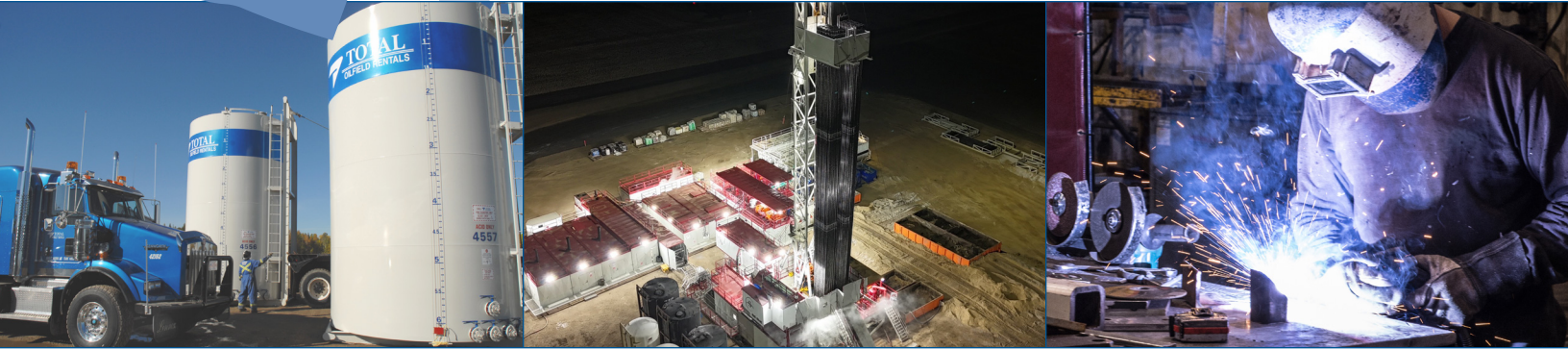


# Q1



## FOCUS DISCIPLINE GROWTH

First Quarter Report 2026

**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 1

consolidated financial statements 3

notes to consolidated financial statements 7

management’s discussion and analysis 14

corporate information 36

**REPORT TO SHAREHOLDERS**

Total Energy's results for the first quarter of 2026 reflect continued strong North American demand for natural gas compression and process equipment and increased contribution from Australia following the upgrade and reactivation of several drilling and service rigs over the past year that more than offset a year over year decline in North American oil and natural gas drilling and completion activity.

The Company's financial position continued to strengthen during the first three months of 2026. After funding capital expenditures, lease and interest payments, the Company generated \$48.2 million of free cash flow that was directed towards \$10 million of debt reduction and \$6.5 million of dividends and share buybacks. At March 31, 2026, Total Energy's cash position exceeded bank debt by \$46.4 million. Total Energy's continued strong financial performance and solid balance sheet supported the fourth consecutive annual increase to the Company's dividend since the COVID pandemic, with the Board approving a 20% dividend increase commensurate with the declaration of the 2026 first quarter dividend.

**LOOKING FORWARD**

In the context of continued global economic and political uncertainty and shareholder expectations for improved returns, oil and natural gas producers' capital discipline continued to weigh on North American drilling and completion activity during the first quarter. While the outbreak of military conflict in the Middle East in February 2026 resulted in significant near term price increases for oil and liquified natural gas, the industry has not yet responded with any meaningful increase in North American drilling and completion activity. However, material drawdowns in global oil inventories and disruptions to pre-war sources of oil and LNG supply are expected to give rise to increased drilling and completion activity should prices remain elevated.

Total Energy's Compression and Process Services segment continues to see strong demand for its products and services, driven by North American LNG infrastructure and natural gas fired electricity generation projects. The record fabrication sales backlog of \$446.9 million at March 31, 2026 provides visibility well into 2027 and current quoting activity remains vibrant. Expansion of the Company's fabrication capacity in Weirton, West Virginia is underway, with completion expected by the first quarter of 2027. Once completed and fully staffed, this expansion is expected to almost double the CPS segment's U.S. compression fabrication capacity.

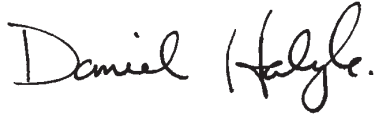
In January 2026, the Company decided to shut down its U.S. well servicing operations. In February, substantially all of the operating equipment was sold and an agreement to sell the land and buildings is scheduled to close by the end of the second quarter. This decision was based on the Company's assessment of where best to allocate capital and senior management time going forward.

In Australia, an upgraded service rig commenced operations in early May, bringing Total Energy's current Australian active rig count to 13 drilling rigs and eight service rigs. A currently active drilling rig will be taken out of service during the third quarter for approximately two months to complete certain upgrades, following which it will commence operations under a new long term contract. A new Australian service rig is currently under construction and is scheduled to commence operations in the first quarter of 2027.

In Canada, the upgrade of a second idle mechanical double drilling rig into a state of the art AC electric triple pad rig is underway, with completion expected by the first quarter of 2027. Demand for this style of rig is strong and, similar to the first upgrade completed in November 2025, the Company will look to contract this rig closer to completion.

Total Energy continues to identify and evaluate equipment upgrade and acquisition opportunities in North America and Australia but will remain disciplined in the deployment of capital.

Finally, I would encourage shareholders to join us at our 30th Annual Meeting of Shareholders which will be held at 10:00 am on May 19, 2026 at the Calgary Petroleum Club.

A handwritten signature in black ink that reads "Daniel Halyk". The signature is written in a cursive, flowing style.

DANIEL K. HALYK  
President and Chief Executive Officer

May 2026

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of Canadian dollars)

	Note	March 31, 2026 (unaudited)	December 31, 2025 (audited)
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents		\$ 91,373	\$ 59,637
Accounts receivable		178,473	165,991
Inventory		143,207	127,022
Prepaid expenses and deposits		22,555	18,268
		435,608	370,918
Property, plant and equipment		630,125	625,131
Goodwill		4,053	4,053
		<b>\$ 1,069,786</b>	<b>\$ 1,000,102</b>
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>			
Current liabilities:			
Accounts payable and accrued liabilities		\$ 188,048	\$ 152,214
Deferred revenue		107,736	89,826
Contingent consideration on business acquisition		2,744	2,796
Income taxes payable		12,590	7,518
Dividends payable		4,405	3,635
Current portion of lease liabilities		6,681	6,906
		322,204	262,895
Long-term debt	4	45,000	55,000
Lease liabilities		19,507	20,236
Deferred income tax liability		59,521	60,660
Shareholders' equity:			
Share capital	5	231,558	228,041
Contributed surplus		3,749	5,841
Accumulated other comprehensive loss		(8,448)	(16,523)
Non-controlling interest		462	377
Retained earnings		396,233	383,575
		623,554	601,311
		<b>\$ 1,069,786</b>	<b>\$ 1,000,102</b>

The notes on pages 7 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 March 31	
		2026	2025
<b>REVENUE</b>		<b>\$ 314,896</b>	<b>\$ 251,909</b>
Cost of services		244,855	189,128
Selling, general and administration		13,434	13,968
Other income		(834)	(308)
Share-based compensation	6, 7	6,614	108
Depreciation		23,698	22,950
Operating income		27,129	26,063
Gain on sale of property, plant and equipment		4,331	1,475
Finance costs, net		(786)	(1,468)
Net income before income taxes		30,674	26,070
Current income tax expense		8,001	4,614
Deferred income tax expense (recovery)		(1,549)	2,504
Total income tax expense		6,452	7,118
<b>Net income</b>		<b>\$ 24,222</b>	<b>\$ 18,952</b>
<b>Net income (loss) attributable to:</b>			
Shareholders of the Company		\$ 24,137	\$ 18,966
Non-controlling interest		85	(14)
<b>Income per share</b>			
Basic	5	\$ 0.66	\$ 0.50
Diluted		\$ 0.65	\$ 0.49

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three months ended March 31	
	2026	2025
<b>Net income</b>	<b>\$ 24,222</b>	<b>\$ 18,952</b>
Foreign currency translation	8,075	1,786
Total other comprehensive income for the period	8,075	1,786
<b>Total comprehensive income</b>	<b>\$ 32,297</b>	<b>\$ 20,738</b>
<b>Total comprehensive income (loss) attributable to:</b>		
Shareholders of the Company	\$ 32,212	\$ 20,752
Non-controlling interest	85	(14)

The notes on pages 7 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 three months ended March 31, 2026 and 2025, and year ended December 31, 2025  
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, 2024		\$ 239,269	\$ 5,279	\$ (11,219)	\$ 245	\$ 337,469	\$ 571,043
Net income		–	–	–	132	74,217	74,349
Other comprehensive loss		–	–	(5,304)	–	–	(5,304)
<i>Transactions with shareholders, recorded directly in equity</i>							
Dividends (\$0.40 per common share)		–	–	–	–	(14,853)	(14,853)
Repurchase of common shares	5	(12,460)	–	–	–	(12,181)	(24,641)
Issue of share capital from exercise of stock options		1,232	(597)	–	–	(1,077)	(442)
Share-based compensation relating to stock options	6	–	1,159	–	–	–	1,159
		(11,228)	562	–	–	(28,111)	(38,777)
Balance at December 31, 2025		\$ 228,041	\$ 5,841	\$ (16,523)	\$ 377	\$ 383,575	\$ 601,311
Net income		–	–	–	85	24,137	24,222
Other comprehensive income		–	–	8,075	–	–	8,075
<i>Transactions with shareholders, recorded directly in equity</i>							
Dividends (\$0.12 per common share)		–	–	–	–	(4,405)	(4,405)
Repurchase of common shares	5	(827)	–	–	–	(2,114)	(2,941)
Issue of share capital from exercise of stock options		4,344	(2,192)	–	–	(4,960)	(2,808)
Share-based compensation relating to stock options	6	–	100	–	–	–	100
		3,517	(2,092)	–	–	(11,479)	(10,054)
<b>Balance at March 31, 2026</b>		<b>\$ 231,558</b>	<b>\$ 3,749</b>	<b>\$ (8,448)</b>	<b>\$ 462</b>	<b>\$ 396,233</b>	<b>\$ 623,554</b>

	Note	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Loss	Non- controlling Interest	Retained earnings	Total Equity
Balance at December 31, 2024		\$ 239,269	\$ 5,279	\$ (11,219)	\$ 245	\$ 337,469	\$ 571,043
Net income (loss)		–	–	–	(14)	18,966	18,952
Other comprehensive income		–	–	1,786	–	–	1,786
<i>Transactions with shareholders, recorded directly in equity</i>							
Dividends (\$0.10 per common share)		–	–	–	–	(3,790)	(3,790)
Repurchase of common shares	5	(1,256)	–	–	–	(803)	(2,059)
Share-based compensation	6	–	324	–	–	–	324
		(1,256)	324	–	–	(4,593)	(5,525)
Balance at March 31, 2025		\$ 238,013	\$ 5,603	\$ (9,433)	\$ 231	\$ 351,842	\$ 586,256

The notes on pages 7 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)

	Note	Three months ended March 31	
		2026	2025
<b>Cash provided by (used in):</b>			
Operations:			
Net income for the period		\$ 24,222	\$ 18,952
Add (deduct) items not affecting cash:			
Depreciation		23,698	22,950
Share-based compensation	6	6,614	108
Gain on sale of property, plant and equipment		(4,331)	(1,475)
Finance costs, net		786	1,468
Foreign currency translation		219	1,353
Current income tax expense		8,001	4,614
Deferred income tax expense (recovery)		(1,549)	2,504
Income taxes paid		(3,370)	(5,540)
Cashflow		54,290	44,934
Changes in non-cash working capital items:			
Accounts receivable		(12,483)	(15,228)
Inventory		(16,185)	(6,177)
Prepaid expenses and deposits		(4,287)	(1,614)
Accounts payable and accrued liabilities		23,406	22,168
Deferred revenue		17,910	13,467
Cash provided by operating activities		62,651	57,550
Investing:			
Purchase of property, plant and equipment		(20,744)	(34,457)
Proceeds on disposal of property, plant and equipment		5,713	2,492
Changes in non-cash working capital items		3,231	10,314
Cash used in investing activities		(11,800)	(21,651)
Financing:			
Repayment of long-term debt	4	(10,000)	(528)
Repayment of lease liabilities		(1,857)	(1,902)
Dividends to shareholders		(3,635)	(3,429)
Repurchase of common shares		(2,883)	(2,019)
Shares issued on exercise of stock options		87	-
Interest paid		(827)	(1,359)
Cash used in financing activities		(19,115)	(9,237)
Change in cash and cash equivalents		31,736	26,662
Cash and cash equivalents, beginning of period		59,637	38,419
Cash and cash equivalents, end of period		\$ 91,373	\$ 65,081

The notes on pages 7 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 three months ended March 31, 2026 and 2025  
Unaudited (tabular amounts in thousands of Canadian dollars)

**1. Reporting Entity**

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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**

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**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, 2025 (the “2025 Financial Statements”). These condensed interim consolidated financial statements do not include all the necessary annual disclosures and should be read in conjunction with the 2025 Financial Statements.

These condensed interim consolidated financial statements were approved by the Board of Directors on May 12, 2026.

**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.

As at and for the three months ended March 31, 2026	Contract Drilling Services	Rentals and Transportation Services	Compression and Process Services	Well Servicing	Corporate <sup>(1)</sup>	Total
Revenue	\$ 97,178	\$ 19,467	\$ 164,639	\$ 33,612	\$ –	\$ 314,896
Cost of services	70,617	11,255	138,228	24,755	–	244,855
Selling, general and administration	2,680	1,851	4,618	1,767	2,518	13,434
Other income	–	–	–	–	(834)	(834)
Share-based compensation	–	–	–	–	6,614	6,614
Depreciation	12,861	5,299	2,827	2,553	158	23,698
Operating income (loss)	11,020	1,062	18,966	4,537	(8,456)	27,129
Gain on sale of property, plant and equipment	139	133	14	4,045	–	4,331
Finance costs, net	31	(48)	(104)	(9)	(656)	(786)
Net income (loss) before income taxes	11,190	1,147	18,876	8,573	(9,112)	30,674
Goodwill	–	2,514	1,539	–	–	4,053
Total assets	448,109	159,243	334,353	121,736	6,345	1,069,786
Total liabilities	63,747	37,119	208,667	6,148	130,551	446,232
Capital expenditures	9,421	2,109	4,531	4,335	348	20,744

As at and for the three months ended March 31, 2026	Canada	United States	Australia	International	Total
Revenue	\$ 146,305	\$ 100,173	\$ 68,418	\$ –	\$ 314,896
Non-current assets <sup>(2)</sup>	364,540	110,577	159,061	–	634,178

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

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

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2026 and 2025

Unaudited (tabular amounts in thousands of Canadian dollars)

As at and for the three months ended March 31, 2025	Contract Drilling Services	Rentals and Transportation Services	Compression and Process Services	Well Servicing	Corporate <sup>(1)</sup>	Total
Revenue	\$ 91,087	\$ 23,024	\$ 106,216	\$ 31,582	\$ –	\$ 251,909
Cost of services	63,943	12,340	87,185	25,660	–	189,128
Selling, general and administration	2,661	2,281	3,595	1,019	4,412	13,968
Other income	–	–	–	–	(308)	(308)
Share-based compensation	–	–	–	–	108	108
Depreciation	12,349	5,060	2,935	2,334	272	22,950
Operating income (loss)	12,134	3,343	12,501	2,569	(4,484)	26,063
Gain on sale of property, plant and equipment	745	23	304	403	–	1,475
Finance costs, net	7	(41)	(91)	(15)	(1,328)	(1,468)
Net income (loss) before income taxes	12,886	3,325	12,714	2,957	(5,812)	26,070
Goodwill	–	2,514	1,539	–	–	4,053
Total assets	449,682	167,067	291,774	85,352	5,696	999,571
Total liabilities	94,518	33,251	134,643	9,183	141,720	413,315
Capital expenditures	23,625	1,181	935	8,687	29	34,457

	Canada	United States	Australia	International	Total
Revenue	\$ 119,347	\$ 78,815	\$ 50,074	\$ 3,673	\$ 251,909
Non-current assets <sup>(2)</sup>	373,223	133,742	132,259	–	639,224

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

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

#### 4. Long-term Debt

At March 31, 2026 the Company's long-term debt consisted of the following:

	March 31 2026		March 31 2025	
	Interest rate	Principal amount	Interest rate	Principal amount
Credit Facility	4.07%	\$ 45,000	4.66%	\$ 70,000
Mortgage loan (2025 maturity)		–	3.10%	40,419
	4.07%	45,000	4.09%	110,419
Less current portion		–		40,419
		\$ 45,000		\$ 70,000

At March 31, 2026 amounts owing under the Credit Facility were denominated in Canadian dollars.

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 January 10, 2029. 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%, letters of credit or BBSY advances plus a 1.5% to 2.5% stamping fee. The applicable interest

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2026 and 2025

Unaudited (tabular amounts in thousands of Canadian dollars)

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. At March 31, 2026, the applicable interest rate on amounts drawn on the Credit Facility was 4.07% (2025: 4.66%) and the standby rate was 0.25% (2025: 0.25%). Letters of credit ("LOC") of \$7 thousand were outstanding at March 31, 2026 (2025: \$0.3 million) 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 March 31, 2026 \$2.4 million Canadian dollars of LOCs were outstanding under the LOC Facility (March 31, 2025: \$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 March 31, 2026 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:

	March 31, 2026	Threshold
Twelve-month trailing Bank EBITDA to interest expense	51.08	minimum 3.00
Total Senior Debt to twelve-month trailing Bank EBITDA <sup>(1)</sup>	(0.19)	maximum 3.00

(1) At March 31, 2026 the Company's bank defined total senior debt was a negative number due to the Company being in a net cash position.

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 March 31, 2026 the Company was in compliance with all debt covenants.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2026 and 2025

Unaudited (tabular amounts in thousands of Canadian dollars)

## 5. 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, 2024	38,100	\$ 239,269
Repurchased and cancelled	(1,986)	(12,460)
Share options exercised	236	1,232
Balance, December 31, 2025	36,350	\$ 228,041
<b>Repurchased and cancelled</b>	<b>(131)</b>	<b>(827)</b>
<b>Share options exercised</b>	<b>493</b>	<b>4,344</b>
<b>Balance, March 31, 2026</b>	<b>36,712</b>	<b>\$ 231,558</b>

During the three months ended March 31, 2026, 131,543 shares (March 31, 2025: 200,000 shares) were repurchased and cancelled under the Company's normal course issuer bid at an average price of \$22.35 (March 31, 2025: \$10.29) per share including commissions and share repurchase taxes.

## (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 March 31	
	2026	2025
Net income for the period attributable to shareholders	\$ 24,137	\$ 18,966
Weighted average number of shares outstanding – basic (thousands)	36,459	38,041
Income per share – basic	\$ 0.66	\$ 0.50
Net income for the period attributable to shareholders	\$ 24,137	\$ 18,966
Weighted average number of shares outstanding – basic (thousands)	36,459	38,041
Share option dilution	659	644
Weighted average number of shares outstanding – diluted (thousands)	37,118	38,685
Income per share – diluted	\$ 0.65	\$ 0.49

During the three months ended March 31, 2026 there were no share options that were excluded from the diluted weighted average number of common shares calculation because their effect would have been anti-dilutive (March 31, 2025, 1,305,000 share options were excluded). 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.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2026 and 2025  
Unaudited (tabular amounts in thousands of Canadian dollars)

## 6. Share-Based Compensation Plan

Share option transactions during 2026 and 2025 were as follows:

	Weighted average exercise price	Number of Options
Balance, December 31, 2024	\$ 7.82	2,727,333
Exercised	3.93	(235,638)
Surrendered	5.18	(178,362)
Forfeited	7.46	(15,000)
Balance, December 31, 2025	\$ 8.42	2,298,333
<b>Exercised</b>	<b>6.68</b>	<b>(493,281)</b>
<b>Surrendered</b>	<b>7.49</b>	<b>(490,052)</b>
<b>Balance, March 31, 2026</b>	<b>\$ 9.43</b>	<b>1,315,000</b>

A total of 880,000 outstanding options were exercisable at March 31, 2026 at a weighted average price of \$9.11 per option (March 31, 2025: 1,562,333 options at a weighted average price of \$6.66 per option).

## 7. 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, 2024	\$ 9.42	1,140,000
Forfeited	9.42	(105,000)
Exercised	9.42	(30,000)
Issued	11.34	1,100,000
Balance, December 31, 2025	\$ 10.42	2,105,000
<b>Exercised</b>	<b>9.42</b>	<b>(25,000)</b>
<b>Forfeited</b>	<b>11.34</b>	<b>(45,000)</b>
<b>Balance, March 31, 2026</b>	<b>\$ 10.46</b>	<b>2,035,000</b>

The SARs expire on various dates ranging from August 8, 2029 to August 5, 2030.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2026 and 2025

Unaudited (tabular amounts in thousands of Canadian dollars)

**8. Financial Instruments**

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The Company's financial instruments as at March 31, 2026 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.

**9. Discontinued operations**

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During the first quarter of 2026 the Company discontinued operations in its well servicing business in the United States. Equipment from this business was disposed of for total proceeds of \$5.2 million and a gain on sale of \$4.0 million was realized during the first quarter of 2026. The Company expects to complete the discontinuance of operations and dispose of the remaining United States well servicing assets by June 30, 2026. The Company's well servicing business in the United States is not considered material.

**10. Contingencies**

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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&amp;A")

The following MD&A for Total Energy Services Inc. ("Total Energy" or the "Company") was prepared as at May 12, 2026 and focuses on information and key statistics from the unaudited consolidated financial statements of the Company for the three months ended March 31, 2026 (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 2025 Annual Report, the Annual Information Form ("AIF") for the year ended December 31, 2025 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](http://www.sedarplus.ca).

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

## FINANCIAL HIGHLIGHTS

	Three months ended March 31		
	2026	2025	Change
Revenue	\$ 314,896	\$ 251,909	25%
Operating income	27,129	26,063	4%
EBITDA <sup>(1)</sup>	55,158	50,488	9%
Cashflow	54,290	44,934	21%
Net income	24,222	18,952	28%
Attributable to shareholders	24,137	18,966	27%
Per share data (diluted)			
EBITDA <sup>(1)</sup>	\$ 1.49	\$ 1.31	14%
Cashflow	\$ 1.46	\$ 1.16	26%
Attributable to shareholders:			
Net income	\$ 0.65	\$ 0.49	33%
<b>Common shares (000's)<sup>(3)</sup></b>			
Basic	36,459	38,041	(4%)
Diluted	37,118	38,685	(4%)
<b>Financial Position at</b>	<b>March 31, 2026</b>	<b>Dec 31, 2025</b>	<b>Change</b>
Total Assets	\$ 1,069,786	\$ 1,000,102	7%
Long-Term Debt and Lease Liabilities (excluding current portion)	64,507	75,236	(14%)
Working Capital <sup>(2)</sup>	113,404	108,023	5%
Net Debt <sup>(1)</sup>	–	–	–
Shareholders' Equity	623,554	601,311	4%

(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 5 to the 2026 Interim Financial Statements.

## 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 March 31, 2026, the Company operated a total fleet of 93 drilling rigs. 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:

<u>By Type</u>		<u>By Geography</u>	
AC triples	4	Canada	64
AC doubles	16	United States	12
Mechanical doubles	32	Australia	17
TDS and singles	35		<u>93</u>
Australian shallow	6		
	<u>93</u>		

**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 March 31, 2026, this segment had approximately 8,023 pieces of major rental equipment (excluding access matting), a fleet of 57 heavy trucks and an inventory of ancillary rental equipment and access matting.

**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 March 31, 2026 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 March 31, 2026 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 53,070 horsepower of compression in its rental fleet at March 31, 2026.

**Well Servicing:** At March 31, 2026, the Company operated a total fleet of 61 well servicing rigs across western Canada and Australia. The composition of the Company’s service rig fleet is as follows:

<u>By Type</u>		<u>By Geography</u>	
Singles	29	Canada	49
Doubles	20	Australia	12
Australian specification	9		<u>61</u>
Flush-by	3		
	<u>61</u>		

## 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:

	Three months ended March 31		
	2026	2025	Change
<b>Average Crude Oil Prices</b>			
West Texas Intermediate, US\$/bbl <sup>(1)</sup>	72.74	71.78	1%
Western Canadian Select, US\$/bbl <sup>(2)</sup>	58.19	58.85	(1%)
<b>Average Natural Gas Prices</b>			
Henry Hub, US\$ per MMBtu <sup>(3)</sup>	3.48	4.15	(16%)
AECO natural gas, US\$ per MMBtu <sup>(2)</sup>	1.46	1.86	(22%)
LNG Asia, US\$ per MMBtu <sup>(1)</sup>	14.00	13.99	-
<b>U.S. Oil and Natural Gas Inventories (period end)</b>			
Crude Inventories (MMbbls) <sup>(2)</sup>	461.6	439.8	5%
Natural Gas Storage (bcf) <sup>(2)</sup>	1,851	1,773	4%
<b>Average Active Land Drilling Rig Counts</b>			
United States <sup>(4)</sup>	548	588	(7%)
Canada <sup>(5)</sup>	218	225	(3%)
<b>Foreign Exchange Rates (period end)<sup>(6)</sup></b>			
US\$ to CAD\$	1.3939	1.4376	(3%)
AUS\$ to CAD\$	0.9590	0.8971	7%

(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](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 continued volatility in oil and natural gas prices and lower first 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, including investment related to the expansion of liquified natural gas (“LNG”) export capacity and natural gas fueled power generation. Expansion of the Trans Mountain oil pipeline and operation of the LNG Canada LNG export terminal also mitigated the impact of lower oil and natural gas prices on Canadian industry activity levels.

Industry conditions remained stable in Australia during the first quarter of 2026 compared to the prior year period, underpinned by relatively strong natural gas prices continuing to be realized by Australian natural gas producers.

## OVERALL PERFORMANCE

First quarter revenue increased compared to 2025 as increased CPS segment activity and the deployment of several upgraded drilling and service rigs in Australia over the past year more than offset a year over year decline in North American CDS and RTS segment activity and the discontinuance of United States well servicing operations. First quarter operating income also increased compared to 2025 due to improved results in the Australian CDS business, and the CPS and Well Servicing segments more than offsetting the decline in North American CDS and RTS segment operating income. Also negatively impacting operating income was a \$6.2 million year over year increase in first quarter non-cash share-based compensation expense following a 52% increase in the Company's share price during the first quarter of 2026.

The Company's financial condition remains strong. Working capital increased by \$5.4 million from \$108.0 million at December 31, 2025 to \$113.4 million at March 31, 2026. During the quarter bank debt was reduced by \$10.0 million to \$45 million at March 31, 2026. Shareholders' equity increased by \$22.2 million during the first quarter of 2026 to \$623.6 million at March 31, 2026 due to the realization of \$24.2 million of net income and \$8.1 million of other comprehensive income that was partially offset by \$2.9 million of share repurchases under the Company's normal course issuer bid, \$4.4 million of declared dividends and a \$2.8 million reduction in equity related to option exercises during the quarter.

### Revenue

	Three months ended March 31		
	2026	2025	Change
Revenue	\$ 314,896	\$ 251,909	25%

Revenue for the first quarter of 2026 was higher than 2025. This was due primarily to increased activity in the CPS segment, Australian CDS and Canadian and Australian WS segments following the reactivation of several upgraded rigs which more than offset lower North American CDS, RTS and discontinued US WS segment activity.

### Cost of Services and Gross Margin

	Three months ended March 31		
	2026	2025	Change
Cost of services	\$ 244,855	\$ 189,128	29%
Gross margin	\$ 70,041	\$ 62,781	12%
Gross margin, as a percentage of revenue	22%	25%	(12%)

The increase in first quarter cost of services for 2026 as compared to 2025 was primarily due to higher revenue. Consolidated gross margin percentage decreased compared to 2025 due to a change in segmental revenue mix and general cost inflation. The year-over-year increase in the CPS segment's relative contribution to first quarter consolidated revenue reduced the consolidated gross margin percentage for the period as the CPS segment historically generates a lower gross margin percentage compared to the other business segments. In addition, the inability to increase prices to the extent necessary to fully offset general cost inflation also negatively impacted the consolidated gross margin percentage in 2026.

Higher Australian activity levels in the CDS and WS segments following the reactivation of several upgraded rigs also contributed to the increase in cost of services for the three months ended March 31, 2026 as compared to the same period in 2025.

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 March 31		
	2026	2025	Change
Selling, general and administration expenses	\$ 13,434	\$ 13,968	(4%)

Selling, general and administration expenses for the quarter ended March 31, 2026 was lower than the same period in 2025 due primarily to lower profit-based incentive compensation in certain segments as a result of lower profitability, partially offset by cost-of-living wage increases.

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 March 31		
	2026	2025	Change
Other expense (income)	\$ (834)	\$ (308)	171%

Other expense (income) arises from unrealized foreign exchange differences on translation of intercompany working capital balances between foreign subsidiaries. During the first quarter of 2026, 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 March 31		
	2026	2025	Change
Share-based compensation expense	\$ 6,614	\$ 108	6,024%

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 market-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 first quarter of 2026 was higher than 2025 due to an increase in the fair value of SARs following a 52% increase in the Company's share price during the first quarter of 2026 that was partially offset by certain share options vesting.

### Depreciation Expense

	Three months ended March 31		
	2026	2025	Change
Depreciation expense	\$ 23,698	\$ 22,950	3%

The increase in 2026 first quarter depreciation expense compared to 2025 is due to additions to property, plant and equipment during 2025 and the first quarter of 2026.

### Operating Income

	Three months ended March 31		
	2026	2025	Change
Operating income	\$ 27,129	\$ 26,063	4%

First quarter operating income increased as compared to 2025 due primarily to increased operating income in the CPS segment, Australia and the Canadian well servicing business. Partially offsetting these increases were reduced operating income contributions from the North American CDS business and the RTS segment as well as substantially higher non-cash share-based compensation expense resulting from a 52% increase in the market price of the Company's shares during the first quarter of 2026. The inability to increase pricing to the extent necessary to offset general cost inflation in certain businesses also negatively impacted operating income.

### Gain on Sale of Property, Plant and Equipment

	Three months ended March 31		
	2026	2025	Change
Gain on sale of property, plant and equipment	\$ 4,331	\$ 1,475	194%
Proceeds on the sale of property, plant and equipment	\$ 5,713	\$ 2,492	129%

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 quarter of 2026 consisted primarily of service rigs and related equipment located in the United States following the discontinuance of United States well servicing operations. Other PP&E disposed of included underutilized rental and drilling equipment and light duty vehicles. During the first quarter of 2025, PP&E disposals included real estate, underutilized rental and drilling equipment and light duty vehicles.

### Finance Costs

	Three months ended March 31		
	2026	2025	Change
Finance costs, net	\$ 786	\$ 1,468	(46%)

Finance costs for the three months ended March 31, 2026 were lower as compared to the prior year comparable period due to lower outstanding debt and lower interest rates on the variable rate portion of such debt.

### Income Taxes and Net Income

	Three months ended March 31		
	2026	2025	Change
Current income tax expense	\$ 8,001	\$ 4,614	73%
Deferred income tax expense(recovery)	(1,549)	2,504	nm
Total income tax expense	\$ 6,452	\$ 7,118	(9%)
Net income	\$ 24,222	\$ 18,952	28%

"nm" - calculation not meaningful

The current income tax expense for the first quarter of 2026 was higher as compared to 2025 due to higher pre-tax income, particularly in jurisdictions with higher income tax rates. The decrease in first quarter deferred income tax expense for 2026 compared to 2025 was primarily due to lower non-capital loss utilization in all geographies.

### 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			
	March 31 2026	December 31 2025	September 30 2025	June 30 2025
Revenue	\$ 314,896	\$ 301,705	\$ 260,702	\$ 250,416
Operating income	27,129	25,511	19,352	22,314
EBITDA <sup>(1)</sup>	55,158	56,279	42,907	45,396
Cashflow	54,290	47,269	41,362	38,410
Cash provided by operating activities	62,651	60,931	57,507	24,098
Net income	24,222	23,727	14,584	17,086
Attributable to shareholders	24,137	23,636	14,504	17,111
<b>Per share data (diluted)</b>				
EBITDA <sup>(1)</sup>	\$ 1.49	\$ 1.50	\$ 1.13	\$ 1.20
Cashflow	1.46	1.26	1.09	1.02
Net income attributable to shareholders	0.65	0.63	0.38	0.45
<b>Financial Position</b>				
Total Assets	\$ 1,069,786	\$ 1,000,102	\$ 1,015,387	\$ 949,889
Long-Term Debt and Lease Liabilities (excluding current portion)	64,507	75,236	98,197	108,740
Working Capital <sup>(2)</sup>	113,404	108,023	113,535	111,804
Net Debt <sup>(1)</sup>	–	–	–	–
Shareholders' Equity	623,554	601,311	594,111	581,475
<b>Common Shares (000's)<sup>(3)</sup></b>				
Basic	36,459	36,698	37,159	37,341
Diluted	37,118	37,632	37,890	37,820

(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.

TOTAL ENERGY SERVICES INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS

	Financial Quarter Ended			
	March 31 2025	December 31 2024	September 30 2024	June 30 2024
Revenue	\$ 251,909	\$ 246,816	\$ 241,940	\$ 213,334
Operating income	26,063	15,892	27,308	14,612
EBITDA <sup>(1)</sup>	50,488	40,565	50,543	37,447
Cashflow	44,934	43,413	48,091	38,094
Cash provided by operating activities	57,550	38,743	60,353	29,187
Net income	18,952	10,102	19,706	15,454
Attributable to shareholders	18,966	10,116	19,731	15,472
<b>Per share data (diluted)</b>				
EBITDA <sup>(1)</sup>	\$ 1.31	\$ 1.04	\$ 1.28	\$ 0.93
Cashflow	1.16	1.12	1.22	0.95
Net income attributable to shareholders	0.49	0.26	0.50	0.39
<b>Financial Position</b>				
Total Assets	\$ 999,571	\$ 937,708	\$ 963,743	\$ 936,356
Long-Term Debt and Lease Liabilities (excluding current portion)	78,941	79,171	104,997	100,983
Working Capital <sup>(2)</sup>	83,552	78,737	97,274	71,816
Net Debt <sup>(1)</sup>	–	434	7,723	29,167
Shareholders' Equity	586,256	571,043	561,211	549,999
<b>Common Shares (000's)<sup>(3)</sup></b>				
Basic	38,041	38,171	38,802	39,329
Diluted	38,685	38,828	39,489	40,060

(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.

### Indigenous Partnerships

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

## SEGMENTED RESULTS

### Contract Drilling Services

	Three months ended March 31		
	2026	2025	Change
Revenue	\$ 97,178	\$ 91,087	7%
Canada	43,856	51,739	(15%)
United States	3,095	4,393	(30%)
Australia	50,227	34,955	44%
Operating income (loss)	\$ 11,020	\$ 12,134	(9%)
Canada	5,683	7,514	(24%)
United States	(2,489)	(1,830)	36%
Australia	7,826	6,450	21%
Operating days <sup>(1)</sup>	2,615	2,723	(4%)
Canada	1,545	1,889	(18%)
United States	115	144	(20%)
Australia	955	690	38%
Revenue per operating day <sup>(1)</sup> , dollars	\$ 37,162	\$ 33,451	11%
Canada	28,386	27,390	4%
United States	26,913	30,507	(12%)
Australia	52,594	50,659	4%
Utilization	31%	29%	7%
Canada	27%	28%	(4%)
United States	11%	13%	(15%)
Australia	62%	45%	38%
Rigs	93	103	(10%)
Canada	64	74	(14%)
United States	12	12	-
Australia	17	17	-

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

CDS segment revenue for the first quarter of 2026 increased as compared to same period in 2025. This was primarily due to increased utilization and pricing in Australia following the deployment of upgraded rigs, which was partially offset by a decrease in North American drilling activity. Decreased operating income for the first quarter of 2026 relative to 2025 resulted from a year over year decline in North American operating income that was partially offset by an increase in Australian operating income.

In Canada, revenue for the first quarter of 2026 was lower than 2025 due to decreased operating days resulting from lower industry activity and a loss of market share in more competitive areas of the Canadian market. Despite revenue per operating day increasing slightly due to a change in the mix of equipment operating, operating income for the first quarter was lower compared to 2025 primarily due to a decline in operating days and competitive market conditions that did not allow for price increases sufficient to cover cost inflation. Ten idle drilling rigs in Canada were decommissioned at the end of 2025.

In the United States, first quarter revenue was lower compared to 2025 due to lower utilization, competitive pricing and the mix of equipment operating. Revenue per operating day was lower in the first quarter of 2026 than 2025 due to the mix of equipment operating and competitive market conditions.

In Australia, revenue for the three months ended March 31, 2026 increased compared to 2025 due to the deployment of several upgraded drilling rigs over the course of 2025. Operating income for the first quarter of 2026 increased compared to 2025 commensurate with the year over year increase in activity and improved pricing received for upgraded drilling rigs.

### Rentals and Transportation Services

	Three months ended March 31		
	2026	2025	Change
Revenue	\$ 19,467	\$ 23,024	(15%)
Canada	12,447	14,318	(13%)
United States	7,020	8,706	(19%)
Operating income	\$ 1,062	\$ 3,343	(68%)
Canada	413	1,593	(74%)
United States	649	1,750	(63%)
Pieces of rental equipment	8,023	7,813	3%
Canada	6,839	6,879	(1%)
United States	1,184	934	27%
Rental equipment utilization	17%	19%	(11%)
Canada	14%	16%	(13%)
United States	37%	41%	(10%)
Heavy trucks	57	68	(16%)
Canada	37	47	(21%)
United States	20	21	(5%)

First quarter RTS segment revenue decreased as compared to 2025 due to decreased equipment utilization resulting from the year over year decline in North American drilling and completion activity, competitive pricing and a change in the mix of equipment operating.

RTS segment operating income decreased in the first quarter of 2026 as compared to the prior year quarter commensurate with the decrease in revenue due to this segment's relatively high fixed cost structure. Also contributing to the decline in operating income was cost inflation.

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 March 31		
	2026	2025	Change
Revenue	\$ 164,639	\$ 106,216	55%
Canada	74,642	49,667	50%
United States	89,997	56,549	59%
Operating income	\$ 18,966	\$ 12,501	52%
Canada	12,681	3,863	228%
United States	6,285	8,638	(27%)
Operating income, % of revenue	12%	12%	–
Canada	17%	8%	113%
United States	7%	15%	(53%)
Horsepower of equipment on rent at period end	31,970	43,558	(27%)
Canada	17,320	14,468	20%
United States	14,650	29,090	(50%)
Rental equipment utilization during the period (HP)	70%	67%	4%
Canada	69%	62%	11%
United States	71%	74%	(4%)
Sales backlog at period end, \$ million	\$ 446.9	\$ 265.4	68%

CPS segment first quarter revenue was higher than 2025 due to increased North American fabrication sales and parts and service activity that more than offset a decrease in compression rental activity following the sale of several rental units during the course of 2025. The quarter end fabrication sales backlog increased to \$446.9 million compared to the \$265.4 million backlog at March 31, 2025. Sequentially, the quarter-end fabrication sales backlog increased by \$0.2 million, compared to the \$446.7 million backlog at December 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.

CPS segment operating income increased for the three months ended March 31, 2026 as compared to 2025 primarily due to improved fabrication margins and the positive impact of a strengthening Canadian dollar relative to the U.S. dollar on cost of services during the course of 2026, which was partially offset by general cost inflation. Operating income increased in Canada during the first quarter as compared to 2025 due to improved fabrication sales margins as well as increased parts and service activity and the year over year increase in compression horsepower on rent. U.S. first quarter operating income decreased compared to 2025 due primarily to the substantial year over year decrease in compression horsepower on rent following the sale of several rental units during 2025.

## Well Servicing

	Three months ended March 31		
	2026	2025	Change
Revenue	\$ 33,612	\$ 31,582	6%
Canada	15,422	14,510	6%
United States	97	2,049	(95%)
Australia	18,093	15,023	20%
Operating income (loss)	\$ 4,537	\$ 2,569	77%
Canada	2,097	1,913	10%
United States	(426)	(610)	(30%)
Australia	2,866	1,266	126%
Service hours <sup>(1)</sup>	30,342	29,068	4%
Canada	16,281	15,056	8%
United States	108	2,229	(95%)
Australia	13,953	11,783	18%
Revenue per service hour, dollars	\$ 1,108	\$ 1,086	2%
Canada	947	964	(2%)
United States	898	919	(2%)
Australia	1,297	1,275	2%
Utilization <sup>(2)</sup>	40%	31%	29%
Canada	37%	30%	23%
United States	3%	21%	(86%)
Australia	54%	45%	20%
Rigs, average for period	61	79	(23%)
Canada	49	55	(11%)
United States	–	12	(100%)
Australia	12	12	–

(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.

WS segment revenue for the three months ended March 31, 2026 increased as compared to the first quarter of 2025 due to the reactivation of several upgraded service rigs in Australia and Canada during 2025. WS segment operating income also increased for the first quarter as compared to the prior year. Contributing to the improved financial results for the WS segment was increased Australian and Canadian activity and higher pricing received for upgraded Australian rigs that was partially offset by modestly lower pricing in Canada. Discontinuance of U.S. well servicing operations in the first quarter of 2026 also positively impacted first quarter WS segment operating income compared to the prior year.

Canadian first quarter WS segment revenue increased as compared to 2025 due primarily to increased service hours that was partially offset by lower revenue per service hour resulting from competitive market conditions and changes in the mix of equipment operating. Six idle service rigs in Canada were decommissioned in 2025.

During the first quarter of 2026 the Company discontinued operations in its well servicing business in the United States. Equipment from this business was disposed of for total proceeds of \$5.2 million and a gain on sale of \$4.0 million was realized during the first quarter of 2026. The Company expects to complete the discontinuance of operations and

dispose of the remaining United States well servicing assets by June 30, 2026. The Company's well servicing business in the United States is not considered material.

Australian revenue for the first quarter of 2026 increased compared to 2025 following the reactivation of several upgraded rigs during 2025. Higher utilization and improved pricing received for upgraded rigs resulted in a substantial year-over-year increase in first quarter operating income.

### Corporate

	Three months ended March 31		
	2026	2025	Change
Operating loss	\$ (8,456)	\$ (4,484)	89%

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 increased quarterly operating loss compared to 2025 was primarily due to the substantial year over year increase in first quarter share-based compensation expense relating to an increase in the fair value of SARs following a 52% increase in the Company's share price during the first quarter of 2026. This was partially offset by a \$0.5 million year over year increase in realized foreign exchange gains.

## LIQUIDITY AND CAPITAL RESOURCES

### Cash Provided by Operating Activities and Cashflow

	Three months ended March 31		
	2026	2025	Change
Cash provided by operating activities	\$ 62,651	\$ 57,550	9%
Per share (diluted)	\$ 1.69	\$ 1.49	13%
Cashflow	\$ 54,290	\$ 44,934	21%
Per share (diluted)	\$ 1.46	\$ 1.16	26%

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 ending March 31, 2026 as compared to the same period in 2025 as a result of higher EBITDA. First quarter cash flow generated from operating activities increased as compared to 2025 primarily due to an increase in CPS segment fabrication sales backlog and the deployment of several upgraded drilling and service rigs in Australia during 2025.

### Investing Activities

	Three months ended March 31		
	2026	2025	Change
Net cash used in investing activities	\$ (11,800)	\$ (21,651)	(45%)
Proceeds from sale of PP&E	\$ 5,713	\$ 2,492	129%
Purchase of PP&E and Acquisition	\$ (20,744)	\$ (34,457)	(40%)

Net cash used in first quarter investing activities was \$9.9 million lower than 2025 primarily due to higher proceeds from the sale of PP&E and a decrease in the purchase of PP&E, net of the change in non-cash working capital balances. Purchases of PP&E during the quarter related primarily to upgrades of Australian and Canadian drilling rigs, the

construction of a new Australian service rig and expansion of the CPS segment's fabrication capacity in the United States. Proceeds from the sale of PP&E were derived primarily from the disposal of equipment following the discontinuation of U.S. well servicing operations in the first quarter of 2026 as well as 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 months ended March 31, 2026.

	Three months ended March 31		
	2026	2025	Change
CDS	\$ 9,421	\$ 23,625	(60%)
RTS	2,109	1,181	79%
CPS	4,531	935	385%
WS	4,335	8,687	(50%)
Corporate	348	29	1,100%
Purchase of PP&E	\$ 20,744	\$ 34,457	(40%)

During the first quarter of 2026 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, expansion of the CPS segment's United States fabrication capacity, construction of a new service rig in Australia and service rig recertifications and upgrades in the WS segment. Included in 2026 capital expenditures was approximately \$8.5 million of the \$24.5 million of capital commitments carried forward from 2025.

During the first quarter 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.

Capital spending in the first quarter of 2026 was funded by cash flow and \$5.7 million of proceeds from the sale of PP&E.

### Financing Activities

	Three months ended March 31		
	2026	2025	Change
Net cash used in by financing activities	\$ (19,115)	\$ (9,237)	107%

During the first quarter of 2026 net cash used in financing activities related to the voluntary repayment of \$10.0 million of bank debt as well as \$3.6 million of dividend payments, \$2.9 million of share repurchases under the Company's normal course issuer bid and the payment of \$1.9 million of lease liabilities. During the first quarter of 2025 the net cash used in financial activities included \$3.4 million of dividend payments, \$2.0 million of share repurchases, and the payment of \$1.9 million of lease liabilities.

### Liquidity and Capital Resources

The Company had a working capital surplus of \$113.4 million as at March 31, 2026 compared to \$108.0 million as at December 31, 2025. As at March 31, 2026 and the date of this MD&A, the Company was in compliance with all debt covenants.

At March 31, 2026 amounts owing under the Credit Facility were denominated in Canadian dollars.

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 January 10, 2029. 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%, letters of credit 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. At March 31, 2026, the applicable interest rate on amounts drawn on the Credit Facility was 4.07% (2025: 4.66%) and the standby rate was 0.25% (2025: 0.25%). Letters of credit ("LOC") of \$7 thousand were outstanding at March 31, 2026 (2025: \$0.3 million) 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 March 31, 2026 \$2.4 million Canadian dollars of LOCs were outstanding under the LOC Facility (March 31, 2025: \$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 March 31, 2026, 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:

	March 31, 2026	Threshold
Twelve-month trailing Bank EBITDA to interest expense	51.08	minimum 3.00
Total Senior Debt to twelve-month trailing Bank EBITDA <sup>(1)</sup>	(0.19)	maximum 3.00

(1) At March 31, 2026 the Company's bank defined total senior debt was a negative number due to the Company being in a net cash position.

At March 31, 2026 the Company's long-term debt consisted of the following:

	March 31, 2026	
	Interest rate	Principal Amount
Credit Facility	4.07%	\$ 45,000

The Company was in compliance with all of its Credit Facility and other debt covenants at March 31, 2026. For further information regarding Credit Facility compliance requirements and details on the Company's borrowings, please refer to note 4 to the condensed interim 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.

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.

## Dividends

On January 12, 2026 the Board of Directors increased the dividend by 20% to \$0.12 per share for the quarter ended March 31, 2026. 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.

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 March 31, 2026 the Company had the following contractual obligations:

	Payments due by year					
	Total	2026	2027	2028	2029	2030 and after
Long-term debt and bank indebtedness	\$ 45,000	\$ –	\$ –	\$ –	\$ 45,000	\$ –
Commitments <sup>(1)</sup>	58	40	14	3	1	–
Lease liabilities	26,188	4,428	5,155	3,441	1,321	11,843
Purchase obligations <sup>(2)</sup>	98,131	91,459	5,870	802	–	–
<b>Total contractual obligations</b>	<b>\$ 169,377</b>	<b>\$ 95,927</b>	<b>\$ 11,039</b>	<b>\$ 4,246</b>	<b>\$ 46,322</b>	<b>\$ 11,843</b>

(1) Commitments are described in Note 26 to the 2025 Financial Statements.

(2) Purchase obligations are described in Note 26 to the 2025 Financial Statements. As at March 31, 2026 purchase obligations primarily relate to commitments to purchase inventory in the CPS segment.

## OFF-BALANCE SHEET ARRANGEMENTS

During 2026 and 2025, the Company had no off-balance sheet arrangements other than short-term leases.

## TRANSACTIONS WITH RELATED PARTIES

During 2026 and 2025 the Company had no material transactions with related parties.

## OUTSTANDING COMPANY SHARE DATA

As at the date of this MD&A, the Company had 36,665,000 common shares outstanding.

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

Outstanding at March 31, 2026	Exercise Price	Remaining life (years)	Exercisable at March 31, 2026
25,000	\$ 3.72	0.40	25,000
210,000	7.46	1.40	210,000
35,000	6.42	1.50	35,000
1,045,000	10.06	2.40	610,000
<b>1,315,000</b>	<b>\$ 9.43</b>	<b>2.18</b>	<b>880,000</b>

## OUTLOOK

While capital discipline and a commitment to improving shareholder returns continued to restrain North American drilling and completion activity during the first quarter of 2026, the expansion of hostilities in the Middle East in February resulted in a substantial increase in global oil and LNG prices following supply disruptions. While higher oil and LNG prices did not result in increased North American drilling and completion activity during the first quarter of 2026, expectations from certain analysts are that North American drilling and completion activity could modestly increase in the near future should higher prices be sustained. Relatively strong natural gas prices realized by Australian producers continue to support stable industry conditions in Australia. Investment in North American energy infrastructure, including investment directed towards increasing LNG export capacity and natural gas fueled power generation, remained strong during the first quarter of 2026 and the outlook for continued investment in those areas remains positive at this time.

In the context of global economic uncertainty and volatile commodity and equity markets, the Company continues to manage its business and affairs in a manner to protect its balance sheet strength and financial liquidity. At the same time, the Company will continue to use its financial capacity to capitalize on compelling investment opportunities that often arise during periods of market weakness and uncertainty as well as to fund shareholder returns through dividends and share buy-backs.

## 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 2026 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, particularly in Canada. 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 and increase natural gas fueled power generation 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 2025 and into 2026. Industry conditions in Australia are currently expected to remain stable for the foreseeable future. While the current Middle East conflict has resulted in a substantial increase in global oil and LNG prices, North American oil and gas producers generally remain disciplined in their capital expenditure plans.

### 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 counterpart that accounted for over 10% of consolidated revenue during the first quarter of 2026, other than one major oil and gas producing company. The Company did not have significant exposure to any individual customer or counter party that accounted for over 10% of the consolidated revenue in the quarter ended March 31, 2025.

The Company's allowance for doubtful accounts receivable at March 31, 2026 was \$1.9 million, which is \$0.1 million higher as compared to the balance at December 31, 2025.

### 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 2026.

#### 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 its 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 either are not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

In April 2024, the IASB issued IFRS 18, Presentation and Disclosure in Financial Statements, which will replace IAS 1 Presentation of Financial Statements. IFRS 18 sets out the requirements for presentation and disclosures in financial statements with focus on the income statement and reporting of management-defined performance measures (often referred to as non-GAAP measures). The new standard is effective for annual periods beginning on or after January 1, 2027, with retrospective effect, and with earlier application permitted. The Company is assessing the impact of the standard to its consolidated financial statements, with a focus on specific developments in its industry.

## 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 March 31	
	2026	2025
EBITDA		
Net income	\$ 24,222	\$ 18,952
Add back:		
Depreciation	23,698	22,950
Finance costs, net	786	1,468
Income tax expense	6,452	7,118
<b>EBITDA</b>	<b>\$ 55,158</b>	<b>\$ 50,488</b>

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

	As at March 31	
	2026	2025
Net Debt		
Long-term debt	\$ 45,000	\$ 70,000
Lease liabilities	19,507	8,941
Add back (deduct):		
Current liabilities	322,204	275,324
Current assets	(435,608)	(358,876)
<b>Net Debt (Asset)</b>	<b>\$ (48,897)</b>	<b>\$ (4,059)</b>

## 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 quarter ended March 31, 2026 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 security and 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<sup>1</sup>  
*Chairman of the Board*

Daniel Halyk  
*President and Chief Executive Officer*

Glenn Dagenais<sup>2,3</sup>

Tim McMillan<sup>1,2</sup>

Jessica Kirstine<sup>1,3</sup>

Ken Mullen<sup>2,3</sup>

<sup>1</sup> Member of the Compensation Committee

<sup>2</sup> Member of the Audit Committee

<sup>3</sup> 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*

### HEAD OFFICE

Suite 1000, 734 – 7 Avenue SW T2P 3P8

Calgary, Alberta T2P 3H2

Telephone: (403) 216-3939

Toll Free: (877) 818-6825

Fax: (403) 234-8731

Website: [www.totalenergy.ca](http://www.totalenergy.ca)

Email: [investorrelations@totalenergy.ca](mailto:investorrelations@totalenergy.ca)

### 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 • Watford City, ND • El Reno, OK  
Casper, WY • Gillette, WY • Weirton, WV • Midland, TX • Odessa, TX

## AUSTRALIAN LOCATIONS

Brisbane, QLD • Toowoomba, QLD



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