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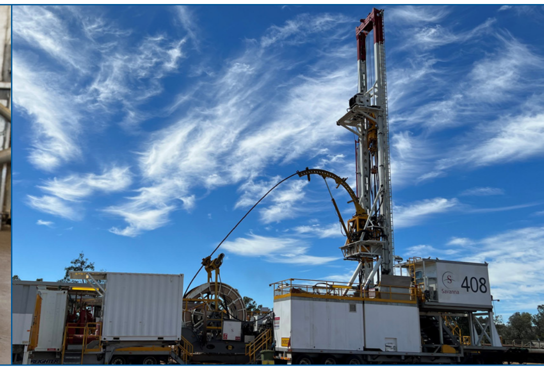

FOCUS DISCIPLINE GROWTH

Second Quarter Report 2025

TOTAL ENERGY SERVICES INC.

Total Energy Services Inc. ("Total Energy" or the "Company") is a public energy services company based in Calgary, Alberta that provides a variety of products and services to the energy and other resource industries through its subsidiaries and aboriginal partnerships. Total Energy is involved in four businesses: contract drilling services, the rental and transportation of equipment used in the drilling, completion and production of oil and natural gas wells, the fabrication, sale, rental and servicing of new and used natural gas compression and oil and natural gas process equipment and well servicing. Together these businesses provide a platform for building long-term shareholder value. Total Energy has achieved its growth by maintaining a disciplined acquisition strategy and undertaking strategic internal growth.

The shares of Total Energy are listed and trade on the Toronto Stock Exchange under the symbol TOT.

REPORT TO SHAREHOLDERS

Total Energy's results for the second quarter of 2025 represent record second quarter financial results and reflect the Company's growing presence in the Australian onshore drilling and the North American compression and process equipment markets.

While North American drilling and completion activity declined compared to the prior year, particularly in the United States, Total Energy's solid financial position allowed the Company to capitalize on opportunities that typically arise during more challenging times. On June 10, 2025 the Rentals and Transportation Services segment completed the acquisition of a fleet of 280 pieces of surface rental equipment and related ancillary assets operating in Oklahoma for $9.0 million. This acquisition also supported the opening of a fourth United States RTS segment branch location in El Reno, Oklahoma.

While investing $60.8 million during the first half of 2025 to grow and maintain its business, Total Energy also returned $17.0 million to shareholders by way of dividends and share buybacks and reduced bank debt by $10.9 million.

LOOKING FORWARD

Global economic conditions remain uncertain and oil prices relatively weak. With the exception of the Compression and Process Services segment which exited the second quarter of 2025 with a record fabrication sales backlog exceeding $300 million, visibility into future North American drilling and completion activity levels, particularly in the United States, is limited. In this environment, Total Energy remains focused on operating in a safe and efficient manner, allocating capital to opportunities reasonably expected to generate acceptable returns and enhancing shareholder value with the continued return of capital through dividends and share buybacks.

Consistent with this strategy, Total Energy has increased its 2025 capital expenditure budget by $19.5 million to $102.4 million. This increase is directed primarily toward the expansion of the Compression and Process Service segment's United States fabrication capacity. Such expansion is expected to be completed by the first quarter of 2027 and will increase the CPS segment's U.S. plant capacity by at least 75%. The increased capital budget will also fund the upgrade of an idle Australian service rig which is scheduled to be reactivated by the end of the first quarter of 2026.

Total Energy intends to finance the remaining $58.2 million of 2025 capital commitments with cash on hand and cash flow from operations.

Finally, on behalf of the Board and senior management team, I would like to welcome the new employees who have joined our recently established team in El Reno, Oklahoma. I also extend our best wishes to all North American employees for a safe and enjoyable summer.

Daniel Halyk

DANIEL K. HALYK
President and Chief Executive Officer

August 2025

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of Canadian dollars)

	Note	June 30 2025	December 31 2024
		(unaudited)	(audited)
ASSETS			
Current assets:			
Cash and cash equivalents		**$ 34,158**	$ 38,419
Accounts receivable		**160,687**	149,048
Inventory		**101,224**	104,091
Prepaid expenses and deposits		**15,311**	17,640
		311,380	309,198
Property, plant and equipment		**633,180**	622,499
Deferred income tax asset		**1,276**	1,958
Goodwill		**4,053**	4,053
		$ 949,889	$ 937,708
LIABILITIES & SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable and accrued liabilities		**$ 137,455**	$ 125,106
Deferred revenue		**47,717**	47,225
Contingent consideration on business acquisition	4	**1,774**	2,878
Income taxes payable		**2,723**	4,508
Dividends payable		**3,723**	3,429
Current portion of lease liabilities		**6,184**	6,368
Current portion of long-term debt	5	**–**	40,947
		199,576	230,461
Long-term debt	5	**100,000**	70,000
Lease liabilities		**8,740**	9,171
Deferred income tax liability		**60,098**	57,033
Shareholders' equity:			
Share capital	6	**233,549**	239,269
Contributed surplus		**5,775**	5,279
Accumulated other comprehensive loss		**(19,695)**	(11,219)
Non-controlling interest		**206**	245
Retained earnings		**361,640**	337,469
		581,475	571,043
		$ 949,889	$ 937,708

The notes on pages 6 to 13 are an integral part of these condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME

Unaudited (in thousands of Canadian dollars except per share amounts)

	Note	Three months ended June 30		Six months ended June 30	
		2025	2024	**2025**	2024
REVENUE		**$ 250,416**	$ 213,334	**$ 502,325**	$ 418,020
Cost of services		**191,686**	164,333	**380,814**	312,562
Selling, general and administration		**13,338**	11,441	**27,306**	24,175
Other expense (income)		**(381)**	(196)	**(689)**	124
Share-based compensation	7	**704**	713	**812**	1,422
Depreciation		**22,755**	22,431	**45,705**	43,095
Operating income		**22,314**	14,612	**48,377**	36,642
Gain on sale of property, plant and equipment		**327**	404	**1,802**	1,000
Finance costs, net		**(1,258)**	(2,156)	**(2,726)**	(3,988)
Net income before income taxes		**21,383**	12,860	**47,453**	33,654
Current income tax expense		**3,054**	1,046	**7,668**	5,018
Deferred income tax expense (recovery)		**1,243**	(3,640)	**3,747**	(2,281)
Total income tax expense (recovery)		**4,297**	(2,594)	**11,415**	2,737
Net income		**$ 17,086**	$ 15,454	**$ 36,038**	$ 30,917
Net income (loss) attributable to:					
Shareholders of the Company		**$ 17,111**	$ 15,472	**$ 36,077**	$ 30,954
Non-controlling interest		**(25)**	(18)	**(39)**	(37)
Income per share					
Basic	6	**$ 0.46**	$ 0.39	**$ 0.96**	$ 0.78
Diluted		**$ 0.45**	$ 0.39	**$ 0.94**	$ 0.77

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three months ended June 30		Six months ended June 30	
	2025	2024	**2025**	2024
Net income	**$ 17,086**	$ 15,454	**$ 36,038**	$ 30,917
Foreign currency translation	**(10,262)**	5,667	**(8,476)**	7,302
Total other comprehensive income (loss) for the period	**(10,262)**	5,667	**(8,476)**	7,302
Total comprehensive income	**$ 6,824**	$ 21,121	**$ 27,562**	$ 38,219
Total comprehensive income (loss) attributable to:				
Shareholders of the Company	**$ 6,849**	$ 21,139	**$ 27,601**	$ 38,256
Non-controlling interest	**(25)**	(18)	**(39)**	(37)

The notes on pages 6 to 13 are an integral part of these condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

As at and for the six months ended June 30, 2025 and 2024, and year ended December 31, 2024

Unaudited (in thousands of Canadian dollars)

	Note	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Loss	Non-controlling Interest	Retained earnings	Total Equity
Balance at December 31, 2023		$ 251,283	$ 4,805	$ (25,506)	$ 521	$ 299,655	$ 530,758
Net income (loss)		–	–	–	(76)	60,801	60,725
Other comprehensive income		–	–	14,287	–	–	14,287
Transactions with shareholders, recorded directly in equity							
Dividends ($0.36 per common share)	6	–	–	–	–	(13,974)	(13,974)
Repurchase of common shares	6	(13,814)	–	–	–	(8,089)	(21,903)
Issue of share capital from exercise of stock options	7	1,800	(1,805)	–	–	(924)	(929)
Partnership distributions		–	–	–	(200)	–	(200)
Share-based compensation relating to stock options	7	–	2,279	–	–	–	2,279
		(12,014)	474	–	(200)	(22,987)	(34,727)
Balance at December 31, 2024		$ 239,269	$ 5,279	$ (11,219)	$ 245	$ 337,469	$ 571,043
Net income (loss)		**–**	**–**	**–**	**(39)**	**36,077**	**36,038**
Other comprehensive loss		**–**	**–**	**(8,476)**	**–**	**–**	**(8,476)**
Transactions with shareholders, recorded directly in equity							
Dividends ($0.10 per common share)	**6**	**–**	**–**	**–**	**–**	**(7,513)**	**(7,513)**
Repurchase of common shares	**6**	**(6,013)**	**–**	**–**	**–**	**(3,915)**	**(9,928)**
Issue of share capital from exercise of stock options	**7**	**293**	**(124)**	**–**	**–**	**(478)**	**(309)**
Share-based compensation	**7**	**–**	**620**	**–**	**–**	**–**	**620**
		(5,720)	**496**	**–**	**–**	**(11,906)**	**(17,130)**
Balance at June 30, 2025		**$ 233,549**	**$ 5,775**	**$ (19,695)**	**$ 206**	**$ 361,640**	**$ 581,475**

	Note	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Loss	Non-controlling Interest	Retained earnings	Total Equity
Balance at December 31, 2023		$ 251,283	$ 4,805	$ (25,506)	$ 521	$ 299,655	$ 530,758
Net income (loss)		–	–	–	(37)	30,954	30,917
Other comprehensive income		–	–	7,302	–	–	7,302
Transactions with shareholders, recorded directly in equity							
Dividends ($0.09 per common share)	6	–	–	–	–	(7,092)	(7,092)
Repurchase of common shares	6	(8,247)	–	–	–	(4,423)	(12,670)
Issue of share capital from exercise of stock options	6	1,187	(1,472)	–	–	(153)	(438)
Partnership distributions		–	–	–	(200)	–	(200)
Share-based compensation	7	–	1,422	–	–	–	1,422
		(7,060)	(50)	–	(200)	(11,668)	(18,978)
Balance at June 30, 2024		$ 244,223	$ 4,755	$ (18,204)	$ 284	$ 318,941	$ 549,999

The notes on pages 6 to 13 are an integral part of these condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited (in thousands of Canadian dollars)

		Three months ended June 30		Six months ended June 30	
	Note	**2025**	2024	**2025**	2024
Cash provided by (used in):					
Operations:					
Net income for the period		**$ 17,086**	$ 15,454	**$ 36,038**	$ 30,917
Add (deduct) items not affecting cash:					
Depreciation		**22,755**	22,431	**45,705**	43,095
Share-based compensation	7	**704**	713	**812**	1,422
Gain on sale of property, plant and equipment		**(327)**	(404)	**(1,802)**	(1,000)
Finance costs, net		**1,258**	2,156	**2,726**	3,988
Foreign currency translation		**(3,285)**	933	**(1,932)**	663
Current income tax expense		**3,054**	1,046	**7,668**	5,018
Deferred income tax expense (recovery)		**1,243**	(3,640)	**3,747**	(2,281)
Income taxes paid		**(4,078)**	(595)	**(9,618)**	(10,891)
Cashflow		**38,410**	38,094	**83,344**	70,931
Changes in non-cash working capital items:					
Accounts receivable		**3,587**	(18)	**(11,641)**	(8,580)
Inventory		**9,044**	(6,960)	**2,867**	(21,707)
Prepaid expenses and deposits		**3,943**	(1,103)	**2,329**	2,609
Accounts payable and accrued liabilities		**(16,729)**	(4,465)	**5,439**	12,867
Deferred revenue		**(14,157)**	3,639	**(690)**	10,704
Cash provided by operating activities		**24,098**	29,187	**81,648**	66,824
Investing:					
Purchase of property, plant and equipment		**(26,312)**	(20,703)	**(60,769)**	(50,338)
Cash paid on acquisition	4	**–**	–	**–**	(47,350)
Proceeds on disposal of property, plant and equipment		**402**	922	**2,894**	1,549
Changes in non-cash working capital items		**(4,156)**	(305)	**6,158**	3,701
Cash used in investing activities		**(30,066)**	(20,086)	**(51,717)**	(92,438)
Financing:					
Advances of long-term debt	5	**30,000**	–	**30,000**	60,000
Repayment of long-term debt	5	**(40,419)**	(10,513)	**(40,947)**	(21,021)
Repayment of lease liabilities		**(1,919)**	(1,763)	**(3,821)**	(3,392)
Dividends to shareholders		**(3,790)**	(3,596)	**(7,219)**	(6,794)
Repurchase of common shares		**(7,714)**	(11,946)	**(9,733)**	(12,670)
Shares issued on exercise of stock options		**–**	64	**–**	64
Partnership distributions		**–**	–	**–**	(200)
Interest paid		**(1,113)**	(1,622)	**(2,472)**	(13,544)
Cash (used in) provided by financing activities		**(24,955)**	(29,376)	**(34,192)**	2,443
Change in cash and cash equivalents		**(30,923)**	(20,275)	**(4,261)**	(23,171)
Cash and cash equivalents, beginning of period		**65,081**	45,039	**38,419**	47,935
Cash and cash equivalents, end of period		**$ 34,158**	$ 24,764	**$ 34,158**	$ 24,764

The notes on pages 6 to 13 are an integral part of these condensed interim consolidated financial statements.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the six months ended June 30, 2025 and 2024
Unaudited (tabular amounts in thousands of Canadian dollars)

1. Reporting Entity

Total Energy Services Inc. (the "Company") is incorporated under the Business Corporations Act (Alberta) and its head office is located in Calgary, Alberta at Suite 1000, 734 – 7th Avenue S.W. The condensed interim consolidated financial statements include the accounts of the Company, its subsidiaries and aboriginal partnerships established in Canada, the United States of America (the "United States") and Australia.

The Company provides a variety of products and services to the energy and other resource industries primarily in Canada, the United States and Australia, including contract drilling services, the rental and transportation of equipment used in energy and other industrial operations, the fabrication, sale, rental and servicing of gas compression and process equipment and well servicing.

2. Basis of Presentation

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" of International Financial Reporting Standards ("IFRS") and using the accounting policies outlined in the Company's audited consolidated financial statements for the year ended December 31, 2024 (the "2024 Financial Statements"). These condensed interim consolidated financial statements do not include all the necessary annual disclosures and should be read in conjunction with the 2024 Financial Statements.

These condensed interim consolidated financial statements were approved by the Board of Directors on August 5, 2025.

Seasonality

A significant portion of the Company's field operations are conducted in Canada where the ability to move heavy equipment is dependent on ground conditions. As warm weather returns in the spring, the winter's frost comes out of the ground rendering many secondary roads incapable of supporting the weight of heavy equipment until such roads have thoroughly dried out. The duration of this "spring breakup" has a direct impact on the Company's activity levels and operating results in Canada. In addition, many exploration and production areas in northern Canada are accessible only in winter months when the ground is frozen hard enough to support equipment. The timing of freeze up and spring breakup affects the ability to move equipment in and out of these areas. As a result, late March through May is traditionally the Company's slowest period in Canada. Additionally, wet weather in Australia, normally in the first quarter, can restrict the Company's Australian operations. Consequently, quarterly operating results may not be indicative of full year operating results.

3. Segmented Information

The Company manages its business in five reportable segments: Contract Drilling Services, Rental and Transportation Services, Compression and Process Services, Well Servicing and Corporate. For each of the reporting segments, the Company's Chief Operating Decision Maker reviews internal management reports on at least a quarterly basis. Corporate includes activities related to corporate and public company affairs.

Inter-segment pricing is determined on an arm's length basis.

Unaudited (tabular amounts in thousands of Canadian dollars)

As at and for the three months ended June 30, 2025	Contract Drilling Services	Rentals and Transportation Services	Compression and Process Services	Well Servicing	Corporate[1]	Total
Revenue	$ 71,222	$ 16,186	$ 133,233	$ 29,775	$ –	$ 250,416
Cost of services	52,688	8,485	106,653	23,860	–	191,686
Selling, general and administration	2,805	2,103	4,463	2,433	1,534	13,338
Other income	–	–	–	–	(381)	(381)
Share-based compensation	–	–	–	–	704	704
Depreciation	12,116	5,028	3,015	2,344	252	22,755
Operating income (loss)	3,613	570	19,102	1,138	(2,109)	22,314
Gain (loss) on sale of property, plant and equipment	302	10	40	(25)	–	327
Finance Income (costs), net	13	(42)	(118)	(12)	(1,099)	(1,258)
Net income (loss) before income taxes	3,928	538	19,024	1,101	(3,208)	21,383
Goodwill	–	2,514	1,539	–	–	4,053
Total assets	428,830	167,150	258,911	86,569	8,429	949,889
Total liabilities	79,309	32,251	113,030	6,322	137,502	368,414
Capital expenditures	9,659	13,070	1,113	2,470	–	26,312

As at and for the three months ended June 30, 2025	Canada	United States	Australia	International	Total
Revenue	$ 95,127	$ 95,935	$ 59,252	$ 102	$ 250,416
Non-current assets[2]	375,144	131,332	130,757	–	637,233

As at and for the three months ended June 30, 2024	Contract Drilling Services	Rentals and Transportation Services	Compression and Process Services	Well Servicing	Corporate[1]	Total
Revenue	$ 67,889	$ 17,798	$ 109,454	$ 18,193	$ –	$ 213,334
Cost of services	51,392	9,853	88,179	14,909	–	164,333
Selling, general and administration	2,060	2,162	3,795	1,173	2,251	11,441
Other income	–	–	–	–	(196)	(196)
Share-based compensation	–	–	–	–	713	713
Depreciation	12,039	5,019	2,622	2,424	327	22,431
Operating income (loss)	2,398	764	14,858	(313)	(3,095)	14,612
Gain on sale of property, plant and equipment	68	281	79	(24)	–	404
Finance costs, net	(16)	(46)	(110)	(22)	(1,962)	(2,156)
Net income (loss) before income taxes	2,450	999	14,827	(359)	(5,057)	12,860
Goodwill	–	2,514	1,539	–	–	4,053
Total assets	424,342	163,914	276,447	70,130	1,523	936,356
Total liabilities	78,649	29,854	106,665	6,063	165,126	386,357
Capital expenditures	8,777	2,388	3,732	5,806	–	20,703

As at and for the three months ended June 30, 2024	Canada	United States	Australia	International	Total
Revenue	$ 76,906	$ 98,471	$ 37,957	$ –	$ 213,334
Non-current assets[2]	368,701	137,395	122,015	–	628,111

(1) Corporate includes the Company's corporate activities and obligations pursuant to long-term credit facilities.

(2) Includes property, plant and equipment and goodwill.

Unaudited (tabular amounts in thousands of Canadian dollars)

As at and for the six months ended June 30, 2025	**Contract Drilling Services**	**Rentals and Transportation Services**	**Compression and Process Services**	**Well Servicing**	**Corporate[1]**	**Total**
Revenue	**$ 162,309**	**$ 39,210**	**$ 239,449**	**$ 61,357**	**$ –**	**$ 502,325**
Cost of services	**116,631**	**20,825**	**193,838**	**49,520**	**–**	**380,814**
Selling, general and administration	**5,466**	**4,384**	**8,058**	**3,452**	**5,946**	**27,306**
Other income	**–**	**–**	**–**	**–**	**(689)**	**(689)**
Share-based compensation	**–**	**–**	**–**	**–**	**812**	**812**
Depreciation	**24,465**	**10,088**	**5,950**	**4,678**	**524**	**45,705**
Operating income (loss)	**15,747**	**3,913**	**31,603**	**3,707**	**(6,593)**	**48,377**
Gain on sale of property, plant and equipment	**1,047**	**33**	**344**	**378**	**–**	**1,802**
Finance income (costs), net	**20**	**(83)**	**(209)**	**(27)**	**(2,427)**	**(2,726)**
Net income (loss) before income taxes	**16,814**	**3,863**	**31,738**	**4,058**	**(9,020)**	**47,453**
Goodwill	**–**	**2,514**	**1,539**	**–**	**–**	**4,053**
Total assets	**428,830**	**167,150**	**258,911**	**86,569**	**8,429**	**949,889**
Total liabilities	**79,309**	**32,251**	**113,030**	**6,322**	**137,502**	**368,414**
Capital expenditures	**33,284**	**14,251**	**2,048**	**11,157**	**29**	**60,769**

As at and for the six months ended June 30, 2025	**Canada**	**United States**	**Australia**	**International**	**Total**
Revenue	**$ 214,475**	**$ 174,750**	**$ 109,325**	**$ 3,775**	**$ 502,325**
Non-current assets[2]	**375,144**	**131,332**	**130,757**	**–**	**637,233**

As at and for the six months ended June 30, 2024	Contract Drilling Services	Rentals and Transportation Services	Compression and Process Services	Well Servicing	Corporate[1]	Total
Revenue	$ 149,100	$ 40,177	$ 186,980	$ 41,763	$ –	$ 418,020
Cost of services	107,284	20,768	151,730	32,780	–	312,562
Selling, general and administration	5,066	4,423	6,921	2,558	5,207	24,175
Other expense	–	–	–	–	124	124
Share-based compensation	–	–	–	–	1,422	1,422
Depreciation	22,382	10,083	5,211	4,823	596	43,095
Operating income (loss)	14,368	4,903	23,118	1,602	(7,349)	36,642
Gain (loss) on sale of property, plant and equipment	101	793	130	(24)	–	1,000
Finance costs, net	(38)	(87)	(212)	(45)	(3,606)	(3,988)
Net income (loss) before income taxes	14,431	5,609	23,036	1,533	(10,955)	33,654
Goodwill	–	2,514	1,539	–	–	4,053
Total assets	424,342	163,914	276,447	70,130	1,523	936,356
Total liabilities	78,649	29,854	106,665	6,063	165,126	386,357
Capital expenditures	21,578	5,173	14,187	9,400	–	50,338

As at and for the six months ended June 30, 2024	Canada	United States	Australia	International	Total
Revenue	$ 179,970	$ 177,588	$ 60,462	$ –	$ 418,020
Non-current assets[2]	368,701	137,395	122,015	–	628,111

(1) Corporate includes the Company's corporate activities and obligations pursuant to long-term credit facilities.

(2) Includes property, plant and equipment and goodwill.

Unaudited (tabular amounts in thousands of Canadian dollars)

4. Business acquisition

On January 17, 2024 the Company's wholly owned subsidiary Savanna Energy Services Pty Ltd. ("Savanna Australia") entered into an agreement with SLB to acquire all of the shares of Saxon Energy Services Australia Pty Ltd. ("Saxon") for U.S. $37.0 million (CAD $50.1 million) cash (the "Acquisition"). This Acquisition was completed on March 7, 2024 (the "Effective Acquisition Date").

The Acquisition has been accounted for as a business combination using the acquisition method whereby the net assets acquired, and liabilities assumed are recorded at fair value. The purchase price allocation was based on management's best estimates of fair values of Saxon's assets and liabilities as at the Effective Acquisition Date.

	March 7, 2024
Trade accounts receivable and accrued receivables	$ 10,478
Inventory	3,824
Property, plant and equipment	48,532
Deferred tax asset	1,775
Accounts payable and other liabilities	(14,554)
Net assets acquired	50,055
Cash paid on acquisition	47,350
Contingent consideration	2,705
Total consideration	**$ 50,055**

The fair values of trade accounts receivable and other current assets, and accounts payable and other liabilities approximate their carrying values due to the short-term maturity of the instruments. Fair value of property plant and equipment was determined by utilizing current market information for similar equipment, adjusted for the specific design, mechanical condition and marketability of such equipment. Key assumptions underlying managements' estimate of fair value include expectations as to future market conditions in the oil and gas industry, expected useful lives of equipment, discount rates, recoverability of available tax pools and collectability of accounts receivable.

Depreciation of property, plant and equipment acquired was recognized in the condensed interim consolidated statement of income from the Effective Acquisition Date and is consistent with the Company's existing depreciation estimates.

Acquisition costs of $0.5 million have been charged to selling, general and administration expenses in the condensed interim consolidated statement of income in 2024.

Contingent consideration, less any claims that might arise, is payable upon resolution of those outstanding claims. Contingent consideration was reduced during the first quarter of 2025 by $1.0 million as a result of the resolution of certain outstanding claims.

Saxon contributed $65.8 million to consolidated revenues and $2.8 million to consolidated net income from the Effective Acquisition Date to December 31, 2024.

Had the acquisition occurred on January 1, 2024, Saxon would have contributed $79.5 million to consolidated revenues and $4.6 million to consolidated net income for the year ended December 31, 2024.

Unaudited (tabular amounts in thousands of Canadian dollars)

5. Long-term Debt

At June 30, 2025 the Company's long-term debt consisted of the following:

	June 30, 2025		December 31, 2024	
	Interest rate	**Principal amount**	Interest rate	Principal amount
Credit Facility	**4.49%**	**$ 100,000**	5.23%	$ 70,000
Mortgage loan (2025 maturity)		**–**	3.10%	40,947
	4.49%	**100,000**	5.25%	110,947
Less current portion		**–**		40,947
		$ 100,000		$ 70,000

On June 19, 2017 the Company entered into a three-year $225 million revolving syndicated credit facility (the "Credit Facility"). Following several renewals and at the request of the Company the Credit Facility was reduced to $170 million and the maturity date extended to November 10, 2026. The Credit Facility includes a Canadian $18 million operating line, an Australian $2 million operating line and a Canadian $150 million revolving facility. The Company has the option to increase such facility by $75 million subject to certain terms and conditions, including the agreement of the lenders to increase their commitments. The Credit Facility bears interest at the banks' Canadian prime rate plus 0.25% to 1.25%, bankers' acceptances, letters of credit, LIBOR or BBSY advances plus a 1.5% to 2.5% stamping fee. The applicable interest rate within such ranges is dependent on certain financial ratios of the Company. A standby fee ranging from 0.25% to 0.5% per annum is paid quarterly on the unused portion of the facility depending on certain financial ratios of the Company. In January of 2024, term CORRA rates have replaced bankers' acceptances and SOFR rates have replaced LIBOR, with no changes in pricing or premiums. At June 30, 2025, the applicable interest rate on amounts drawn on the Credit Facility was 4.49% and the standby rate was 0.25%. Letters of credit ("LOC") of $0.3 million were outstanding at June 30, 2025 which reduces the amount of credit available under the Credit Facility by an equivalent amount.

At June 30, 2025 amounts owing under the Credit Facility were denominated in Canadian dollars.

In August of 2018 a U.S. $20 million letter of credit facility was established (the "LOC Facility"). LOCs issued pursuant to the LOC Facility do not reduce availability under the Credit Facility. In April of 2020 this facility was reduced at the request of the Company to U.S. $10 million. At June 30, 2025 $2.8 million Canadian dollars of LOCs were outstanding under the LOC Facility (December 31, 2024: $2.5 million).

In addition to the Credit Facility, a subsidiary of the Company has established a $5 million revolving operating credit facility with a member of the Credit Facility lenders' syndicate. At June 30, 2025 this facility was undrawn and fully available.

The Company's ability to access the Credit Facility is dependent, among other conditions, on compliance with the following financial ratios, the definitions and thresholds for which are further described below:

	June 30, 2025	Threshold
Twelve-month trailing Bank EBITDA to interest expense	**32.53**	minimum 3.00
Total Senior Debt to twelve-month trailing Bank EBITDA	**0.42**	maximum 3.00

Unaudited (tabular amounts in thousands of Canadian dollars)

Readers are cautioned that the ratios described above do not have standardized meanings under IFRS as the computation of these ratios excludes amounts from certain non-guarantor subsidiaries and limited partnerships partially owned by the Company. Key definitions for the purpose of calculating the Company's financial debt covenants are as follows:

- Bank EBITDA is determined (on a 12-month trailing basis) as earnings before finance expenses, income taxes, depreciation, share-based compensation and certain non-recurring and non-cash income and expenses as defined in the credit agreement and excludes amounts from certain non-guarantor subsidiaries and the limited partnerships partially owned by the Company.

- Senior Debt is determined as total long-term debt (including the current portions thereof but excluding the mortgage loans and certain other obligations identified in the credit agreement) minus cash on hand.

The Credit Facility is secured by a general security agreement over all the present and future property of the Company and its subsidiaries.

Mortgage Loan (2025 maturity) was a loan that matured on April 29, 2025 that was amortized over 20 years with blended monthly principal and interest payments of approximately $279,800. This loan bore interest at a fixed rate of 3.10% and was secured by certain of the Company's real estate. This loan was repaid in full ($40.4 million plus accrued and unpaid interest) on April 29, 2025 by utilizing available cash and the Credit Facility.

At June 30, 2025 the Company was in compliance with all debt covenants.

6. Share Capital

(a) Common Share Capital

Common shares of Total Energy Services Inc.

(i) Authorized:

Unlimited number of common voting shares, without nominal or par value.
Unlimited number of preferred shares.

(ii) Common shares issued:

	Number of shares (thousands)	Amount
Balance, December 31, 2023	39,975	$ 251,283
Repurchased and cancelled	(2,197)	(13,814)
Share options exercised	322	1,800
Balance, December 31, 2024	38,100	$ 239,269
Repurchased and cancelled	**(957)**	**(6,013)**
Share options exercised	**87**	**293**
Balance, June 30, 2025	**37,230**	**$ 233,549**

During the six months ended June 30, 2025, 957,490 shares (June 30, 2024: 1,311,396 shares) were repurchased under the Company's normal course issuer bid at an average price of $10.37 (June 30, 2024: $9.66) per share including commissions.

Unaudited (tabular amounts in thousands of Canadian dollars)

(b) Per Share Amounts

Basic and diluted earnings per share have been calculated based on the weighted average number of common shares outstanding as outlined below:

	Three months ended June 30		Six months ended June 30	
	2025	2024	**2025**	2024
Net income for the period attributable to shareholders	**$ 17,111**	$ 15,472	**$ 36,077**	$ 30,954
Weighted average number of shares outstanding – basic	**37,341**	39,329	**37,725**	39,740
Income per share – basic	**$ 0.46**	$ 0.39	**$ 0.96**	$ 0.78
Net income for the period attributable to shareholders	**$ 17,111**	$ 15,472	**$ 36,077**	$ 30,954
Weighted average number of shares outstanding – basic	**37,341**	39,329	**37,725**	39,740
Share option dilution	**479**	731	**507**	713
Weighted average number of shares outstanding – diluted	**37,820**	40,060	**38,232**	40,453
Income per share – diluted	**$ 0.45**	$ 0.39	**$ 0.94**	$ 0.77

For the six months ended June 30, 2025, 1,305,000 share options (June 30, 2024, 1,380,000 share options) were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive. The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

7. Share-Based Compensation Plan

Share option transactions during 2025 and 2024 were as follows:

	Weighted average exercise price	Number of Options
Balance, December 31, 2023	$ 7.61	4,109,997
Exercised	4.37	(322,364)
Surrendered	7.99	(931,967)
Forfeited	8.44	(128,333)
Balance, December 31, 2024	$ 7.82	2,727,333
Exercised	**2.52**	**(87,490)**
Surrendered	**2.59**	**(61,510)**
Forfeited	**7.46**	**(15,000)**
Balance, June 30, 2025	**$ 8.13**	**2,563,333**

A total of 1,413,333 outstanding options were exercisable at June 30, 2025 at a weighted average price of $7.09 per option (June 30, 2024: 860,002 options at a weighted average price of $4.59 per options).

Unaudited (tabular amounts in thousands of Canadian dollars)

8. Share Appreciation Rights (SARs)

On August 8, 2024 the Company implemented a share appreciation rights plan ("SAR"). A SAR entitles the holder to receive a cash payment equal to the difference between the stated exercise price and the market price of the company's common shares on the date the SAR is exercised and is accounted for as a cash-settled award. SARs have a five-year life and vest annually over a three year period.

The number of SARs expected to vest are measured at fair value at each reporting period on a mark-to-market basis. The recognition and valuation of SARs results in share-based compensation expense and a corresponding liability, which was included in accounts payable and accrued liabilities.

	Weighted average exercise price	Number of SARs
Balance, December 31, 2023	$ –	–
Granted	$ 9.42	1,140,000
Balance, December 31, 2024	$ 9.42	1,140,000
Forfeited	**$ 9.42**	**(60,000)**
Balance, June 30, 2025	**$ 9.42**	**1,080,000**

Outstanding SARs expire on August 8, 2029.

9. Financial Instruments

The Company's financial instruments as at June 30, 2025 include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, dividends payable, contingent consideration on business acquisitions and long-term debt. The fair value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, dividends payable, contingent consideration on business combinations, long-term debt and the Credit Facility approximate their carrying amounts due to their short terms to maturity.

10. Contingencies

In November of 2017 the Company received a Statement of Claim filed in the Alberta Court of Queen's Bench by Her Majesty the Queen in Right of Alberta, by its agent, Alberta Investment Management Corporation ("AIMCo") against the Company and Savanna Energy Services Corp. ("Savanna"), a wholly owned subsidiary of the Company. In early 2020 AIMCo amended its claim to remove the Company as a defendant. AIMCo's claim relates to Savanna's refusal to pay a $6 million change of control penalty (the "Additional Penalty") to AIMCo. The Company and Savanna have received legal advice that AIMCo's claim for the Additional Penalty is not enforceable and have filed a statement of defense. Savanna has also filed a third-party claim against its former directors that seeks indemnity in the event that AIMCo is successful in its claim against Savanna. Following the completion of discoveries, Savanna has filed a counterclaim against AIMCo and certain former directors of Savanna for $7.3 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

The following MD&A for Total Energy Services Inc. ("Total Energy" or the "Company") was prepared as at August 5, 2025 and focuses on information and key statistics from the unaudited condensed interim consolidated financial statements of the Company for the three and six months ended June 30, 2025 (the "Interim Financial Statements") and pertains to known risks and uncertainties relating to the energy services sector. This discussion should not be considered all-inclusive as it does not include all changes regarding general economic, political, governmental and environmental conditions.

This MD&A should be read in conjunction with the Company's Interim Financial Statements, the Company's 2024 Annual Report, the Annual Information Form ("AIF") for the year ended December 31, 2024 and the cautionary statement regarding forward-looking information and statements below. Additional information relating to Total Energy, including the Company's AIF, may be found on SEDAR+ at www.sedarplus.ca.

Unless otherwise indicated, all dollar amounts presented herein are expressed in thousands of Canadian dollars except per share amounts which are presented in Canadian dollars.

FINANCIAL HIGHLIGHTS

	Three months ended June 30			Six months ended June 30		
	2025	2024	Change	**2025**	2024	Change
Revenue	**$ 250,416**	$ 213,334	17%	**$ 502,325**	$ 418,020	20%
Operating income	**22,314**	14,612	53%	**48,377**	36,642	32%
EBITDA(1)	**45,396**	37,447	21%	**95,884**	80,737	19%
Cashflow	**38,410**	38,094	1%	**83,344**	70,931	18%
Net income	**17,086**	15,454	11%	**36,038**	30,917	17%
Attributable to shareholders	**17,111**	15,472	11%	**36,077**	30,954	17%
Per share data (diluted)						
EBITDA(1)	**$ 1.20**	$ 0.93	29%	**$ 2.51**	$ 2.00	26%
Cashflow	**$ 1.02**	$ 0.95	7%	**$ 2.18**	$ 1.75	25%
Attributable to shareholders:						
Net income	**$ 0.45**	$ 0.39	15%	**$ 0.94**	$ 0.77	22%
Common shares (000's)(3)						
Basic	**37,341**	39,329	(5%)	**37,725**	39,740	(5%)
Diluted	**37,820**	40,060	(6%)	**38,232**	40,453	(5%)

Financial Position at	**June 30 2025**	Dec 31 2024	Change
Total Assets	**$ 949,889**	$ 937,708	1%
Long-Term Debt and Lease Liabilities (excluding current portion)	**108,740**	79,171	37%
Working Capital(2)	**111,804**	78,737	42%
Net Debt(1)	**–**	434	nm
Shareholders' Equity	**581,475**	571,043	2%

(1) Please see "Non-IFRS Measures" below for the definition of EBITDA and Net Debt.

(2) Working capital means current assets minus current liabilities.

(3) Basic and diluted shares outstanding reflect the weighted average number of common shares outstanding for the period. See note 16 to the 2024 Financial Statements.

"nm" - calculation not meaningful

BUSINESS OF THE COMPANY

Total Energy is a public energy services company based in Calgary, Alberta that provides a variety of products and services to the energy and other resource industries through its subsidiaries and aboriginal partnerships. Total Energy is involved in four businesses: contract drilling services ("CDS"), the rental and transportation of equipment used in energy and other industrial operations ("RTS"), the fabrication, sale, rental and servicing of new and used gas compression and process equipment ("CPS") and well servicing, including completion, workover, maintenance and abandonment services ("WS"). The Company's operations are conducted within Canada, the United States of America ("United States" or "U.S.") and Australia. Corporate and public issuer affairs are conducted in the Company's Corporate segment.

Contract Drilling Services: At June 30, 2025, the Company operated a total fleet of 102 drilling rigs. The acquisition of Saxon Energy Services Australia Pty Ltd. ("Saxon") on March 7, 2024 added 11 land drilling rigs to the Company's Australian fleet. The rig fleet is supported by an extensive fleet of owned top drives, walking systems, pumps and other ancillary equipment. Composition of the Company's drilling rig fleet is as follows:

By Type	
AC triples	3
AC doubles	17
Mechanical doubles	34
TDS and singles	42
Australian shallow	6
	102

By Geography	
Canada	73
United States	12
Australia	17
	102

Rentals and Transportation Services: Total Energy's RTS business is presently conducted from 15 locations in western Canada and four locations in the United States. At June 30, 2025, this segment had approximately 8,050 pieces of major rental equipment (excluding access matting), a fleet of 68 heavy trucks and an inventory of ancillary rental equipment and access matting. In June of 2025 the RTS segment purchased a fleet of surface rental equipment operating in Oklahoma for $9.0 million that added 280 pieces of major rental equipment and a branch location to the U.S. RTS business.

Compression and Process Services: The Company fabricates a full range of natural gas compression equipment as well as oil, natural gas and other process equipment. At June 30, 2025 the CPS segment occupied approximately 225,000 square feet of production facilities located in Calgary, Alberta and a 100,000 square foot production facility in Weirton, West Virginia. As at June 30, 2025 the CPS segment also had a network of 13 branch locations throughout western Canada and the United States from which its natural gas compression parts and service business is conducted. This segment had 68,400 horsepower of compression in its rental fleet at June 30, 2025.

Well Servicing: At June 30, 2025, the Company operated a total fleet of 79 well servicing rigs across western Canada, northwest United States and Australia. The composition of the Company's service rig fleet is as follows:

By Type	
Singles	35
Doubles	31
Australian specification	9
Flush-by	4
	79

By Geography	
Canada	55
United States	12
Australia	12
	79

INDUSTRY OVERVIEW

The energy services industry is affected by numerous factors, including but not limited to, commodity prices, the availability and quality of competing equipment and services, access to qualified personnel and foreign exchange rates. The following table summarizes certain of these key factors:

	Six months ended June 30		
	2025	2024	Change
Average Crude Oil Prices			
West Texas Intermediate, US$/bbl[1]	**64.57**	81.81	(21.1%)
Western Canadian Select, US$/bbl[1]	**57.45**	68.12	(15.7%)
Average Natural Gas Prices			
Henry Hub, US$ per MMBtu[3]	**3.19**	2.06	54.6%
AECO natural gas, US$ per MMBtu[2]	**1.34**	0.84	59.5%
LNG Asia, US$ per MMBtu[1]	**12.10**	11.00	9.7%
U.S. Oil and Natural Gas Inventories (period end)			
Crude Inventories (MMbbls)[2]	**419.0**	448.5	(6.6%)
Natural Gas Storage (bcf)[2]	**2,953**	3,134	(5.8%)
Average Active Land Drilling Rig Counts			
United States[4]	**571**	603	(5.2%)
Canada[5]	**138**	139	(0.7%)
Foreign Exchange Rates (period end)[6]			
US$ to CAD$	**1.3643**	1.3687	(0.3%)
AUS$ to CAD$	**0.8949**	0.9131	(2.0%)

(1) FRED Economic data; https://fred.stlouisfed.org/series/DCOILWTICO

(2) Oil Sands Magazine (https://www.oilsandsmagazine.com/energy-statistics/oil-and-gas-prices#weeklyNatGasUSD

(3) U.S. Energy Information Administration

(4) The American Oil&Gas Reporter; https://www.aogr.com/web-exclusives/us-rig-count/2025

(5) CAOEC; https://caoec.ca/rig_reports; and https://boereport.com/caoec-rig-count/

(6) Bank of Canada

bbl – barrel
MMbtu – one million British thermal units
GJ – gigajoule
MMbbls – millions of barrels
Bcf – billion cubic feet

Continued political and economic uncertainty, exacerbated by threats of tariffs and trade wars, contributed to lower oil prices and weaker second quarter North American drilling and completion activity levels on a year over year basis, particularly in the United States. Offsetting such lower activity was continued investment in North American energy infrastructure, notably investment related to the expansion of liquified natural gas ("LNG") export capacity.

Expansion of the Trans Mountain oil pipeline and the completion of the LNG Canada LNG export terminal in July 2025, which will result in 1.8 billion cubic feet per day of incremental demand for Canadian natural gas, mitigated the impact of lower oil prices on Canadian industry activity levels during the first half of 2025 as compared to 2024.

Industry conditions remained stable in Australia during the first half of 2025 compared to the prior year, underpinned by relatively strong natural gas prices continuing to be realized by Australian natural gas producers.

OVERALL PERFORMANCE

Despite lower North American drilling and completion activity, Total Energy's financial results for the first half of 2025 improved compared to 2024. This improvement reflects relatively stable industry conditions in Canada and Australia, a full six months of contribution from Saxon, improved CPS segment performance and the deployment of equipment upgraded pursuant to the Company's 2024 and 2025 capital expenditure budgets.

First half of 2025 revenue was higher compared to 2024. The acquisition of Saxon as well as increased activity in the CPS segment and Canadian and Australian Well Servicing more than offset lower North American CDS and U.S. Well Servicing activity. First half operating income increased in 2025 compared to 2024 due primarily to increased Australian operating income arising from the reactivation of several upgraded drilling and service rigs, increased Canadian Well Servicing activity and improved CPS segment financial results that more than offset year over year weakness in the North American CDS, RTS and U.S. Well Servicing segments.

The Company's financial condition remains strong. Working capital increased by $33.1 million from December 31, 2024 to $111.8 million at June 30, 2025. Contributing to the increase in working capital was the repayment of a mortgage loan that matured on April 29, 2025. The $40.4 million of mortgage principal amount owing plus $0.8 million of accrued interest was paid with $11.2 million of available cash on hand and a $30.0 million draw on the Company's primary revolving credit facility. Shareholders' equity was $581.5 million at June 30, 2025, a $10.4 million increase from the end of 2024 due to the realization of $36.0 million of net income for the first half of 2025 that was partially offset by $8.5 million of other comprehensive loss relating to foreign currency translation, $9.9 million of share repurchases under the Company's normal course issuer bid and $7.5 million of declared dividends.

Revenue

	Three months ended June 30			Six months ended June 30		
	2025	2024	Change	**2025**	2024	Change
Revenue	**$ 250,416**	$ 213,334	17%	**$ 502,325**	$ 418,020	20%

Revenue for the second quarter and six months ended June 30, 2025 was higher compared to the same periods in 2024. This was due primarily to increased activity in the CPS segment, Canadian WS segment and the Australian CDS and Well Servicing segments following the acquisition of Saxon and the reactivation of several upgraded drilling and service rigs that more than offset lower North American CDS, RTS and U.S. Well Servicing segment activity.

Cost of Services and Gross Margin

	Three months ended June 30			Six months ended June 30		
	2025	2024	Change	**2025**	2024	Change
Cost of services	**$ 191,686**	$ 164,333	17%	**$ 380,814**	$ 312,562	22%
Gross margin	**$ 58,730**	$ 49,001	20%	**$ 121,511**	$ 105,458	15%
Gross margin, as a percentage of revenue	**23%**	23%	–	**24%**	25%	(4%)

Second quarter gross margin was comparable to 2024. The year to date decrease in consolidated margin percentage was primarily due to a change in revenue mix. Specifically, a 300 basis point year over year increase in the relative revenue contribution of the CPS segment negatively impacted the consolidated gross margin percentage as the CPS segment historically generates a lower gross margin percentage compared to the other business segments. Also negatively impacting the consolidated gross margin percentage for the first half of 2025 was lower operating margins in the North American CDS, RTS and U.S. Well Servicing segments.

The increase in the cost of services in the second quarter and first half of 2025 compared to the same period in 2024 was due primarily to higher Australian activity levels in the CDS and WS segments following the acquisition of Saxon and the reactivation of several upgraded rigs as well as higher activity levels in the CPS segment as well as the Canadian Well Servicing business following the upgrade of several service rigs over the past year.

Cost of services includes salaries and benefits for operations personnel, equipment repairs and maintenance, fuel, inventory used to manufacture compression and process equipment, utilities, property taxes and other occupancy costs related to manufacturing facilities and operations branches.

Selling, General and Administration Expenses

	Three months ended June 30			Six months ended June 30		
	2025	2024	Change	**2025**	2024	Change
Selling, general and administration expenses	**$ 13,338**	$ 11,441	17%	**$ 27,306**	$ 24,175	13%

Selling, general and administration expenses for the second quarter and first half of 2025 were higher than in the same period in 2024 due primarily to cost-of-living wage increases and higher profit-based incentive compensation in certain segments as a result of higher profitability.

Included in selling, general and administration expenses are salaries and benefits for sales, office and administrative staff, utilities, property taxes and other occupancy costs related to the Company's various divisional offices and its corporate head office as well as professional fees and other costs incurred to maintain the Company's public listing and conduct investor relations activities. Also included is compensation for directors and officers pursuant to the Company's cash-based compensation plans.

Other expense (income)

	Three months ended June 30			Six months ended June 30		
	2025	2024	Change	**2025**	2024	Change
Other expense (income)	**$ (381)**	$ (196)	94%	**$ (689)**	$ 124	nm

"nm" - calculation not meaningful

Other expense (income) arises from unrealized foreign exchange differences on translation of intercompany working capital balances between foreign subsidiaries. During the first half of 2025, a net unrealized foreign exchange gain was generated due to period end appreciation of the Canadian dollar relative to the U.S. dollar and the depreciation of the Canadian dollar relative to the Australian dollar combined with changes in the geographical mix of foreign currency denominated intercompany balances. The movement of net unrealized foreign exchange gains and losses in the comparable periods will depend on the geographical mix of foreign currency denominated intercompany balances combined with the impact of fluctuations in period end currency exchange rates.

Share-based Compensation Expense

	Three months ended June 30			Six months ended June 30		
	2025	2024	Change	**2025**	2024	Change
Share-based compensation expense	**$ 704**	$ 713	(1%)	**$ 812**	$ 1,422	(43%)

Share-based compensation expense arises from share options granted pursuant to the share option plan implemented in 2015. Share-based compensation expense also reflects the impact share price changes have on period end mark-to-market adjustments related to share appreciation rights ("SARs") granted pursuant to the Company's SARs plan implemented in 2024.

Share-based compensation expense for the second quarter and the first half of 2025 was lower than same period last year due to certain share options vesting and a reduction in the fair value of SARs following the decline in the Company's share price at quarter end.

Depreciation Expense

	Three months ended June 30			Six months ended June 30		
	2025	2024	Change	**2025**	2024	Change
Depreciation expense	**$ 22,755**	$ 22,431	1%	**$ 45,705**	$ 43,095	6%

The increase in depreciation expense for the second quarter and the first half of 2025 as compared to the same period in 2024 is due to additions to property, plant and equipment during 2024, including the addition of property, plant and equipment from the acquisition of Saxon, partially offset by an increase in fully depreciated assets.

Operating Income

	Three months ended June 30			Six months ended June 30		
	2025	2024	Change	**2025**	2024	Change
Operating income	**$ 22,314**	$ 14,612	53%	**$ 48,377**	$ 36,642	32%

Operating income for the second quarter and the first half of 2025 increased as compared to 2024 due primarily to increased contributions from the CPS segment, Australian CDS and Well Servicing and Canadian Well Servicing. This was partially offset by reduced operating income contribution from the North American CDS business, the RTS segment and the U.S. Well Servicing business.

Gain on Sale of Property, Plant and Equipment

	Three months ended June 30			Six months ended June 30		
	2025	2024	Change	**2025**	2024	Change
Gain on sale of property, plant and equipment	**$ 327**	$ 404	(19%)	**$ 1,802**	$ 1,000	80%
Proceeds on the sale of property, plant and equipment	**$ 402**	$ 922	(56%)	**$ 2,894**	$ 1,549	87%

Disposals of property, plant and equipment ("PP&E") result from the rationalization, replacement and upgrade of older equipment in the Company's equipment fleet.

PP&E disposed of during the first half of 2025 included real estate, underutilized rental and ancillary drilling equipment and light duty vehicles. During the same period of 2024, PP&E disposals included real estate, underutilized rental and ancillary drilling equipment, a heavy truck and light duty vehicles.

Finance Costs

	Three months ended June 30			Six months ended June 30		
	2025	2024	Change	**2025**	2024	Change
Finance costs, net	**$ 1,258**	$ 2,156	(42%)	**$ 2,726**	$ 3,988	(32%)

Finance costs during the second quarter and the first half of 2025 were lower compared to the prior year comparable periods due to lower outstanding debt and lower interest rates on the variable rate portion of such debt.

Income Taxes and Net Income

	Three month ended June 30			Six months ended June 30		
	2025	2024	Change	**2025**	2024	Change
Current income tax expense	**$ 3,054**	$ 1,046	192%	**$ 7,668**	$ 5,018	53%
Deferred income tax expense (recovery)	**1,243**	(3,640)	nm	**3,747**	(2,281)	nm
Total income tax expense (recovery)	**$ 4,297**	$ (2,594)	nm	**$ 11,415**	$ 2,737	317%
Net income	**$ 17,086**	$ 15,454	11%	**$ 36,038**	$ 30,917	17%

"nm" - calculation not meaningful

The current income tax expense for the second quarter and first half of 2025 was higher as compared to 2024 due to higher pre-tax income, particularly in jurisdictions with higher income tax rates. The higher deferred income tax expense in the second quarter and the first half of 2025 as compared to deferred income tax recoveries for the same periods in 2024 is primarily due to a year over year increase in utilization of tax losses in Australia. Contributing to lower income tax expense in 2024 was the utilization of previously unrecognized non-capital losses.

SEASONALITY

A significant portion of the Company's field operations are conducted in Canada where the ability to move heavy equipment is dependent on ground conditions. As warm weather returns in the spring, the winter's frost comes out of the ground rendering many secondary roads incapable of supporting the weight of heavy equipment until such roads have thoroughly dried out. The duration of this "spring breakup" has a direct impact on the Company's activity levels and operating results in Canada. In addition, many exploration and production areas in northern Canada are accessible only in winter months when the ground is frozen hard enough to support heavy equipment. The timing of freeze up and spring breakup affects the ability to move equipment in and out of these areas. As a result, late March through May is historically the Company's slowest period in Canada. Additionally, wet weather in Australia, normally in the first quarter, can restrict the Company's Australian operations. Consequently, quarterly operating results may not be indicative of full year operating results.

SUMMARY OF QUARTERLY RESULTS

	Financial Quarter Ended			
	June 30 2025	March 31 2025	December 31 2024	September 30 2024
Revenue	**$ 250,416**	$ 251,909	$ 246,816	$ 241,940
Operating income	**22,314**	26,063	15,892	27,308
EBITDA[1]	**45,396**	50,488	40,565	50,543
Cashflow	**38,410**	44,934	43,413	48,091
Cash provided by operating activities	**24,098**	57,550	38,743	60,353
Net income	**17,086**	18,952	10,102	19,706
Attributable to shareholders	**17,111**	18,966	10,116	19,731
Per share data (diluted)				
EBITDA[1]	**$ 1.20**	$ 1.31	$ 1.04	$ 1.28
Cashflow	**1.02**	1.16	1.12	1.22
Net income attributable to shareholders	**0.45**	0.49	0.26	0.50
Financial Position				
Total Assets	**$ 949,889**	$ 999,571	$ 937,708	$ 963,743
Long-Term Debt and Lease Liabilities (excluding current portion)	**108,740**	78,941	79,171	104,997
Working Capital[2]	**111,804**	83,552	78,737	97,274
Net Debt[1]	**–**	–	434	7,723
Shareholders' Equity	**581,475**	586,256	571,043	561,211
Common Shares (000's)[3]				
Basic	**37,341**	38,041	38,171	38,802
Diluted	**37,820**	38,685	38,828	39,489

(1) Please see "Non-IFRS Measures" below for the definition of EBITDA and Net Debt.

(2) Working capital means current assets minus current liabilities.

(3) Basic and diluted shares outstanding reflect the weighted average number of common shares outstanding for the period. See note 6 to the Interim Financial Statements.

	Financial Quarter Ended			
	June 30 2024	March 31 2024	December 31 2023	September 30 2023
Revenue	$ 213,334	$ 204,686	$ 213,758	$ 232,016
Operating income	14,612	22,030	23,510	23,691
EBITDA[1]	37,447	43,290	45,276	44,955
Cashflow	38,094	32,837	44,457	40,784
Cash provided by operating activities	29,187	37,637	50,364	21,939
Net income (loss)	15,454	15,463	(7,861)	19,237
Attributable to shareholders	15,472	15,482	(7,847)	19,231
Per share data (diluted)				
EBITDA[1]	$ 0.93	$ 1.06	$ 1.11	$ 1.10
Cashflow	0.95	0.80	1.09	1.00
Net income (loss) attributable to shareholders	0.39	0.38	(0.19)	0.47
Financial Position				
Total Assets	$ 936,356	$ 941,690	$ 861,658	$ 894,325
Long-Term Debt and Lease Liabilities (excluding current portion)	100,983	149,847	100,834	111,159
Working Capital[2]	71,816	124,398	123,439	127,566
Net Debt[1]	29,167	25,449	–	–
Shareholders' Equity	549,999	543,967	530,758	542,528
Common Shares (000's)[3]				
Basic	39,329	39,971	39,975	40,149
Diluted	40,060	40,796	40,623	40,961

(1) Please see "Non-IFRS Measures" below for the definition of EBITDA and Net Debt.

(2) Working capital means current assets minus current liabilities.

(3) Basic and diluted shares outstanding reflect the weighted average number of common shares outstanding for the period. See note 6 to the Interim Financial Statements.

Aboriginal Partnerships

The Company conducts certain of its operations through limited partnerships in which each of the Company and an Aboriginal partner hold one half of the partnership interest. The Company fully consolidates all of these partnerships, with the Aboriginal partners' share in the equity and net earnings of the partnerships reported as non-controlling interests.

SEGMENTED RESULTS

Contract Drilling Services

	Three months ended June 30			Six months ended June 30		
	2025	2024	Change	**2025**	2024	Change
Revenue	**$ 71,222**	$ 67,889	5%	**$ 162,309**	$ 149,100	9%
Canada	**25,375**	27,659	(8%)	**77,114**	82,907	(7%)
United States	**4,218**	10,001	(58%)	**8,611**	20,381	(58%)
Australia	**41,629**	30,229	38%	**76,584**	45,812	67%
Operating income (loss)	**$ 3,613**	$ 2,398	51%	**$ 15,747**	$ 14,368	10%
Canada	**336**	(708)	nm	**7,850**	10,304	(24%)
United States	**(1,374)**	681	nm	**(3,204)**	1,249	nm
Australia	**4,651**	2,425	92%	**11,101**	2,815	294%
Operating days(1)	**1,945**	2,075	(6%)	**4,668**	4,851	(4%)
Canada	**956**	1,082	(12%)	**2,845**	3,093	(8%)
United States	**147**	346	(58%)	**291**	705	(59%)
Australia	**842**	647	30%	**1,532**	1,053	45%
Revenue per operating day(1), dollars	**$ 36,618**	$ 32,718	12%	**$ 34,771**	$ 30,736	13%
Canada	**26,543**	25,563	4%	**27,105**	26,805	1%
United States	**28,694**	28,905	(1%)	**29,591**	28,909	2%
Australia	**49,441**	46,722	6%	**49,990**	43,506	15%
Utilization	**21%**	22%	(5%)	**21%**	26%	(19%)
Canada	**14%**	15%	(7%)	**14%**	22%	(36%)
United States	**13%**	32%	(59%)	**13%**	32%	(59%)
Australia	**54%**	44%	23%	**54%**	48%	13%
Rigs, average for period	**102**	105	(3%)	**102**	101	1%
Canada	**73**	77	(5%)	**73**	77	(5%)
United States	**12**	12	–	**12**	12	–
Australia	**17**	16	6%	**17**	12	42%

(1) Operating days include drilling and paid standby days.

"nm" - calculation not meaningful

CDS segment revenue for the second quarter and first half of 2025 increased compared to the same period in 2024 as a result of increased Australian activity and revenue per operating day following the acquisition of Saxon as well as the reactivation of upgraded drilling rigs contracted at higher day rates. Segment operating income for the second quarter of 2025 was higher than 2024 primarily due to increased Australian results more than offsetting a decline in U.S. operating income. Increased operating income for the first half of 2025 was due to a material increase in Australian operating income that more than offset a decline in North American operating income.

In Canada, revenue in the second quarter and first half of 2025 was lower than 2024 due to decreased activity levels resulting from a modest loss of market share in more competitive areas of the Canadian market. Operating income for the second quarter of 2025 was higher compared to 2024 primarily due to a change in the mix of equipment operating. Operating income for the first half of 2025 was lower compared to the same period in 2024 due to lower activity.

In the United States, revenue was lower during the second quarter and first half of 2025 compared to the prior year period due to decreased activity. Pricing for the second quarter was lower compared to the same period in 2024 due primarily to a weakening of the U.S. dollar relative to the Canadian dollar. Pricing year to date was marginally higher compared to the first half of 2024 primarily due to the mix of equipment operating during the comparable periods. An operating loss was realized in the second quarter and the first half of 2025 as a result of the substantial decline in activity levels.

In Australia, revenue was higher during the second quarter and the first half of 2025 compared to 2024. This increase in revenue was due to the acquisition of Saxon on March 7, 2024 and the deployment of a new and several upgraded drilling rigs subsequent to March 31, 2024. Operating income for the second quarter and first half of 2025 increased substantially compared to 2024 commensurate with the substantial year over year increase in activity and higher pricing received for upgraded drilling rigs.

Rentals and Transportation Services

	Three months ended June 30			Six months ended June 30		
	2025	2024	Change	**2025**	2024	Change
Revenue	**$ 16,186**	$ 17,798	(9%)	**$ 39,210**	$ 40,177	(2%)
Canada	**8,727**	10,546	(17%)	**23,045**	24,471	(6%)
United States	**7,459**	7,252	3%	**16,165**	15,706	3%
Operating income (loss)	**$ 570**	$ 764	(25%)	**$ 3,913**	$ 4,903	(20%)
Canada	**(171)**	(440)	(61%)	**1,422**	1,534	(7%)
United States	**741**	1,204	(38%)	**2,491**	3,369	(26%)
Pieces of rental equipment	**8,053**	7,940	1%	**8,053**	7,940	1%
Canada	**6,877**	7,030	(2%)	**6,877**	7,030	(2%)
United States	**1,176**	910	29%	**1,176**	910	29%
Rental equipment utilization	**15%**	14%	7%	**17%**	18%	(6%)
Canada	**13%**	12%	8%	**15%**	15%	–
United States	**28%**	32%	(13%)	**34%**	35%	(3%)
Heavy trucks	**68**	66	3%	**68**	66	3%
Canada	**47**	45	4%	**47**	45	4%
United States	**21**	21	–	**21**	21	–

Revenue from the RTS segment for the second quarter and first half of 2025 decreased as compared to the same periods in 2024 due primarily to lower North American industry activity and the mix of equipment operating. Offsetting the decline in U.S. industry activity was the acquisition of 280 pieces of major rental equipment located in Oklahoma on June 10, 2025.

In Canada, the second quarter operating loss was smaller in 2025 as compared to 2024 as a result of the mix of equipment operating and timing of equipment deployment expenses. Operating income in Canada decreased during the first six months as compared to the same period of 2024 due to lower activity. In the U.S., second quarter and first half operating income for 2025 decreased compared to 2024 due to a change in the mix of equipment operating and competitive market conditions.

This segment's relatively high fixed cost structure as compared to the Company's other business segments provides significant leverage to increased equipment utilization. Such fixed cost structure includes costs associated with its significant operating branch infrastructure, including maintenance and repairs, utilities, insurance, property taxes and other infrastructure costs.

Compression and Process Services

	Three months ended June 30			Six months ended June 30		
	2025	2024	Change	**2025**	2024	Change
Revenue	**$ 133,233**	$ 109,454	22%	**$ 239,449**	$ 186,980	28%
Canada	**56,804**	40,074	42%	**106,471**	66,162	61%
United States	**76,429**	69,380	10%	**132,978**	120,818	10%
Operating income	**$ 19,102**	$ 14,858	29%	**$ 31,603**	$ 23,118	37%
Canada	**8,640**	2,666	224%	**12,503**	2,395	422%
United States	**10,462**	12,192	(14%)	**19,100**	20,723	(8%)
Operating income, % of revenue	**14%**	14%	–	**13%**	12%	8%
Canada	**15%**	7%	114%	**12%**	4%	200%
United States	**14%**	18%	(22%)	**14%**	17%	(18%)
Horsepower of equipment on rent at period end	**43,273**	54,476	(21%)	**43,273**	54,476	(21%)
Canada	**15,523**	16,156	(4%)	**15,523**	16,156	(4%)
United States	**27,750**	38,320	(28%)	**27,750**	38,320	(28%)
Rental equipment utilization during the period (HP)	**63%**	80%	(21%)	**65%**	77%	(16%)
Canada	**56%**	70%	(20%)	**59%**	69%	(14%)
United States	**67%**	84%	(20%)	**69%**	80%	(14%)
Sales backlog at period end, $ million	**$ 303.9**	$ 204.6	49%	**$ 303.9**	$ 204.6	49%

Second quarter and first half CPS segment revenue for 2025 was higher than 2024 due to increased North American fabrication sales and parts and service activity that more than offset a decrease in compression rental activity. The quarter end fabrication sales backlog increased to $303.9 million compared to the $204.6 million backlog at June 30, 2024. Sequentially the quarter-end fabrication sales backlog increased by $38.5 million, or 15%, compared to the $265.4 million backlog at March 31, 2025. The timeline for conversion of the sales backlog into revenue varies from order to order and often changes due to factors outside of the Company's control.

Operating income increased in Canada during the three and six months ended June 30, 2025 compared to 2024 as a result of improved fabrication sales margins and increased parts and service activity. U.S. operating income decreased in the second quarter and first half of 2025 due primarily to the year over year decrease in compression horsepower on rent. Positively impacting financial results was the weaker Canadian dollar relative to the U.S dollar during the first half of 2025 compared to 2024

Well Servicing

	Three months ended June 30			Six months ended June 30		
	2025	2024	Change	**2025**	2024	Change
Revenue	**$ 29,775**	$ 18,193	64%	**$ 61,357**	$ 41,763	47%
Canada	**10,361**	7,948	30%	**24,871**	22,947	8%
United States	**1,884**	2,919	(35%)	**3,933**	5,909	(33%)
Australia	**17,530**	7,326	139%	**32,553**	12,907	152%
Operating income (loss)	**$ 1,138**	$ (313)	nm	**$ 3,707**	$ 1,602	131%
Canada	**982**	(100)	nm	**2,895**	2,734	6%
United States	**(425)**	(13)	nm	**(1,035)**	(570)	82%
Australia	**581**	(200)	nm	**1,847**	(562)	nm
Service hours(1)	**27,440**	18,063	52%	**56,508**	42,627	33%
Canada	**11,638**	8,410	38%	**26,694**	23,817	12%
United States	**2,063**	3,115	(34%)	**4,292**	6,630	(35%)
Australia	**13,739**	6,538	110%	**25,522**	12,180	110%
Revenue per service hour, dollars	**$ 1,085**	$ 1,007	8%	**$ 1,086**	$ 980	11%
Canada	**890**	945	(6%)	**932**	963	(3%)
United States	**913**	937	(3%)	**916**	891	3%
Australia	**1,276**	1,121	14%	**1,275**	1,060	20%
Utilization(2)	**27%**	20%	35%	**29%**	25%	16%
Canada	**23%**	17%	35%	**27%**	24%	13%
United States	**19%**	29%	(34%)	**20%**	30%	(33%)
Australia	**52%**	25%	108%	**49%**	23%	113%
Rigs, average for period	**79**	79	–	**79**	79	–
Canada	**55**	55	–	**55**	55	–
United States	**12**	12	–	**12**	12	–
Australia	**12**	12	–	**12**	12	–

"nm" – calculation not meaningful

(1) Service hours is defined as well servicing hours of service provided to customers and includes paid rig move and standby.

(2) The Company reports its service rig utilization for its operational service rigs in North America based on service hours of 3,650 per rig per year to reflect standard 10 hour operations per day. Utilization for the Company's service rigs in Australia is calculated based on service hours of 8,760 per rig per year to reflect standard 24 hour operations.

Second quarter and first half WS segment revenue increased in 2025 compared to 2024 due to the reactivation of several upgraded service rigs in Australia and increased utilization in Canada. Segment operating income for the second quarter and first half also increased in 2025 as compared to 2024 due to increased Australian activity and higher pricing received for upgraded rigs and increased Canadian activity that was partially offset by lower U.S. activity.

Canadian revenue for the second quarter and first half of 2025 was higher compared to 2024 due to increased activity levels that was somewhat offset by lower pricing due to competitive market conditions.

In the United States, second quarter and first half revenue decreased in 2025 compared to 2024 as a result of a substantial decline in activity, which in turn resulted in an increased year over year operating loss.

Australian revenue for the second quarter and first half of 2025 increased substantially compared to 2024 following the reactivation of several upgraded rigs. Higher utilization and improved pricing received for upgraded rigs resulted in a substantial year-over-year improvement in first quarter operating income.

Corporate

	Three months ended June 30			Six months ended June 30		
	2025	2024	Change	**2025**	2024	Change
Operating loss	**$ (2,109)**	$ (3,095)	(32%)	**$ (6,593)**	$ (7,349)	(10%)

Total Energy's Corporate segment includes activities related to the Company's corporate and public issuer affairs. This segment does not generate any revenue but provides sales, operating, financial, treasury, analytical and other management services and support services to Total Energy's business segments and manages the corporate affairs of the Company. The decrease in operating loss during the three and six months ended June 30, 2025 was primarily due to an increase in realized foreign exchange gain related to related to foreign exchange translation of intercompany working capital balances and lower share-based compensation expense.

LIQUIDITY AND CAPITAL RESOURCES

Cash Provided by Operating Activities and Cashflow

	Three months ended June 30			Six months ended June 30		
	2025	2024	Change	**2025**	2024	Change
Cash provided by operating activities	**$ 24,098**	$ 29,187	(17%)	**$ 81,648**	$ 66,824	22%
Per share (diluted)	**$ 0.64**	$ 0.73	(12%)	**$ 2.14**	$ 1.65	30%
Cashflow	**$ 38,410**	$ 38,094	1%	**$ 83,344**	$ 70,931	18%
Per share (diluted)	**$ 1.02**	$ 0.95	7%	**$ 2.18**	$ 1.75	25%

The changes in cash provided by operating activities were due primarily to changes in the working capital requirements of the various business segments. Cash flow increased during the three months ended June 30, 2025 as compared to the same period in 2024 as a result of higher EBITDA that was somewhat offset by the impact of foreign currency translation. Cashflow increased during the six months ended June 30, 2025 as compared to 2024 due primarily to higher EBITDA. Cash flow generated from operating activities decreased during the second quarter of 2025 as compared to the same period in 2024 primarily due to a larger decrease in deferred revenue during the quarter as well as the timing of monetization of working capital. Cash flow generated from operating activities increased during the first six month of 2025 as compared to the same period in 2024 as a result of higher EBITDA and the timing of monetizing working capital.

Investing Activities

	Three months ended June 30			Six months ended June 30		
	2025	2024	Change	**2025**	2024	Change
Net cash used in investing activities	**$ (30,066)**	$ (20,086)	50%	**$ (51,717)**	$ (92,438)	(44%)
Proceeds from sale of PP&E	**$ 402**	$ 922	(56%)	**$ 2,894**	$ 1,549	87%
Purchase of PP&E and Acquisition	**$ (26,312)**	$ (20,703)	27%	**$ (60,769)**	$ (97,688)	(38%)

Net cash used in investing activities in the second quarter of 2025 was $10.0 million higher than the prior year. Contributing to this increase was the acquisition of a rental fleet in Oklahoma on June 10, 2025 for $9.0 million (US$6.4 million). Net cash used in investing activity decreased during first half of 2025 as compared to 2024 due primarily to $47.4 million cash paid on the acquisition of Saxon in March of 2024 and a $1.3 million increase in proceeds on disposal of PP&E in the first half of 2025. This decrease was partially offset by an $8.0 million increase in purchases of PP&E net of change in non-cash working capital balances related primarily to the purchase of the Oklahoma rental assets.

Proceeds from the sale of PP&E are derived primarily from the disposal of equipment in the ordinary course of business and the replacement and upgrade of older equipment in the Company's fleet.

The following summarizes PP&E purchases by segment for the three and six months ended June 30, 2025.

	Three months ended June 30			Six months ended June 30		
	2025	2024	Change	**2025**	2024	Change
CDS	**$ 9,659**	$ 8,777	10%	**$ 33,284**	$ 21,578	54%
RTS	**13,070**	2,388	447%	**14,251**	5,173	175%
CPS	**1,113**	3,732	(70%)	**2,048**	14,187	(86%)
WS	**2,470**	5,806	(57%)	**11,157**	9,400	19%
Corporate	**–**	–	–	**29**	–	nm
Purchase of PP&E	**$ 26,312**	$ 20,703	27%	**$ 60,769**	$ 50,338	21%

During the second quarter and first half of 2025 PP&E purchases were as follows: drilling rig upgrades, recertifications and ancillary rig equipment purchases in the CDS segment, rental equipment in the RTS segment, additions to the compression rental fleet in the CPS segment and service rig recertifications and upgrades in the WS segment. Included in 2025 capital expenditures was approximately $16.6 million of capital commitments carried forward from 2024.

During the second quarter and first half 2024 PP&E purchases were as follows: drilling rig upgrades, recertifications and ancillary rig equipment purchases in the CDS segment, rental equipment in the RTS segment, additions to the compression rental fleet in the CPS segment and service rig recertifications and upgrades in the WS segment. Included in 2024 capital expenditures was approximately $14.2 million of capital commitments carried forward from 2023.

Capital spending for the three and six months ended June 30, 2025 was funded by cash flow and $0.4 million and $2.9 million, respectively, of proceeds from the sale of PP&E.

Financing Activities

	Three months ended June 30			Six months ended June 30		
	2025	2024	Change	**2025**	2024	Change
Net cash (used in) provided by financing activities	**$ (24,955)**	$ (29,376)	(15%)	**$ (34,192)**	$ 2,443	nm

"nm" – calculation not meaningful

During the first half of 2025 net cash used in financing activities related primarily to the repayment of a $40.4 million mortgage loan that matured in April 2025 together with $0.8 million of accrued interest related thereto as well as the payment of dividends and repurchase of common shares. The loan repayment was financed by $11.2 million cash on hand and a $30 million draw on the Company's primary revolving credit facility. During the first half of 2024 the cash provided by financial activities included a net $49.5 million draw of long-term debt during the first quarter of 2024 that was used to fund the acquisition of Saxon and the payment of $10.5 million of interest relating to the Canada Revenue Agency ("CRA") re-assessments of certain of the Company's income tax filings related to its conversion from an income trust to a corporation in 2009.

Liquidity and Capital Resources

The Company had a working capital surplus of $111.8 million as at June 30, 2025 compared to $78.7 million as at December 31, 2024. As at June 30, 2025 and the date of this MD&A, the Company was in compliance with all debt covenants.

On June 19, 2017 the Company entered into a three-year $225 million revolving syndicated credit facility (the "Credit Facility"). Following several renewals and at the request of the Company, the Credit Facility was reduced to $170 million and the maturity date extended to November 10, 2026. The Credit Facility includes a Canadian $18 million operating line, an Australian $2 million operating line and a Canadian $150 million revolving facility. The Company has the option to increase such facility by $75 million subject to certain terms and conditions, including the agreement of the lenders to increase their commitments. The Credit Facility bears interest at the banks' Canadian prime rate plus 0.25% to 1.25%, bankers' acceptances, letters of credit, LIBOR or BBSY advances plus a 1.5% to 2.5% stamping fee. The applicable interest rate within such ranges is dependent on certain financial ratios of the Company. A standby fee ranging from 0.25% to 0.5% per annum is paid quarterly on the unused portion of the facility depending on certain financial ratios of the Company. In January of 2024, term CORRA rates have replaced bankers' acceptances and SOFR rates have replaced LIBOR, with no changes in pricing or premiums. At June 30, 2025, the applicable interest rate on amounts drawn on the Credit Facility was 4.49% and the standby rate was 0.25%. Letters of credit ("LOC") of $0.3 million were outstanding at June 30, 2025 which reduces the amount of credit available under the Credit Facility by an equivalent amount.

In August of 2018 a U.S. $20 million letter of credit facility was established (the "LOC Facility"). LOCs issued pursuant to the LOC Facility do not reduce availability under the Credit Facility. In April of 2020 this facility was reduced at the request of the Company to U.S. $10 million. At June 30, 2025 $2.8 million Canadian dollars of LOCs were outstanding under the LOC Facility (December 31, 2024: $2.5 million).

In addition to the Credit Facility, a subsidiary of the Company has established a $5 million revolving operating credit facility with a member of the Credit Facility lenders' syndicate. At June 30, 2025 this facility was undrawn and fully available.

Mortgage Loan (2025 maturity) was a loan that matured on April 29, 2025 that was amortized over 20 years with blended monthly principal and interest payments of approximately $279,800. This loan bore interest at a fixed rate of 3.10% and was secured by certain of the Company's real estate. This loan was repaid in full ($40.4 million plus accrued and unpaid interest) on April 29, 2025 by utilizing available cash and the Credit Facility.

At June 30, 2025 the Company's long-term debt consisted of the following:

	June 30, 2025	
	Interest rate	Principal Amount
Credit Facility	**4.49%**	**$ 100,000**

At June 30, 2025 amounts owing under the Credit Facility were denominated in Canadian dollars.

The Company's ability to access the Credit Facility is dependent, among other conditions, on compliance with the following financial ratios, the definitions and thresholds for which are further described below:

	June 30, 2025	Threshold
Twelve-month trailing Bank EBITDA to interest expense	**32.53**	minimum 3.00
Total Senior Debt to twelve-month trailing Bank EBITDA	**0.42**	maximum 3.00

The Company was in compliance with all of its Credit Facility and other debt covenants at June 30, 2025. For further information regarding Credit Facility compliance requirements and details on the Company's borrowings, please refer to note 5 to the Condensed Interim Consolidated Financial Statements.

The Company expects that cash and cash equivalents, cash flow from operating activities and existing and available credit facilities will be sufficient to fund its presently anticipated requirements for investments in working capital and capital assets as well as required debt and lease liability payments.

Dividends

On March 6, 2025 the Board of Directors increased the dividend by 11% and declared a dividend of $0.10 per share for the quarter ended March 31, 2025. On May 8, 2025, the Board of Directors declared a dividend of $0.10 per share for the quarter ended June 30, 2025. On May 9, 2024 the Board of Directors declared a dividend of $0.09 per share for the quarter ended June 30, 2024.

Management and the Board of Directors of the Company continue to monitor the Company's dividend policy in the context of industry conditions and forecasted net income, cashflow, cash provided by operating activities, debt levels, capital expenditures and other investment opportunities and will aim to finance any future dividends through cash provided by operating activities.

CONTRACTUAL OBLIGATIONS

At June 30, 2025 the Company had the following contractual obligations:

	Payments due by year					
	Total	2025	2026	2027	2028	2029 and after
Long-term debt and bank indebtedness	$ 100,000	$ –	$ 100,000	$ –	$ –	$ –
Commitments[1]	128	68	52	7	1	–
Lease liabilities	14,923	3,301	5,589	3,764	1,970	299
Purchase obligations[2]	87,902	87,902	–	–	–	–
Total contractual obligations	$ 202,953	$ 91,271	$ 105,641	$ 3,771	$ 1,971	$ 299

(1) Commitments are described in Note 25 to the 2024 Financial Statements.

(2) Purchase obligations are described in Note 25 to the 2024 Financial Statements. As at June 30, 2025 purchase obligations primarily relate to commitments to purchase inventory in the CPS segment.

OFF-BALANCE SHEET ARRANGEMENTS

During 2025 and 2024, the Company had no off-balance sheet arrangements other than short-term leases.

TRANSACTIONS WITH RELATED PARTIES

During 2025 and 2024 the Company had no material transactions with related parties.

OUTSTANDING COMPANY SHARE DATA

As at the date of this MD&A, the Company had 37,186,000 common shares outstanding.

Summary information with respect to outstanding share options is provided below:

Outstanding at June 30, 2025	Exercise Price	Remaining life (years)	Exercisable at June 30, 2025
428,333	$ 3.72	1.10	428,333
750,000	7.46	2.10	500,000
80,000	6.42	2.30	50,000
1,305,000	10.06	3.10	435,000
2,563,333	$ 8.13	2.45	1,413,333

OUTLOOK

During second quarter of 2025, oil prices continued to weaken following the announcement of substantial tariffs by the U.S. government on global trading partners and announced production increases by OPEC despite concerns regarding future global economic growth. Continued consolidation of oil and natural gas producers and energy infrastructure limitations have also contributed to moderating North American drilling and completion activity, particularly in the United States. The recent expansion of the Trans Mountain pipeline and the recent startup of the LNG Canada liquified natural gas export terminal in July 2025 have partially mitigated the negative impact of these factors on industry activity levels in Canada. Relatively strong natural gas prices realized by Australian producers continue to support stable industry conditions in Australia. The near to medium term outlook for investment in North American energy infrastructure, including investment directed towards increasing LNG export capacity, remains positive at this time.

In the context of global economic uncertainty and uncertain commodity and equity markets, the Company is cautious and will manage its business and affairs in a manner to protect its balance sheet and financial liquidity. At the same time, the Company will continue to use its financial strength to capitalize on compelling investment opportunities that often arise during periods of market weakness and uncertainty.

RISK FACTORS AND RISK MANAGEMENT

In the normal course of business, Total Energy is exposed to financial and operating risks that may potentially and materially impact its operating results. A discussion of the Company's business risks is set out in its AIF under the heading "Risk Factors" and is incorporated herein. The Company employs risk management strategies with a view to mitigating these risks on a cost-effective basis. There have been no significant changes in risk and risk management in 2025 other than as described below.

Industry Conditions

In the context of significant global economic uncertainty and commodity price volatility, North American oil and gas producers remain measured in their capital expenditure programs and visibility for future activity levels is limited. While capital discipline and a commitment to shareholder returns by oil and gas producers has moderated activity levels over the past several years, it has also served to stabilize North American drilling and completion activity relative to prior industry cycles. In addition, the severity of the downturn in 2020 and early 2021 resulted in substantial and ongoing consolidation and rationalization of the North American energy service industry that continues to support improved market conditions despite lower industry activity levels. Significant investment to increase North American LNG export capacity has resulted in strong demand for the products and services provided by the CPS segment as evidenced by the significant increase in the fabrication sales backlog during the first half of 2025. Industry conditions in Australia are currently expected to remain stable for the foreseeable future.

Credit Risk

Relatively stable oil and gas prices have mitigated counterparty credit risk as a substantial portion of the Company's dealings are with entities involved in the oil and gas industry. Notwithstanding such stability in the industry environment, the Company remains focused on actively managing credit risk. Specifically, management has remained diligent in assessing credit levels granted to customers, monitoring the aging of receivables and taking proactive steps to secure and collect outstanding balances.

The Company did not have significant exposure to any individual customer or counter party that accounted for over 10% of the consolidated revenue during the three and six months ended June 30, 2025 and 2024.

The Company's allowance for doubtful accounts receivable at June 30, 2025 was $1.6 million, which is consistent with the balance at December 31, 2024.

CRITICAL ACCOUNTING ESTIMATES

Management is responsible for applying judgment in preparing accounting estimates. Certain estimates and related disclosures included within the financial statements are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from management's current judgments. An accounting estimate is considered critical only if it requires the Company to make assumptions about matters that are highly uncertain at the time the accounting estimate is made, and different estimates the Company could have used would have a material impact on Total Energy's financial condition, changes in financial condition or results of operations.

There were no material changes to the Company's Critical Accounting Estimates during 2025.

Critical Judgments in Applying Accounting Policies

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

The Company's assets are aggregated into cash-generating units for the purpose of calculating impairment. Cash generating units ("CGU" or "CGUs") are based on management's judgments and assessment of the CGU's ability to generate independent cash inflows. Judgments are also required to assess when impairment indicators exist and impairment testing is required.

The Company is required to exercise judgment in assessing whether the criteria for recognition of a provision or a contingency have been met. The Company considers whether a present obligation exists, probability of loss and if a reliable estimate can be formulated.

The Company's functional currency is based on the primary economic environment in which it operates and is based on an analysis of several factors including which currency principally affects sales prices of products sold by the Company, which currency influences the main expenses of providing services, in which currency the Company keeps it receipts from operating activities and in which currency the Company has received financing.

The Company makes judgments regarding the determination of its reportable segments, including aggregation criteria (as appropriate), for segmented reporting.

Judgments are made by management to determine the likelihood of whether deferred income tax assets at the end of the reporting period will be realized from future taxable earnings.

Key Sources of Estimation Uncertainty

The following are key estimates and their assumptions made by management affecting the measurement of balances and transactions in the consolidated financial statements.

Where impairment indicators exist or annually for goodwill, the recoverable amount of the asset or CGU is determined using the greater of fair value less costs to sell or value-in-use. Value-in-use calculations require assumptions for discount rates and estimations of the timing for events or circumstances that will affect future cash flows. Fair value less costs to sell requires management to make estimates of fair value using market conditions for similar assets as well as estimations for costs to sell taking into account dismantle and transportation costs.

The Company is required to estimate the amount of provisions and contingencies based on the estimated future outcome of the event.

The Company recognizes revenue over time in accounting for its equipment manufacturing contract revenue. Recognizing revenue over time requires estimates of the stage of completion of the contract to date as a proportion of the total work to be performed.

As pertains to property, plant and equipment the Company is required to estimate the residual value and useful lives of assets for purposes of depreciation.

As pertains to accounts receivable the Company is required to estimate allowances for doubtful accounts based on expected future credit losses and experiences with customers.

In a business combination, management makes estimates of the fair value of assets acquired and liabilities assumed which includes assessing the value of property, plant and equipment and intangible assets being acquired.

The Company's estimate of share-based compensation is dependent upon estimates of historic volatility and forfeiture rates.

The Company's estimate of the fair value of forward foreign exchange contracts is dependent on estimated forward prices / rates and volatility in those prices / rates.

The deferred tax liability is based on estimates as to the timing of the reversal of temporary differences, substantively enacted tax rates and the likelihood of assets being realized.

FUTURE ACCOUNTING POLICIES CHANGES

Certain pronouncements were issued recently by the International Accounting Standards Board ("IASB") of the International Financial Reporting Standards ("IFRS") Interpretations Committee that are mandatory for accounting periods beginning in future years. Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

NON-IFRS MEASURES

As described throughout this MD&A, the Company references the following financial measures that are not recognized under IFRS: EBITDA, operating income, cashflow, working capital and net debt. Management believes that, in addition to the amounts reported in the Consolidated Financial Statements, these measures are useful in assessing the Company's performance and liquidity. These measures are unlikely to be comparable to similar measures presented by other companies. The non-IFRS measures referenced in this MD&A reconcile to the IFRS measures reported in the Consolidated Financial Statements as follows, unless reconciled elsewhere:

	Three months ended June 30		Six months ended June 30	
EBITDA	**2025**	2024	**2025**	2024
Net income	**$ 17,086**	$ 15,454	**$ 36,038**	$ 30,917
Add back:				
Depreciation	**22,755**	22,431	**45,705**	43,095
Finance costs, net	**1,258**	2,156	**2,726**	3,988
Income tax expense	**4,297**	(2,594)	**11,415**	2,737
EBITDA	**$ 45,396**	$ 37,447	**$ 95,884**	$ 80,737

Net debt is equal to long-term debt plus lease liabilities plus current liabilities minus current assets.

Net Debt	As at June 30, 2025
Long-term debt	**$ 100,000**
Lease liabilities	**8,740**
Add back (deduct):	
Current liabilities	**199,576**
Current assets	**(311,380)**
Net Debt (Asset)	**$ (3,064)**

RESPONSIBILITY OF MANAGEMENT AND THE BOARD OF DIRECTORS

Management is responsible for the information disclosed in this MD&A and the accompanying consolidated financial statements, and has in place appropriate information systems, procedures and controls to ensure that information used internally by management and disclosed externally is materially complete and reliable. In addition, the Company's Audit Committee, on behalf of the Board of Directors, provides an oversight role with respect to all public financial disclosures made by the Company, and has reviewed and approved this MD&A and the accompanying unaudited condensed interim consolidated Financial Statements.

Internal Control Over Financial Reporting ("ICFR")

There have been no significant changes in the design of the Company's ICFR during the three and six months ended June 30, 2025 that would materially affect or is reasonably likely to materially affect the Company's ICFR.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS

Certain information and statements contained in this MD&A constitute forward-looking information, including the anticipated costs associated with the purchase of capital equipment, expectations concerning the nature and timing of growth within the various business divisions operated through affiliates of Total Energy, expectations respecting the competitive position of such business divisions, expectations concerning the financing of future business activities, statements as to future economic and operating conditions and expectations regarding the payment of dividends in the future. Readers should review the cautionary statement respecting forward-looking information that appears below.

The information and statements contained in this MD&A that are not historical facts are forward-looking statements. Forward-looking statements (often, but not always, identified by the use of words such as "seek", "plan", "continue", "estimate", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "expect", "may", "anticipate" or "will" and similar expressions) may include plans, expectations, opinions, or guidance that are not statements of fact. Forward-looking statements are based upon the opinions, expectations and estimates of management as at the date the statements are made and are subject to a variety of risks and uncertainties and other factors that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward-looking statements. These factors include, but are not limited to, such things as global economic conditions, changes in industry conditions (including the levels of capital expenditures made by oil and gas producers and explorers), pandemics (including COVID-19 pandemic), the credit risk to which the Company is exposed in the conduct of its business, fluctuations in prevailing commodity prices or currency and interest rates, the competitive environment to which the various business divisions are, or may be, exposed in all aspects of their business, the ability of the Company's various business divisions to access equipment (including parts) and new technologies and to maintain relationships with key suppliers, the ability of the Company's various business divisions to attract and maintain key personnel and other qualified employees, various environmental risks to which the Company's business divisions are exposed in the conduct of their operations, inherent risks associated with the conduct of the businesses in which the Company's business divisions operate, timing and costs associated with the acquisition of capital equipment, the impact of weather and other seasonal factors that affect business operations, availability of financial resources or third-party financing and the impact of new laws and regulations or changes in existing laws, regulations or administrative practices on the part of regulatory authorities, including without limitation taxation, tariffs, labour and environmental laws and regulations and changes in how such laws and regulations are interpreted and enforced. Forward-looking information respecting the anticipated costs associated with the purchase of capital equipment are based upon historical prices for various classes of equipment, expectations relating to the impact of inflation on the future cost of such equipment and management's views concerning the negotiating position of the Company and its affiliates. Forward-looking information concerning the nature and timing of growth within the various business divisions is based on the current budget of the Company (which is subject to change), factors that affected the historical growth of such business divisions, sources of historic growth opportunities and expectations relating to future economic and operating conditions. Forward-looking information concerning the future competitive position of the Company's business divisions is based upon the current competitive environment in which those business divisions operate, expectations relating to future economic and operating conditions, current and announced build programs and other expansion plans of other organizations that operate in the energy service business. Forward-looking information concerning the financing of future business activities is based upon the financing sources on which the Company and its predecessors have historically relied and expectations relating to future economic and operating conditions. Forward-looking information concerning future economic and operating conditions is based upon historical economic and operating conditions, and opinions of third-party analysts respecting anticipated economic and operating conditions. Although management of the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Accordingly, readers should not place undue reliance upon any of the forward-looking information set out in this MD&A. All of the forward-looking statements of the Company contained in this MD&A are expressly qualified, in their entirety, by this cautionary statement. The various risks to which the Company is exposed are described in additional detail in this MD&A under the heading "Risk Factors" and in the Company's AIF. Except as required by law, the Company disclaims any intention or obligation to update or revise any forward-looking information or statements, whether as a result of new information, future events or otherwise.

CORPORATE INFORMATION

BOARD OF DIRECTORS

George Chow [1]
Chairman of the Board

Daniel Halyk
President and Chief Executive Officer

Glenn Dagenais [2, 3]

Tim McMillan [1, 2]

Jessica Kirstine [1, 3]

Ken Mullen [2, 3]

[1] Member of the Compensation Committee
[2] Member of the Audit Committee
[3] Member of the Corporate Governance and Nominating Committee

MANAGEMENT TEAM

Daniel Halyk
President and Chief Executive Officer

Jeremy Busch-Howell
Vice President, Legal, General Counsel and Corporate Secretary

Yuliya Gorbach
Vice President, Finance and Chief Financial Officer

William Kosich
Vice President, Drilling Services

Brad Macson
Vice President, Operations

Muhammad Yasir Nisar
Assistant Vice President, Drilling Services

Golden Bhatia
Corporate Controller

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AUDITOR

MNP LLP

Calgary, Alberta

TRUSTEE, REGISTRAR AND TRANSFER AGENT

Computershare

Calgary, Alberta

LEGAL COUNSEL

Bennett Jones, LLP

Calgary, Alberta

BANKERS

Royal Bank of Canada

The Toronto Dominion Bank

Alberta Treasury Branches

STOCK EXCHANGE LISTING

Toronto Stock Exchange

Common Shares: TOT

CANADIAN LOCATIONS

Brooks, AB • Calgary, AB • Clairmont, AB • Drayton Valley, AB • Drumheller, AB • Edson, AB • Fort McMurray, AB • Fox Creek, AB
Grande Prairie, AB • Lac La Biche, AB • Lacombe, AB • Leduc, AB • Lloydminster, AB • Medicine Hat, AB • Red Deer, AB • Rocky Mountain House, AB
Slave Lake, AB • Whitecourt, AB • Dawson Creek, BC • Fort St. John, BC • Swift Current, SK • Weyburn/Midale, SK

U.S. LOCATIONS

Denver, CO • Greeley, CO • Dickinson, ND • Watford City, ND • El Reno, OK
Casper, WY • Gillette, WY • Weirton, WV • Midland, TX • Odessa, TX

AUSTRALIAN LOCATIONS

Brisbane, QLD • Toowoomba, QLD