ClearStream Announces First Quarter 2020 Financial Results

Calgary, Alberta (May 7, 2020) – ClearStream Energy Services Inc. ("ClearStream" or the "Company") (TSX: CSM) today announced its results for the three months ended March 31, 2020. All amounts are in Canadian dollars and expressed in thousands of dollars unless otherwise noted.

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

2020 HIGHLIGHTS

The first quarter of 2020 represented a period of unprecedented times. In March 2020, the World Health Organization declared a global pandemic related to the novel coronavirus known as COVID-19. The expected impacts on global commerce are anticipated to be far reaching. Due to public health measures, the movement of people and goods has become restricted, and economic activity has significantly contracted in most countries around the world. In addition, there has been extreme volatility with crude oil prices due to a significant reduction in demand, increased supply from OPEC and Russia and a potential lack of storage capacity forcing production shut-ins. The rapid evolution of the COVID-19 pandemic combined with the recent drop in oil prices has created a requirement to proactively adapt to the current market environment.

Although bidding activity remains strong as clients prepare for maintenance/construction activity once the pandemic is under control, some orders have been cancelled and most turnarounds scheduled for the second quarter have been postponed to later in 2020 or next year. We expect to see more cancellations or deferrals over the next few months, and have received client requests for additional ways to reduce costs. Furthermore, the recent collapse in oil prices has resulted in some production sites being partially or completely shut-in and, should oil prices remain at these levels, further sites may be shut-in and could remain shut-in until oil prices recover to a level where it is economic to re-commence production operations.

As part of the Company's response to the COVID-19 pandemic, the following measures have been taken:

- We implemented additional employee safety protocols in our various fabrication and production workshops and yards as well as client sites to manage the health risk for our workforce;
- We temporarily closed our Calgary and Edmonton corporate offices to ensure physical distancing, and reduced our district offices to essential personnel with most of our administrative staff now working remotely;
- We established a Management Emergency Response Committee (MERC) to issue daily instructions to all staff with a strong focus on COVID-19 protection measures, mental health and working from home guidelines;

- We submitted business continuity plans to our clients and updated all our site specific safety plans;
- We created a supply chain mitigation plan for potential disruptions related to material supply or the health of our subcontractors' workforce; and
- We re-purposed a portion of our insulation blanket manufacturing facility and staff to produce non-medical face masks for our employees and customers.

As it is difficult to reliably estimate the full impact of the COVID-19 pandemic and oil price supply/demand imbalance, we continue to adjust our operations in order to protect our liquidity and capital resources. We have implemented the following cost mitigation measures, without compromising our ability to promptly ramp up activity and therefore avoid long-term consequences to our capabilities and service offerings:

- Reduced our hourly workforce by 40% and salaried staff by 20% through temporary layoffs in order to adjust our cost structure to align with volume reductions requested by our clients;
- Curtailed all non-essential and discretionary spending, and reduced certain employee benefits to maintain our market competitiveness; and
- Reduced temporarily Executive Leadership Team and Director compensation.

As of March 31, 2020, ClearStream has cash and available credit facilities of $37,871 (December 31, 2019 - $19,244). To maintain additional financial flexibility, we have also requested our lenders to defer interest and principal payments, waive compliance with financial covenants if required and defer other payments and fees.

The Company is actively monitoring the programs being introduced by the Federal and Provincial governments to provide support to business and their employees and, where appropriate, will apply to obtain funding from such programs.

Nevertheless, the Company's performance in the first quarter of 2020 increased in comparison to the same period in 2019 as a result of the acquisition on June 28, 2019 of (i) certain assets of the production services division of AECOM Production Services Ltd. and (ii) all of the shares of Universal Weld Overlays Inc. ("UWO"). The positive impact of those acquisitions was partially offset by reduced activity levels in the Maintenance and Construction segment as well as the Wear Technology Overlay segment, which impacted our margins in the first quarter of 2020. The full impact of the market pullback, partially offset by our mitigation measures, will be clearly visible in second quarter of 2020 and possibly in the second half of 2020 as well.

Since the launch of Flint and UWO as divisions of ClearStream in mid-2019, as well as the expansion of our Environmental business for abandonment, decommissioning, and reclamation of orphan well sites in Western Canada, we are able to offer and serve our clients with a suite of 38 services that encompass the full asset lifecycle. With expected continued consolidation of oil and gas exploration and production companies and the extensive regional coverage provided by our district offices, ClearStream is well-positioned to consolidate further multiple services required at various operating sites while generating efficiencies and cost reductions for its clients.

OVERVIEW OF FINANCIAL RESULTS

($ millions, except per share amounts)	Three months ended March 31, 2020	Three months ended March 31, 2019
Revenue	126.8	84.0
Gross profit	9.1	8.7
Selling, general & administrative expenses	(6.5)	(5.2)
Adjusted EBITDAS	2.7	3.6
Loss from continuing operations	(9.3)	(4.2)
Loss per share from continuing operations, basic and diluted	(0.08)	(0.04)

2020 RESULTS COMMENTARY

Revenues for the three months ended March 31, 2020 were $126,799 compared to $83,954 for the same period in 2019, an increase of 51% from 2019. This increase in 2020, in comparison to 2019, is driven by the acquisition on June 28, 2019 of certain assets of the production services division of AECOM Production Services Ltd. (the "AECOM PSD Business") and all of the issued and outstanding shares of Universal Weld Overlays Inc. ("UWO"). Acquisition driven revenue increases were partially offset by a reduction of revenue in the Maintenance and Construction segment and Wear Technology Overlay segment. The revenue reductions in these segments were due to customers reducing spending and postponing scheduled maintenance and turnaround activities. These postponements are a result of volatility in crude oil prices due to macro-economic uncertainty, fuelled by increased supply from OPEC and Russia, the economic impact of the COVID-19 pandemic, and potential lack of storage capacity, forcing production shut-ins at various sites in Western Canada.

Gross profit for the three months ended March 31, 2020 was $9,146 compared to $8,718 for the same period in 2019. Gross profit margins were 7.2% in 2020 compared to 10.4% in 2019. The decrease in gross profit margin in 2020 was due to a reduction in both the total volume and the volume of higher margin work in the Wear Technology Overlay Services segment where certain fixed costs are required to operate the facilities and downward pressure on margins by customers in response to market uncertainty. As it became clear that the COVID-19 outbreak and other market conditions were going to have longer term impacts on our activity levels and margins, we took immediate steps to adjust our cost structure, for which we will see the full impact in the remainder of 2020.

Selling, general and administrative (“SG&A”) expenses for the three months ended March 31, 2020 were $6,542, in comparison to $5,150 for the same period in 2019. As a percentage of revenue, SG&A costs were 5.2% in 2020 compared to 6.1% in 2019. This decrease for the three months ended March 31, 2020 was due to the combined effect of lower SG&A expenses in the first quarter of 2020 (due to the implementation of cost reduction initiatives near the end of the first quarter) and higher SG&A expenses in the first quarter of 2019 (due to the Company's growth and business process improvement initiatives).

Non-cash items that impacted the 2020 results were depreciation, amortization, and share-based compensation and other long-term incentive plans. For the three months ended March 31, 2020, depreciation and amortization expense was $3,663 compared to $3,396 for the same period in 2019. An increase in depreciation and amortization expense was largely due to the increase in asset values as a result of the acquisition of the AECOM PSD Business. Share-based compensation and other long-term incentive plans recovery of $1,109, in comparison to an expense of $64 in 2019, represents the change in the net present value of future cash payments expected to be earned under the Cumulative Value Creation Unit Plan. This amount will fluctuate period to period based on management's best estimate of Adjusted EBITDAS over the performance period, calculated for the portion of the performance period that has been completed.

For the three months ended March 31, 2020, interest expenses were $4,097 compared to $4,346 in 2019. Interest expense decreased by $249 due to accretion adjustments on other secured borrowings and earn-out contingent liability. Excluding accretion, interest for the three months ended March 31, 2020 was $5,153 an increase from the same period 2019 resulting from an increase in the amount outstanding under the term loan facilities due to advances made in the second and third quarters of 2019.

Restructuring costs of $413 were recorded during the three months ended March 31, 2020, in comparison to $61 in 2019. These non-recurring restructuring costs were related to the acquisitions of the AECOM PSD Business and UWO, which closed on June 28, 2019, as well as additional severance.

ClearStream identified indicators of impairment at March 31, 2020 as a result of the forecasted impact of the COVID-19 pandemic, which has decreased global demand for oil and gas, resulting in a reduction in long-term commodity price outlooks. ClearStream's customers' capital spending budgets have been reduced in the near-term and there is significant uncertainty as to the scale and duration of these developments. Management therefore performed impairment tests as at March 31, 2020 for the Wear and UWO cash-generating units ("CGUs"), both of which are within the Wear Technology Overlay Services segment. This testing resulted in an impairment of the UWO CGU of $5,000. No impairment was required for the Wear CGU.

Loss from continuing operations for the three months ended March 31, 2020 was $9,272, in comparison to loss of $4,222 in 2019. The income variance is largely driven by the goodwill impairment loss and decrease to gross profits offset by the reversal of the share-based compensation and other long-term incentive plans.

The loss from discontinued operations was $86 for the three months ended March 31, 2020, compared to a gain of $2,642 for the same period in 2019. The gain in 2019 includes the Company's share of an income tax reassessment won by Brompton resulting in a recovery of $3,250, offset by expenses that the Company continues to incur relating to the sale of businesses that it owned prior to March 2018. These expenses consist largely of legal, insurance, and consulting costs relating to Quantum Murray and legal proceedings that existed prior to the sale of the business.

For the three months ended March 31, 2020, Adjusted EBITDAS was $2,653 compared to $3,837 for the same period in 2019. As a percentage of revenue, Adjusted EBITDAS was 2.1% in 2020 compared to 4.6% in 2019. Adjusted EBITDAS as a percentage of revenue decreased due to gross profit decreases in the Maintenance and Construction Services segment and Wear Technology Overlay Services segment.

SEGMENT OPERATING RESULTS
MAINTENANCE AND CONSTRUCTION SERVICES

($ millions)	Three months ended March 31, 2020	2019
Revenue	115.3	67.4
Gross profit	6.7	4.2
Selling, general & administrative expenses	(0.2)	(0.2)
Adjusted EBITDAS	6.6	4.0
Income from continuing operations	4.2	2.1

REVENUES

Revenues for the Maintenance and Construction Services segment were $115,344 for the three months ended March 31, 2020 compared to $67,390 for the same period in 2019, which reflects an increase of 71.2%. This increase was due to the acquisition of the AECOM PSD Business on June 28, 2019. Acquisition driven revenue increases were partially offset by reductions due to customers reducing spending and postponing scheduled maintenance and turnaround activities. These postponements are a result of volatility in crude oil prices due to macro-economic uncertainty, fuelled by increased supply from OPEC and Russia, the economic impact of the COVID-19 pandemic, and potential lack of storage capacity, forcing production shut-ins at various sites in Western Canada.

GROSS PROFIT

Gross profit was $6,703 for the three months ended March 31, 2020, compared to $4,196 for the same period in 2019. Gross profit margins were 5.8% in 2020 compared to 6.2% for the same period in 2019. The gross profit margin decrease was due to lower than anticipated volumes from our maintenance and turnaround business, relative to indirect costs, as well as the downward market pressure on margins.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

SG&A expenses for the Maintenance and Construction Services segment were $190 for the three months ended March 31, 2020 which is consistent with the same period in 2019.

WEAR TECHNOLOGY OVERLAY SERVICES

($ millions)	Three months ended March 31, 2020	2019
Revenue	11.8	17.0
Gross profit	2.4	4.5
Selling, general & administrative expenses	0.0	(0.4)
Adjusted EBITDAS	2.4	4.1
Income from continuing operations	(3.6)	3.1

REVENUES

Revenues for this segment for the three months ended March 31, 2020 were $11,767, compared to $17,029 for the same period in 2019. The decrease in revenue for the period was due to overall reduced market activity as customers were cautious on spending in the first quarter and this was further impacted by lower than anticipated volumes from the postponement of scheduled maintenance and turnarounds. A further decrease in revenue for the period is due to the revenue generated by some fabrication facilities in the second quarter of 2019, that were eventually closed in mid-2019.

GROSS PROFIT

Gross profit was $2,442 for the three months ended March 31, 2020, compared to $4,522 for the same period in 2019. Gross profit margins were 20.7% in 2020 compared to 26.6% for the same period in 2019. The gross profit margin decrease was due to increased competition, which put downward pressure on margins, a higher proportion of lower margin work in our facilities and the overall decline in volumes with certain fixed costs remaining steady. As it became clear that the COVID-19 outbreak and other market conditions were going to have longer term impacts on our activity levels and margins, we took immediate steps to adjust our cost structure, including the consolidation of our facilities in order to optimize our overlay manufacturing footprint and efficiencies when completed in the third quarter of 2020.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

SG&A expenses for the Wear Technology Overlay Services segment were $22 for the three months ended March 31, 2020 compared to $381 for the same period in 2019. SG&A expenses decreased due to the closing of some fabrication facilities in late Q2 2019 and cost mitigation efforts.

CORPORATE

($ millions)	Three months ended March 31,	
	2020	2019
Selling, general & administrative expenses	(6.3)	(4.6)

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

SG&A expenses were $6,330 for the three months ended March 31, 2020 compared to $4,576 for the same period in 2019. SG&A expenses as a percentage of revenue were 5.0% in 2020 compared to 5.5% for the same period in 2019. This decrease for the three months ended March 31, 2020 was due to the implementation of cost reduction initiatives near the end of the first quarter in 2020 and higher expenses in the first quarter of 2019 due to the Company's growth and business process improvement initiatives.

LIQUIDITY AND CAPITAL RESOURCES

($ millions)	Three months ended March 31, 2020	2019
Cash provided by operating activities	3.6	4.6
Cash used in investing activities	(0.1)	(0.1)
Cash used in financing activities	(10.5)	(13.1)
Consolidated cash, end of period	—	2.2

The Company's liquidity and cash flow from operations has been impacted by a variety of external factors including: (a) further volatility in crude oil prices due to macro-economic uncertainty; and (b) COVID-19 impacting both the global and local economy in general and global oil demand in particular. As a result of these factors and a lack of available storage capacity, Canadian heavy oil producers have significantly scaled back their production operations, which has had a significant impact on our business and triggered deferrals in turnaround activity.

Depending on the severity and duration of the current market pullback, management has stress tested the Company's liquidity position to meet all commitments as well as created various levels of mitigation actions to respond to reductions in revenue.

To maintain additional financial flexibility, we have also requested our lenders to defer interest and principal payments, waive compliance with financial covenants if required and defer other payments and fees. We have reached an agreement in principle with (i) the provider of the Term Loan Facility to defer the payment of interest to March 31, 2021, and (ii) the holders of the senior secured debentures to accept payment of the interest owing on June 30, 2020 and December 31, 2020 in the form of additional senior secured debentures.

Based on current forecast, which assumes the interest payment relief described above and receipt of funding available to ClearStream through the programs introduced by the Federal and Provincial governments to provide support to businesses, the Company anticipates having sufficient cash flow from operations and available credit facilities to meet its short-term contractual obligations and to maintain compliance with its financial covenants through March 31, 2021.

The potential impact that COVID-19 will have on our business or financial results cannot be reasonably estimated at this time. As such, any shutdowns requested or mandated by government authorities in response to any further outbreak of COVID-19 may have a material adverse affect on our planned operating activities.

OPERATING ACTIVITIES

Cash flow provided by operating activities represents the net loss incurred during the three months ended March 31, 2020 adjusted for interest and non-cash items, combined with the decrease in working capital.

INVESTING ACTIVITIES

Cash outflows related to investment activities consist of the purchase of assets during the three months ended March 31, 2020 for $294 offset partially by proceeds of $181 from the disposal of certain assets.

FINANCING ACTIVITIES

a. ABL Facility

The Company established an asset-based lending facility (the "ABL Facility") pursuant to the terms of the Third Amended and Restated Credit Agreement, which is comprised of (i) a revolving credit facility providing for maximum borrowings of up to $50,000 (the "Revolving Facility") with a syndicate of banks (the "Lenders") and (ii) a term loan facility providing for maximum borrowings of up to $40,500 (the "Term Loan Facility") with Canso Investment Counsel Ltd, in its capacity as portfolio manager for and on behalf of certain accounts that it manages ("Canso").

Pursuant to an amending agreement dated March 20, 2020, the ABL Facility was amended to, among other things, adjust the maximum borrowings available under the revolving facility to $65,000 during the period commencing March 1, 2020 and ending September 30, 2020, $60,000 during the period commencing October 1, 2020 and ending December 31, 2020, and $50,000 during the period commencing January 1, 2021 and ending on the maturity date of the revolving facility. The amending agreement extended the maturity date of the Revolving Facility to March 23, 2021 and the Term Loan Facility to 180 days thereafter. It also amended the financial covenants to replace the quarterly minimum cumulative EBITDA covenant with a quarterly fixed charge coverage ratio covenant.

The amount available under the Revolving Facility will vary from time to time based on the borrowing base determined with reference to the accounts receivable of the Company. The Revolving Facility borrowing base as at March 31, 2020 is $63,283 (December 31, 2019 - $50,000). The obligations under the ABL Facility are secured by, among other things, a first ranking lien on all of the existing and after acquired accounts receivable and inventories of the borrower and the other guarantors, being the Company and certain of its direct and indirect subsidiaries. The interest rate on the Revolving Facility is prime plus 2.5%, increasing to prime plus 4.0% if the Revolving Facility is more than 50% drawn.

As at March 31, 2020, $16,825 (December 31, 2019 - $27,825) was drawn on the Revolving Facility, and there were $3,230 (December 31, 2019 - $2,930) of letters of credit further reducing the amount available to be drawn. As at March 31, 2020, the net unamortized amount of deferred financing costs was $454 (December 31, 2019 - $883).

At March 31, 2020, $40,500 (December 31, 2019 - $40,500) was outstanding under the Term Loan Facility. The Term Loan Facility is required to be used for specific purposes and cannot be redrawn once repaid. The interest rate on the Term Loan Facility is equal to the interest rate on the Revolving Facility plus 2.0%.

The amended financial covenants applicable under the ABL Facility are as follows:

- The Company must maintain a fixed charge coverage ratio equal to or greater than 1.00:1.00 for each twelve month period calculated and tested as of the last day of each fiscal quarter (commencing March 31, 2020); and
- The Company must not expend or become obligated for any capital expenditures in an aggregate amount exceeding $6,600 during the period commencing January 1, 2020 and ending December 31, 2020, and any fiscal year thereafter.

At March 31, 2020, ClearStream was in compliance with all financial covenants under the ABL Facility.

b. Other Secured Borrowings

On March 30, 2020, the Company signed an agreement with the Business Development Bank of Canada to postpone effective May 1, 2020 all principal payments on the loans for a period of six months with the postponed payments being added to the end of loan term. As a result, the final payment of the $13,500 loan will occur on September 2, 2045 and the final payment on the $5,500 loan will occur on December 28, 2025.

OUTLOOK

In response to the COVID-19 pandemic, governmental authorities in Canada and internationally have introduced various recommendations and measures to try to limit the spread of the virus, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing. Those measures are having a significant impact on the private sector and individuals, including unprecedented business, employment and economic disruptions. The continued spread of COVID-19 nationally and globally has had, and will continue to have, a material adverse affect on our business, operations and financial results. In addition, the unprecedented reduction of crude oil prices due to excessive supply compared to energy consumption, notwithstanding the recent agreement among OPEC members and other global oil producing countries to implement supply reductions, will continue to have a significant impact on our industry for months to come.

As such, overall market conditions are anticipated to remain uncertain for the foreseeable future. Upstream, midstream and downstream companies will continue to reduce or carefully manage spending for capital projects and operations where possible until some sort of market stability has returned. While demand for ClearStream's services is expected to remain lower for the next few quarters compared to 2019, we expect that maintenance and turnaround activity will eventually increase as many customers will focus more than ever on asset reliability and production efficiencies over the next few years

Additional Information

Our condensed consolidated interim unaudited financial statements for the three months ended March 31, 2020 and the related Management's Discussion and Analysis of the operating and financial results can be accessed on our website at www.clearstreamenergy.ca and will be available shortly through SEDAR at www.sedar.com.

About ClearStream Energy Services Inc.

With a legacy of excellence and experience stretching back more than 50 years, ClearStream provides solutions for the Energy and Industrial markets including: Oil & Gas, Petrochemical, Mining, Power, Agriculture, Forestry, Infrastructure and Water Treatment. With offices strategically located across Canada and over 4,000 employees, we provide maintenance, construction and environmental services that keep our clients moving forward. For more information about ClearStream, please visit www.clearstreamenergy.ca or contact:

Randy Watt
Chief Financial Officer
ClearStream Energy Services Inc.
(587) 318-0997
rwatt@clearstreamenergy.ca

Yves Paletta
Chief Executive Officer
ClearStream Energy Services Inc.
(587) 318-0997
ypaletta@clearstreamenergy.ca

Advisory regarding Forward-Looking Information

Certain information included in this press release may constitute “forward-looking information” within the meaning of Canadian securities laws. In some cases, forward-looking information can be identified by terminology such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “predict”, “potential”, “continue” or the negative of these terms or other similar expressions concerning matters that are not historical facts. This press release contains forward-looking statements relating to but not limited to: the effects of the COVID-19 pandemic on global commerce and oil prices; that we will see more cancellations or deferrals of client orders over the next few months; that some production sites could be partially or completely shut down over the next few months; our ability to mitigate potential disruptions related to material supply or the health of our subcontractors' workforce; that we will continue to adjust our operations in order to protect our liquidity and capital resources; that the cost mitigation measures implemented to-date will not compromise our ability to ramp up activity in the future and will avoid long-term consequences to our capabilities and service offerings; the possibility that our lenders will agree to defer interest payments, waive compliance with financial covenants and defer other payments and fees; that we intend to apply for funding from applicable government programs; when the full impact of the market pullback on our operations will be visible; that we are well-positioned to consolidate further multiple services while generating efficiencies and cost reductions for clients; that the COVID-19 outbreak and other market conditions will have longer term impacts on our activity levels and margins; the impact of our cost reduction initiatives on our results of operations; the impact of the COVID-19 pandemic on the long-term outlook for commodity prices and the capital spending budgets of our customers; the consolidation of our wear technology overlay facilities, including the timing of completion and the benefits; that we expect to receive an additional liquidity injection through the programs introduced by the Federal and Provincial governments to provide support to businesses; the sufficiency of our cash flow from operations and available credit facilities to meet our short-term contractual obligations; our ability to maintain compliance with our financial covenants through March 31, 2021; that overall market conditions are anticipated to remain uncertain for the foreseeable future; that the demand for our services is expected to remain lower for the next few quarters compared to 2019; and that we expect that maintenance and turnaround activity will eventually increase as many customers will focus more than ever on asset reliability and production efficiencies over the next few years.

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

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

Non-standard measures

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

EBITDAS refers to net earnings determined in accordance with IFRS, before depreciation and amortization, interest expense, income tax expense (recovery), share-based compensation and other long-term incentive plans. EBITDAS is used by management and the directors of ClearStream as well as many investors to determine the ability of an issuer to generate cash from operations. Management also uses EBITDAS to monitor the performance of ClearStream's reportable segments and believes that in addition to net income or loss and cash provided by operating activities, EBITDAS is a useful supplemental measure from which to determine ClearStream's ability to generate cash available for debt service, working capital, capital expenditures and income taxes. ClearStream has provided a reconciliation of income (loss) from continuing operations to EBITDAS in the management's discussion and analysis for the three month period ended March 31, 2020.

Adjusted EBITDAS refers to EBITDAS excluding the gain on sale of assets held for sale, impairment of goodwill and intangible assets, restructuring costs, gain on sale of property plant and equipment, recovery of contingent consideration liability, other loss, one time incurred expenses, impairment of right-of-use assets, bargain purchase gain and gain on remeasurement of right-of-use assets. ClearStream has used Adjusted EBITDAS as the basis for the analysis of its past operating financial performance. Adjusted EBITDAS is used by ClearStream and management believes it is a useful supplemental measure from which to determine ClearStream's ability to generate cash available for debt service, working capital, capital expenditures, and income taxes. Adjusted EBITDAS is a measure that management believes facilitates the comparability of the results of historical periods and the analysis of its operating financial performance which may be useful to investors. ClearStream has provided a reconciliation of income (loss) from continuing operations to Adjusted EBITDAS in the management's discussion and analysis for the three month period ended March 31, 2020.

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