shareholders of record:	230 as of: 6/30/2024

Other classes of authorized or outstanding equity securities that do not have a trading symbol:

Please provide the above-referenced information for all other publicly quoted or traded securities of the issuer.

Exact title and class of the security:	Preferred Stock: 20,000,000 authorized
CUSIP (if applicable):	N/A
Par or stated value:	\$0.00001 per share
Total shares authorized:	20,000,000 shares as of: 6/30/2024
Total shares outstanding (if applicable):	None
Total number of shareholders of record (if applicable):	N/A

Security Description:

The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:

1. For common equity, describe any dividend, voting and preemption rights.

The Issuer's common stock entitles its holder to one vote per share. The common stock has no preferential dividend, liquidation or similar preferences. The common stock has no preemptive rights or contractual transfer restrictions.

2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.

The authorized preferred stock is "blank check" preferred stock, which means that the issuer's board of directors can designate the right, preferences, duties and obligations of the class or series by resolution amending the certificate of incorporation. The issuer has not designated any rights or preferences and the Issuer has not issued any shares of preferred stock.

3. Describe any other material rights of common or preferred shareholders.

The common stock entitles its holders to the rights provided by statute, such as the right to vote in the election of directors, in amendments to the certificate of incorporation or bylaws, in mergers and consolidations, and in the issuer’s dissolution, and to inspect the issuer’s books and records. The common stock does not have material rights beyond those afforded by statute. The rights and preferences of the preferred stock have not been fixed, but can be fixed by board resolution and an amendment to the certificate of incorporation.

4. Describe any material modifications to rights of holders of the company’s securities that have occurred over the reporting period covered by this report. No material modifications to rights of the shareholders have occurred during the reporting period.

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer’s securities in the past two completed fiscal years and any subsequent interim period.

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares or any other securities or options to acquire such securities issued for services. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares for the two most recently completed fiscal years and any subsequent period

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years: No Yes (If yes, you must complete the table below)

Number of Shares outstanding as of 1/01/2022		Opening Balance: Common: 53,859,893 Preferred: -0-							
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to You must disclose the control person for any entities listed (Reason for share issuance (e.g. for cash or debt conversion) OR Nature of Services Provided	Restricted or Unrestricted as of this filing?	Exemption or Registration Type?
12/20/2022	Cancellation	100,000	Common Stock	\$0.09	No	Josh Jordan	Award forfeiture	Restricted	Private
12/20/2022	Cancellation	33,333	Common Stock	\$0.09	No	Travis Skeen	Award forfeiture	Restricted	Private
12/20/2022	Cancellation	10,000	Common Stock	\$0.09	No	Clay Malloy	Award forfeiture	Restricted	Private
12/29/2022	Issuance	30,000	Common Stock	\$0.17	No	Mark Day	Incentive Award	Restricted	Private
3/22/2023	Issuance	30,000	Common Stock	\$0.17	No	Michael Smith	Incentive Award	Restricted	Private
3/22/2023	Issuance	30,000	Common Stock	\$0.17	No	Matthew Hoffman	Incentive Award	Restricted	Private

3/22/2023	Issuance	30,000	Common Stock	\$0.17	No	Brad Fruit	Incentive Award	Restricted	Private
8/15/2023	Cancellation	12,500	Common Stock	\$0.09	No	Ryan Davis	Award forfeiture	Restricted	Private
8/15/2023	Cancellation	12,500	Common Stock	\$0.09	No	Chase Smyth	Award forfeiture	Restricted	Private
8/15/2023	Cancellation	5,000	Common Stock	\$0.09	No	James Duggan	Award forfeiture	Restricted	Private
8/15/2023	Cancellation	66,667	Common Stock	\$0.09	No	Alan McKinley	Award forfeiture	Restricted	Private
12/29/2023	Issuance	30,000	Common Stock	\$0.11	No	Mark Day	Incentive Award	Restricted	Private
12/29/2023	Issuance	30,000	Common Stock	\$0.11	No	Matthew Hoffman	Incentive Award	Restricted	Private
12/29/2023	Issuance	30,000	Common Stock	\$0.11	No	Darrel B Fruit	Incentive Award	Restricted	Private
Shares Outstanding on 6/30/2024	<u>Ending Balance:</u> Common: 53,829,393 Preferred: -0-								

Example: A company with a fiscal year end of December 31, 2023, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2022 through December 31, 2023, pursuant to the tabular format above.

*** Control persons for any entities in the table above must be disclosed in the table or in a footnote here.

Use the space below to provide any additional details, including footnotes to the table above:

B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities:

No: Yes: (If yes, you must complete the table below)

Date of Note Issuance	Outstanding Balance at 6/30/24(\$)	Principal Amt at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder	Reason for Issuance (e.g. Loan, Services, etc.)
8/12/19	595,813	185,931*	3,740	4/12/25	n/a	Stride Bank(2)	operations
11/7/19	1,691	22,624	0	11/30/24	n/a	Toyota(3)	equipment
8/27/20	1,107,709	1,350,000	6,750	12/27/25	n/a	Stride Bank(2)	Loan consolidation and operations
9/10/21	26,481	55,319		10/25/26	n/a	Ford(1)	vehicle

9/10/21	27,031	56,469		10/25/26	n/a	Ford(1)	vehicle
9/10/21	31,922	66,686		10/25/26	n/a	Ford(1)	vehicle
10/29/21	34,203	66,739		10/29/26	n/a	Ford(1)	vehicle
12/10/21	35,784	67,620		12/10/26	n/a	Ford(1)	vehicle
12/23/21	37,261	66,816		12/23/26	n/a	Ford(1)	vehicle
1/4/22	33,598	61,277		1/4/27	n/a	Ford(1)	vehicle
1/10/22	32,908	59,984		1/10/27	n/a	Ford(1)	vehicle
2/21/22	40,151	69,034		2/21/27	n/a	Ford(1)	vehicle
3/15/22	39,434	67,794		3/15/27	n/a	Ford(1)	vehicle
5/11/22	48,546	79,019		5/11/27	n/a	Ford(1)	vehicle
5/18/22	32,157	85,096		5/18/25	n/a	Regents(5)	equipment
6/18/22	46,211	71,409		6/18/27	n/a	Ford(1)	vehicle
6/22/22	49,135	74,842		6/22/27	n/a	Ford(1)	vehicle
6/27/22	34,303	59,209		6/22/27	n/a	Ford(1)	vehicle
7/13/22	0	79,159		7/13/26	n/a	Ford(1)	vehicle
7/26/22	38,241	67,395		7/26/26	n/a	Ford(1)	vehicle
7/26/22	52,518	92,557		7/26/26	n/a	Ford(1)	vehicle
7/26/22	38,726	68,250		7/26/26	n/a	Ford(1)	vehicle
8/31/22	124,154	155,794		8/31/29	n/a	Stride(2)	vehicle
11/05/22	47,973	75,269		11/05/26	n/a	Ford(1)	vehicle
11/22/22	37,214	55,989		11/22/27	n/a	Ford(1)	vehicle
12/23/22	40,555	89,125		12/23/29	n/a	Stride(2)	vehicle
12/30/22	0	23,600		1/06/25	n/a	Stride(2)	vehicle
12/30/22	83,333	121,000		12/30/26	n/a	Stride(2)	vehicle
2/10/23	51,836	67,227		2/27/28	n/a	Ford(1)	vehicle
3/16/23	28,799	36,977		3/10/28	n/a	Toyota(3)	equipment
5/1/23	28,799	34,425		5/15/28	n/a	PNC(6)	equipment

Control persons for any entities in the table above must be disclosed in the table or in a footnote here.

Use the space below to provide any additional details, including footnotes to the table above:

-
- (1) Ford Motor Credit Company, LLC, P.O. Box 390910, Minneapolis, MN 55439.
 - (2) Stride Bank, N.A., a national association, 514 Colcord Dr., Oklahoma City, OK 73102.
 - (3) Toyota Motor Credit Corporation, Commercial Finance, P.O. Box, 3457, Torrance, CA 90510.
 - (4) NewLane, PO Box 7358, Philadelphia, PA 19101-7358
 - (5) Regents Bank, 3200 Bristol Street, Suite 400, Costa Mesa, CA 92626.
 - (6) PNC Equipment Finance, 655 Business Center Drive, Horsham, PA 19044

The notes above evidence standard commercial borrowings. None of the notes are convertible into the issuer's equity securities. None of the lenders are affiliated with the Issuer.

4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. Ensure that these descriptions are updated on the Company's Profile on www.otcmarkets.com.

- A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

Energy and Environmental Services, Inc. ("We") manufacture specialized liquid and solid chemicals used primarily in the oil and gas industry and high-tech specialized protective coatings for oil and gas and other industrial applications. We also have products under development using enzyme technologies for animal feed supplements, organic fertilizers, and odor solutions. We are headquartered in Oklahoma City, Oklahoma.

- B. Please list any subsidiaries, parents, or affiliated companies.

Our operations are conducted on a consolidated basis and are more fully described in the Annual Report for the year ended December 31, 2023, which was posted through the OTCIQ on March 30, 2024, is incorporated herein by reference.

- C. Describe the issuers' principal products or services.

We manufacture specialized liquid and solid chemicals used primarily in the oil and gas industry and high-tech specialized protective coatings for oil and gas and other industrial applications. We also have products under development using enzyme technologies for animal feed supplements, organic fertilizers, and odor solutions. Our products and services are more fully described in the Annual Report for the year ended December 31, 2023, which was posted through the OTCIQ on March 30, 2024, is incorporated herein by reference.

5) Issuer's Facilities

The goal of this section is to provide investors with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer. Describe the location of office space, data centers, the principal plants and other property of the issuer and describe the condition of the properties. Specify if the assets, properties, or facilities are owned or leased and the terms of their leases. If the issuer does not have complete ownership or control of the property, describe the limitations on the ownership.

We conduct our operations in 12 facilities in Oklahoma and Texas. Our research and development lab and organic fertilizer plant is a 7,000 square foot building located at 6300 Boucher Drive, Edmond, Oklahoma. Our oilfield chemical plant is housed in a 27,500-square foot building located at 6701 Boucher Drive, Edmond, Oklahoma. Our Enduro-Bond® coating operations are mostly done in a 30,000-square foot facility located at 1728 Frisco Avenue in Chickasha, Oklahoma. We own these buildings as well as an 80,000-square foot chemical warehouse in Snyder, Texas, and a 2-acre lot on Boucher Drive, Edmond, Oklahoma. We also own land and a building in Abilene, Texas, which is used for our production chemicals and services. We lease our corporate office in a 1,900-square foot suite in the Oil Center at 2601 NW Expressway, Oklahoma City, Oklahoma, a 7,000 square foot building at 6388 Boucher Drive, Edmond, Oklahoma, where we cultivate the enzymes and probiotics used on our microbial product lines and ag products. Patriot leases four facilities, which are located in Ratliff City, Oklahoma, Cleveland, Oklahoma, Canadian, Texas, and Ada, Oklahoma. All the facilities are utilized in our operations and none are vacant.

Our facilities are more fully described in the Annual Report for the year ended December 31, 2023, which was posted through the OTCIQ on June 30, 2024, is incorporated herein by reference.

6) All Officers, Directors, and Control Persons of the Company

Using the table below, please provide information, as of the period end date of this report, regarding all officers or directors of the company, as well as, or any person that performs a similar function, regardless of the number of shares they own.

In addition, list all individuals or entities controlling 5% or more of any class of the issuer's securities,

If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity.

Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

The goal of this section is to provide investors with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial owners.

Name of Officer/Director and Control Person	Affiliation with Company (e.g. Officer/Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Note
Gerald Eaton	CEO	Edmond, OK	25	common	--	_____
Troy Todd	COO	Guthrie, OK	1,325,400	common	2.5%	_____
Andrew Schmidt	CFO	Oklahoma City, OK	--	--	--	==
Todd Jelinek	Vice President	Edmond, OK	1,381,324	common	2.6%	_____
Gary Presley	Vice President – Sales Director	Healdton, OK	1,580,000	common	2.9%	_____
Vicki Smith	Director	Olympia, WA	-0-	common	--	_____
Scott Shaw	Director	Oklahoma City, OK	1,220,430	common	2.3%	
Dwyer Durant	Director	Chickasha, OK	1,000,000	Common	1.9%	
Melvin Smith Revocable Trust Vickie Smith, Trustee	Shareholder	Olympia, WA	13,250,000	common	24.6%	_____
Estate of George Shaw	Shareholder	Oklahoma City, OK	2,932,383	common	5.5%	_____

Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, log in to www.OTCIQ.com to update your company profile.

7) Legal/Disciplinary History

A. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, in the past 10 years:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

N/A

2. Been the subject of the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, financial or investment related, insurance or banking activities;

N/A

3. Been the subject of a finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

N/A

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or

N/A

5. Been the subject of the entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

N/A

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail

N/A

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

N/A

8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, update your company profile.

Securities Counsel (must include Counsel preparing Attorney Letters)

Former Securities Counsel: (which prepared attorney letter filed on April 29, 2024)

Name: Gary W Derrick
Firm: Derrick & Briggs, LLP
Address 1: BancFirst Tower, Ste. 2700
Address 2: 100 N. Broadway Ave.
Oklahoma City, OK 73102
Phone: 405-235-1900
Email: derrick@derrickandbriggs.com

Current Securities Counsel:

Name: William T. Hart
Firm: Hart & Hart, LLC
Address 1: 1624 N. Washington St.
Address 2: Denver, CO 80203
Phone: (303) 839-0061
Email: hartrinen@aol.com

Accountant or Auditor

Name: Leslie G. Pettitt
Firm: Leslie G. Pettitt, PC
Address 1: 4603 N College Ave.
Address 2: Bethany, OK 73008
Phone: 405-833-7458
Email: lgpettitt@hotmail.com

Investor Relations

None

All other means of Investor Communication:

X (Twitter): _____
Discord: _____
LinkedIn: _____
Facebook: _____
[Other]: _____

Other Service Providers

Provide the name of any other service provider(s) that assisted, advised, prepared or provided information with respect to this disclosure statement. This includes counsel, broker-dealer(s), advisor(s) or consultant(s), or provided assistance or services to the issuer during the reporting period.

None

9) Disclosure & Financial Information

A. This Disclosure Statement was prepared by (name of individual)

Name: William T. Hart
Title: Securities Counsel
Relationship to Issuer: None

B. The following financial statements were prepared in accordance with:

IFRS
 U.S. GAAP

C. The following financial statements were prepared by (name of individual)

Name: Leslie G. Pettitt
Title: CPA
Relationship to Issuer: None

Describe the qualifications of the person or persons who prepared the financial statements:

Mr. Pettitt is a certified public accountant.

Provide the following qualifying financial statements.

- a. Audit letter (if audited)
- b. Balance Sheets;
- c. Statement of Income;
- d. Statement of Cash Flows;
- e. Statement of Changes in Shareholders' Equity; and
- f. Financial footnotes

Financial Statement Requirements:

- Financial statements must be published together with this disclosure statement as one document.
- Financial statements must be “machine readable”. Do not publish images/scans of financial statements.
- Financial statements must be presented with comparative financials against the prior FYE or period, as applicable.
- Financial statements must be prepared in accordance with U.S. GAAP or International Financial Reporting Standards (IFRS) but are not required to be audited.

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Gerald Eaton, certify that:

1. I have reviewed this Disclosure Statement for Energy and Environmental Services, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

August 13, 2024

/s/ Gerald Eaton
[CEO's Signature]

(Digital Signatures should appear as “/s/ [OFFICER NAME]”)

Principal Financial Officer:

I, Andrew Schmidt, certify that:

1. I have reviewed this Disclosure Statement for Energy and Environmental Services, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

August 13, 2024

/s/ Andrew Schmidt
[CFO's Signature]

(Digital Signatures should appear as “/s/ [OFFICER NAME]”)

ENERGY AND ENVIRONMENTAL SERVICES, INC.

FINANCIAL STATEMENTS

Together with Accountants' Compilation Report

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Leslie G. Pettitt, P.C.

Certified Public Accountant

4603 N College Ave

Bethany, Oklahoma 73008

(405) 833-7458 Fax (888) 748-6813

email: lgpettitt@hotmail.com

August 1, 2024

Accountants' Compilation Report

ENERGY AND ENVIRONMENTAL SERVICES, INC.

Board of Directors:

Management is responsible for the accompanying financial statements of Energy and Environmental Services, Inc., which comprise the consolidated balance sheets as of June 30, 2024, and December 31, 2023, and the related consolidated statements of income for the three and six months ended June 30, 2024 and 2023, the consolidated statements of equity for the six months ended June 30, 2024, and the year ended December 31, 2023, and the consolidated statements of changes in cash flows for the six months ended June 30, 2024 and 2023, in accordance with principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Leslie G. Pettitt, PC

ENERGY AND ENVIRONMENTAL SERVICES, INC.				
CONSOLIDATED BALANCE SHEETS				
			June 30, 2024	December 31, 2023
ASSETS				
Current assets				
	Cash and cash equivalents		\$ 560,200	\$ 875,800
	Restricted cash		477,000	524,800
	Accounts receivable - trade (net of reserve for bad debts of \$60,700 and \$60,700 as of June 30, 2024 and December 31, 2023, respectively)		1,297,300	1,329,000
	Inventory		4,792,800	5,109,500
	Deferred tax assets		1,055,200	1,055,200
	Prepaid expenses and other current assets		760,400	426,300
	Total current assets		8,942,900	9,320,600
	Property, plant and equipment (net of accumulated depreciation of \$5,856,200 and \$5,305,600 at June 30, 2024 and December 31, 2023, respectively)		5,010,900	5,524,100
	Notes receivable		93,400	93,400
	Equity investments		52,700	48,800
	Goodwill		886,100	886,100
	Total assets		\$ 14,986,000	\$ 15,873,000
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
	Accounts payable		\$ 1,622,900	\$ 1,448,200
	Short-term borrowings		810,700	936,100
	Other current liabilities		2,900	3,400
	Notes payable - related parties		87,300	95,500
	Deferred tax liabilities		431,900	431,900
	Current portion of long-term debt		973,900	455,700
	Current portion of financial lease obligations		75,700	75,600
	Other taxes		28,200	59,200
	Total current liabilities		4,033,500	3,505,600
	Long-term notes - less current portion		1,766,600	2,574,100
	Financial lease obligations - less current portion		137,300	174,400
Shareholders' Equity				
	Preferred stock, \$0.00001 par value, 20,000,000 shares authorized, no shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively		-	-
	Common stock, \$0.00001 par value, 100,000,000 shares authorized, 53,829,393 and 53,829,393 shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively		500	500
	Additional paid in capital		1,933,100	1,933,100
	Retained earnings		7,115,000	7,685,300
	Total Shareholder's Equity		9,048,600	9,618,900
	Total Liabilities and Shareholders' Equity		\$ 14,986,000	\$ 15,873,000

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ENERGY AND ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023

	June 30, 2024	June 30, 2023
Cash flows from operating activities		
Net (loss) income	\$ (570,300)	\$ 827,400
Adjustments to reconcile net income to net cash used in operating activities		
Depreciation and amortization	550,600	602,800
Gain on sale of assets	-	(16,900)
Stock based compensation	-	11,700
Earnings from equity method investment	(3,900)	(32,700)
Net changes in current assets and liabilities		
Restricted cash	47,800	41,200
Accounts Receivable	31,700	596,400
Inventory	316,700	(90,000)
Deferred tax assets	-	
Prepaid expenses and other current assets	(334,100)	(321,000)
Accounts payable	174,700	(157,800)
Short-term borrowings	(125,400)	(658,300)
Other current liabilities	(500)	2,200
Other taxes	(31,000)	(34,700)
Net cash provided by operations	56,300	770,300
Cash flows from investing activities		
Sale of property, plant and equipment	-	47,800
Purchases of property, plant and equipment	(37,400)	(495,000)
Net cash used in investing activities	(37,400)	(447,200)
Cash flows from financing activities		
Payments on notes payable	(297,500)	(219,300)
Advances on notes payable	-	67,200
Payments on lease obligations	(37,000)	(82,000)
Advance on lease obligations	-	224,500
Net cash (used in) provided by financing activities	(334,500)	(9,600)
Net (decrease) increase in cash	(315,600)	313,500
Cash and cash equivalents, beginning of period	875,800	1,621,500
Cash and cash equivalents, end of period	\$ 560,200	\$ 1,935,000

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ENERGY AND ENVIRONMENTAL SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2024 AND 2023

1. NATURE OF OPERATIONS

Energy and Environmental Services, Inc. (the “Company”) was originally incorporated as Energas Resources, Inc. in 1989 in British Columbia, Canada, as a public company listed on the Vancouver Stock Exchange. In 2001, the Company registered as a Delaware corporation becoming a United States domestic corporation. In 2002, its registration statement filed with the Securities and Exchange Commission became effective and its stock was traded on the Over-the-Counter Bulletin Board market. On November 1, 2011, the Company voluntarily delisted from the Over-the-Counter Bulletin Board market and qualified its shares to trade on the OTC pink current information market.

On January 25, 2012, the name of the Company was changed to Enerlabs, Inc. On March 23, 2015, the Company redomiciled the company from Delaware and registered as a Colorado corporation. On October 24, 2016, the Company signed a share exchange with Melvin Smith, the sole shareholder of Energy & Environmental Services, Inc. (“EES”), in which Smith exchanged his EES shares for 32 million shares of the Company. EES became the operating subsidiary of Enerlabs. On December 5, 2016, the name of the Company was changed to Energy and Environmental Services, Inc.

The Company, headquartered in Oklahoma City, manufactures specialized liquid and solid chemicals used primarily in the oil and gas industry and high-tech specialized protective coatings for oil and gas and other industrial applications. The Company’s operations are maintained and occur through its wholly-owned subsidiaries: Enduro-Tech Energy Services, Inc. (formerly Energy and Environmental Services, Inc.) (“Enduro-Tech”), Enduro-Bond Manufacturing Company, LLC (“EMC”), EcoZyme System Technologies, LLC (“EST”), and Patriot Chemicals & Services, LLC (“Patriot”). Enduro-Tech, EMC, EST, and Patriot were formed in the state of Oklahoma.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation - The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Enduro-Tech, EMC, EST, and Patriot. All significant inter-company items have been eliminated in consolidation.

Use of estimates in the preparation of financial statements - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – The Company considers all highly liquid debt instruments purchased with a maturity period of three months or less to be cash equivalents. The carrying amounts reported in the accompanying consolidated balance sheets for cash and cash equivalents approximate their fair value.

Restricted Cash – The Company has a cash reserve account that is held as a loss reserve for factored accounts receivable. As factored receivables are collected the reserve is adjusted and amounts are moved to the Company’s operating account. Repurchases of recourse receivables are also through this reserve account. The Company also maintains a \$300,000 certificate of deposit that is also collateral for the uncollected factored receivables.

Accounts Receivable – Management periodically assesses the collectability of the Company’s accounts receivable and notes receivable. Accounts determined to be uncollectible are charged to operations when that determination is made.

Inventories – Inventories are stated at the lower of cost or market. Cost is determined using the weighted average method.

Cost of inventories comprises all costs of purchases, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Costs of conversion of inventories include fixed and variable production overheads, taking into account the stage of completion.

Intangible Assets and Amortization – Intangible assets represent software and closing costs acquired by the Company and are stated at cost less amortization and impairment, if any. Amortization of software and closing costs is calculated on the straight-line method, based on the period over which the software is licenses or the length of the note from closing on the building.

Goodwill - Goodwill represents the excess of cost over fair value of assets acquired. Goodwill is not subject to amortization but is tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired, as required by ASC Topic 350, “Intangibles - Goodwill and Other”.

Revenue recognition - Revenue from the sale of goods and services is recognized on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and the title has passed and services have been rendered.

Long-lived assets - The Company reviews its long-lived assets for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For purposes of evaluating the recoverability of long-lived assets, the recoverability test is performed using estimated undiscounted net cash flows to be generated by the asset.

Property, Plant and Equipment - Equipment is recorded at cost and depreciated on the straight-line basis over the following periods:

Computer equipment	3-5 years
Trucks	5 years
Office equipment	5-7 years
Buildings and improvements	7-39 years

Earnings per share - Basic net income (loss) per common share is computed by dividing net earnings (loss) applicable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted net earnings (loss) per common share is determined using the weighted average number of common shares outstanding during the period, adjusted for the dilutive effect of common stock equivalents, consisting of shares that might be issued upon exercise of common stock options. In periods where losses are reported, the weighted average number of common shares outstanding excludes common stock equivalents, because their exclusion would be anti-dilutive.

Stock-based compensation - The Company accounts for stock-based compensation under the provisions of the Financial Accounting Standards Board (the “FASB”) Accounting Standards Codification (“ASC”) — 718 Compensation — Stock Compensation. The guidance under ASC 718 requires companies to estimate the fair value of the stock-based compensation awards on the date of grant for employees and directors and record expense over the related service periods, which are generally the vesting period of the equity awards. Awards for consultants are accounted for under ASC 505-50 — Equity Based Payments to Non-Employees. Compensation expense is recognized over the period during which services are rendered by such consultants and non-employees until completed. At the end of each financial reporting period prior to completion of the service, the fair value of these awards is remeasured using the then-current fair value of the Company’s common stock.

Concentration of credit risk – The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant risk.

Trade receivables consist of uncollateralized customer obligations due under normal trade terms. Management has established a reserve for doubtful accounts of \$60,700 based on trade receivables that may not be fully collectible at June 30, 2024.

Financial Instruments – The carrying value of current assets and liabilities reasonably approximates their fair value due to their short maturity periods.

Income taxes - The Company uses the asset/liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The Company’s policy is to classify the penalties and interest associated with uncertain tax positions, if required, as a component of its income tax provision.

Retirement Benefit Costs – The Company maintains defined contribution 401(k) retirement plans in two subsidiaries Enduro-Tech and EMC.

For the six months ended June 30, 2024 and 2023, there was pension cost charged to the statements of income under the plans of \$41,300 and \$19,100, respectively.

Reclassifications – Certain prior period amounts have been reclassified to conform to current period presentation.

New Accounting Pronouncements

There were updates recently issued, most of which represent technical corrections to the accounting literature or application to specific industries or transactions that are not expected to have a material impact on the Company’s financial position, results of operations or cash flows.

Other recently issued accounting pronouncements did not or are not believed by management to have a material impact on the Company’s present or future financial statements.

3. RELATED PARTY TRANSACTIONS

In the six months ended June 30, 2024 and 2023, the Company paid \$3,800 and \$4,800 as sales commissions to a distributor partially owned and controlled by a director of the Company. During the same period, the distributor purchased \$45,700 and \$34,000 of coatings products from the Company for resale. The sales commissions and resale discounts were comparable to commissions paid and discounts afforded to third party distributors.

4. INVENTORIES

ASC 330-10-35, “Adjustments to Lower of Cost or Market”, requires the Company to reduce the carrying value of inventory when there is evidence that the utility of goods will be less than cost, whether due to physical deterioration, obsolescence, changes in price levels or other causes.

As of June 30, 2024 and December 31, 2023, inventories consisted of the following:

	June 30, 2024	December 31, 2023
At cost:		
Raw materials	\$ 3,828,000	\$ 3,970,900
Finished goods	964,800	1,138,500
	<u>\$ 4,978,800</u>	<u>\$ 5,109,500</u>

5. PROPERTY, PLANT AND EQUIPMENT

As of June 30, 2024 and December 31, 2023, property, plant and equipment, stated at cost less accumulated depreciation, consisted of the following:

	June 30, 2024	December 31, 2023
Buildings	\$ 2,026,700	2,026,700
Improvements	1,302,800	1,302,800
Equipment	3,418,100	3,398,200
Vehicles and transportation equipment	3,688,500	3,684,000
Furniture and fixtures	289,400	274,900
Software and closing costs	141,600	143,100
	<u>10,867,100</u>	<u>10,829,700</u>
Less: Accumulated depreciation	<u>(5,856,200)</u>	<u>(5,305,600)</u>
	<u>\$ 5,010,900</u>	<u>\$ 5,524,100</u>

6. SHORT-TERM BORROWINGS

The Company has entered into an accounts receivable factoring agreement with recourse where certain accounts receivable invoices are purchased subject to a 2.15% service charge. There is also a reserve account (restricted cash, see note 2) to provide security for the Company's repurchase obligations.

	June 30, 2024	December 31, 2023
Short-term borrowing	\$ 810,700	936,100
Restricted cash reserve	<u>\$ 477,000</u>	<u>524,800</u>

7. LONG-TERM NOTES - LESS CURRENT PORTION

	June 30, 2024	December 31, 2023
Bank loan dated August 12, 2019 due April 12, 2025 with an interest rate of 6.5% (Paid July 2022)	595,800	636,900
Equipment loan dated November 7, 2019, due November 30, 2024 with an interest rate of 13.26%	1,700	4,200
Bank loan dated 8/27/20, due December 27, 2025 with an interest rate of 6.0%	1,107,700	1,171,600
Vehicle loan dated September 25, 2021, due September 25, 2026 with an interest rate of 4.5%	31,900	38,600
Vehicle loan dated September 25, 2021, due September 25, 2026 with an interest rate of 4.5%	26,500	32,700
Vehicle loan dated September 25, 2021, due September 25, 2026 with an interest rate of 4.5%	27,000	32,000
Vehicle loan dated October 29, 2021, due October 29, 2026 with an interest rate of 4.54%	34,200	40,800
Vehicle loan dated December 10, 2021, due December 10, 2026 with an interest rate of 4.54%	35,800	42,500
Vehicle loan dated December 23, 2021, due December 23, 2026 with an interest rate of 4.54%	37,300	43,800
Vehicle loan dated January 4, 2022, due February 4, 2027 with an interest rate of 4.94%	33,600	39,600
Vehicle loan dated January 10, 2022, due February 10, 2027 with an interest rate of 4.99%	32,900	38,800
Vehicle loan dated February 21, 2022, due March 21, 2027 with an interest rate of 4.94%	40,200	46,900
Vehicle loan dated March 15, 2025, due April 15, 2027 with an interest rate of 4.94%	39,400	46,000
Vehicle loan dated May 11, 2022, due May 25, 2027 with an interest rate of 4.94%	48,600	56,200
Vehicle loan dated June 17, 2022, due July 1, 2027 with an interest rate of 6.74%	49,100	56,200
Vehicle loan dated June 16, 2022, due June 30, 2026 with an interest rate of 7.94%	34,300	40,300
Vehicle loan dated June 18, 2022, due July 2, 2027 with an interest rate of 4.99%	46,200	53,100
Equipment loan dated April 1, 2022, due April 1, 2024 with an interest rate of 12.355%	-	2,900
Note payable dated February 28, 2022 due February 29, 2025 with no interest	3,800	6,700

Vehicle loan dated July 26, 2022, due August 26, 2027 with an interest rate of 4.99%	38,200	46,500
Vehicle loan dated July 26, 2022, due August 26, 2027 with an interest rate of 4.99%	52,500	63,800
Vehicle loan dated July 26, 2022, due August 26, 2027 with an interest rate of 4.99%	38,700	47,100
Vehicle loan dated July 26, 2022, due August 30, 2029 with an interest rate of 7.5%	124,200	133,600
Vehicle loan dated November 5, 2022, due December 20, 2026 with an interest rate of 6.69%	48,000	57,000
Vehicle loan dated November 22, 2022 due January 6, 2027 with an interest rate of 8.19%	37,200	43,800
Vehicle loan dated December 23, 2022, due December 23, 2029 with an interest rate of 9.5%	40,600	53,000
Vehicle loan dated December 30, 2022, due December 30, 2026 with an interest rate of 9.5%	83,300	97,200
Vehicle loan dated February 13, 2023, due March 27, 2028 with an interest rate of 7.89%	51,800	58,000
	<u>2,740,500</u>	<u>3,029,800</u>
Less current portion of notes payable	<u>(973,900)</u>	<u>(455,700)</u>
	<u>\$ 1,766,600</u>	<u>\$ 3,016,200</u>

8. SHARE-BASED PAYMENT AWARDS

The Company's board of directors and shareholders approved the EES 2018 Equity Incentive Plan in June 2018 (the "2018 Plan"), which authorized the issuance of up to 5,000,000 shares of the Company's common stock. There were 2,339,750 shares available for future issuance under the 2018 Plan as of June 30, 2024.

Restricted Stock Awards	Number of Shares
Unvested as of December 31, 2023	106,667
Issued	-
Vested	-
Forfeited/Cancelled	-
Unvested as of June 30, 2024	<u>106,667</u>

The weighted average grant date value of the restricted stock award issued was \$nil and \$0.17 during the period ended June 30, 2024 and 2023, respectively. The fair value of the restricted stock awards vested during the three months ended June 30, 2024 and 2023, was \$nil and \$11,700, respectively.

9. EARNINGS PER SHARE

Accounting guidance requires a reconciliation of the numerator and denominator of the basic and diluted earnings per share (EPS) computations. The following reconciles the components of the EPS computation for the three months ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Basic and Diluted income (loss) per share computation		
Numerator:		
Net income	\$ (612,400)	\$ (530,000)
Denominator:		
Weighted average common shares outstanding	53,829,393	53,844,961
Basic income per share	\$ (0.01)	\$ (0.01)

The following reconciles the components of the EPS computation for the six months ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Basic and Diluted income (loss) per share computation		
Numerator:		
Net income	\$ (570,300)	\$ 827,400
Denominator:		
Weighted average common shares outstanding	53,829,393	53,795,784
Basic income per share	\$ (0.01)	\$.02

10. FINANCIAL LEASES

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Vehicle leases with terms of 30 to 36 months	\$ 213,000	\$ 250,000
Less current portion	(75,700)	(75,600)
	<u>\$ 137,300</u>	<u>\$ 174,400</u>

11. OPERATING LEASES

The Company leases an office and warehouse in Cleveland, Oklahoma for \$2,200 per month from March 2024 until February 2025 and \$2,400 per month from March 2025 until February 2026 expiring in February 2026. The Company leases an office and warehouse in Canadian, Texas, for \$2,000 per month expiring in May 2027. The Company leases an office and warehouse in Ratliff City, Oklahoma, for \$4,000 per month expiring in May 2027. The Company leases an office in Oklahoma City, Oklahoma, for \$1,700 per month expiring in February 2025. The Company leases an office and warehouse in Ada, Oklahoma, for \$2,000 per month expiring in August 2026. The Company also leases various office and warehouse space under month-to-month leases. Total rent expenses for the six months ended June 30, 2024 and 2023, were \$74,300 and \$40,300, respectively. Future minimum lease payments over the next five years are as follows:

2024	59,400
2025	103,800
2026	72,800
2027	12,000
	<u>\$248,000</u>

12. CONTINGENCIES

In the normal course of its operations, the Company may, from time to time, be named in legal actions seeking monetary damages. While the outcome of these matters cannot be estimated with certainty, management does not expect, based upon consultation with legal counsel, that they will have a material effect.

Management's Discussion and Analysis of Financial Condition and Results of Operations.

See Note 2 to the interim financial statements included as part of this report for a description of the Company's significant accounting policies.

Material changes in the Company's Statement of Operations for six and three months ended June 30, 2024 compared to the same period in the prior year are discussed below:

Three Months ended June 30, 2024

<u>Item</u>	<u>Increase (I) or Decrease (D)</u>	<u>Reason</u>
Sales	D	Lower drilling activity in the Second Quarter 2024 resulted in less fracking activity and a corresponding decrease in sales.
Operating expenses	D	Less selling, general and administrative expenses due to reduction in staff and less commissions due to lower sales.

Six Months ended June 30, 2024

<u>Item</u>	<u>Increase (I) or Decrease (D)</u>	<u>Reason</u>
Sales	D	Lower drilling activity in the Second Quarter 2024 resulted in less fracking activity and a corresponding decrease in sales.
Operating expenses	D	Less selling, general and administrative expenses due to reduction in staff and less commissions due to lower sales.
Employee retention credits	D	Not eligible for credits in 2024.

Factors that will most significantly affect future operating results will be:

- activity in the oil and gas industry;
- competition from existing and future companies;
- pricing of our products and services.

Other than the foregoing we do not know of any trends, events or uncertainties that have had, or are reasonably expected to have, a material impact on our revenues or expenses.

Capital Resources and Liquidity

The Company's sources and (uses) of cash for the six months ended June 30, 2024 and 2023 are shown below:

	<u>2024</u>	<u>2023</u>
Cash provided by operations	\$56,300	\$770,301
Sale of equipment	--	47,800
Purchase of equipment	(37,400)	(495,000)

Payment of notes payable	(297,500)	(219,300)
Advances on notes payable	--	67,200
Payments on lease obligations	(37,000)	(82,000)
Advance on lease obligations	--	224,500

The Company does not know of any trends, demands, commitments, events or uncertainties that will result in, or that are reasonable likely to result in, its liquidity increasing or decreasing in any material way.

Outlook

Oil prices for the Second Quarter 2024 showed a gradual increase from the Second Quarter 2023. These increases were offset, however, by lower natural gas prices, which reflected strong production and mild winter weather, which supports our belief that prices will increase in the long term. The pricing disparities continue to weaken demand in the service sector. The North America average rig count decreased 18.3% in the Second Quarter of 2024 as compared to the Second Quarter 2023. The current environment suggests that oil and gas operators are focused on returning capital to shareholders, as indicated by the continued merger and acquisition activity within the industry. Capital returns and investment tend to lower capital expenditures, which results in weaker demand for our products and services.

We continue to believe that long-term pricing will increase resulting in greater demand for our products and services. For 2024, we expect that oil production will continue its gradual increase along with higher demand as the economies, particularly the domestic economy, ease past the risk of recession and inflationary pressures subside. Natural gas prices are likely to strengthen with increasing LNG exports and stronger domestic power demand. With these expectations, our oil and gas outlook for 2024 and beyond is more optimistic. Global energy demand is predicted to increase over the coming decades despite transitions to alternative energy sources. These developments should mean higher sales and improved margins for our liquid and solid frac stimulation chemicals and for our production chemicals.

Forward-Looking Statements

The foregoing MD&A discussion contains forward-looking statements about our business plans, anticipated trends in our business and our future results of operations. In addition, the words “believe”, “may”, “could”, “will”, “when”, “estimate”, “continue”, “anticipate”, “intend”, “expect” and similar expressions, as they relate to us, our business or our industry, are intended to identify forward-looking statements. These forward-looking statements are based largely on our expectations and are subject to risks and uncertainties, many of which are beyond our control. Actual results could differ materially from these forward-looking statements because of, among other things:

- Our plans and objectives for future operations;
- The global demand for oil and natural gas in the U.S. and world financial markets;
- Existing cash flows being adequate to fund future operating needs;
- Outcomes of future product development and our success in commercialization plans and timing;
- The competitive nature of our business and market conditions with respect to products and pricing; and
- Future plans related to budgets, capital requirements, market share growth, and anticipated capital projects and obligations.

Although we believe that the expectations included in these forward-looking statements are reasonable, these forward-looking statements are subject to certain events, risks, assumptions, and uncertainties, including those discussed in the “Risk Factors” section in our Annual Report. These

statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. We caution you not to place undue reliance on the forward-looking statements contained in this Second Quarter 2024 Report, which speaks only as of the filing date, and we undertake no obligation to update this information.