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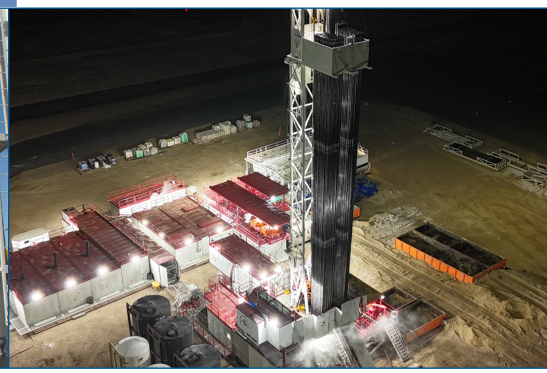

FOCUS DISCIPLINE GROWTH

Second Quarter Report 2026

TOTAL ENERGY SERVICES INC.

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

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

REPORT TO SHAREHOLDERS

Total Energy's results for the second quarter of 2026 represent record quarterly financial results, driven by continued strong North American demand for compression and process equipment and the substantial investment made by the Company over the past two years to upgrade and reactivate drilling and service rigs in Australia and Canada.

While oil and gas producers continued to demonstrate capital discipline, upward pressure on global energy prices due to ongoing conflict in the Middle East translated into higher Canadian drilling activity throughout the second quarter. Drilling activity in the United States began to recover late in the quarter after several quarters of steady decline. Relatively strong regional natural gas prices supported stable industry conditions in Australia.

While investing $65.8 million during the first half of 2026 to maintain and grow its business, Total Energy also returned $22.5 million to shareholders by way of dividends and share buybacks and reduced bank debt by $30.0 million. The Company exited the second quarter with a net cash position of $25.5 million.

LOOKING FORWARD

North American demand for compression and process equipment remains very strong, with the CPS segment's record $554.5 million sales backlog at June 30, 2026 providing visibility into 2028. Expansion of the Company's U.S. compression fabrication capacity is on time and on budget, with facility construction scheduled to be completed by the first quarter of 2027.

Despite continued capital discipline amid volatile commodity prices, North American drilling activity continues the upward momentum that began in the second quarter and Australian activity remains stable. In response to market opportunities, Total Energy's Board of Directors has approved a $32.7 million increase to the Company's 2026 capital expenditure budget to $120.1 million. $24.9 million of this increase represents growth capital and includes $15.5 million for the recertification and upgrade of three service rigs and one drilling rig in Canada and one drilling rig in Australia, as well as $9.4 million for the purchase and refurbishment of 44 pieces of major rental equipment in the RTS segment for deployment throughout North America. The $7.8 million of maintenance capital will be directed towards the replacement of five heavy trucks and 32 pieces of major rental equipment in the RTS segment and additional equipment maintenance in Australia due to higher than budgeted activity levels.

Including $24.5 million of capital commitments carried forward from 2025, the Company's 2026 capital commitments total $144.6 million of which $102.0 million constitutes growth capital and $42.6 million maintenance capital. $65.8 million of capital commitments have been funded to June 30, 2026 and Total Energy intends to finance the remaining $78.8 million with cash on hand and cash flow from operations.

On behalf of the Board and executive team of Total Energy, I would like to acknowledge and thank Sean Ulmer, President of Bidell Gas Compression and head of our CPS segment. Sean joined Bidell in 2010 and under his leadership Bidell has grown into a leading Canadian compression packager with a vibrant and growing presence in the United States and other international markets. After 16 years, Sean has decided to retire. Bidell is currently recruiting his replacement and Sean will remain with Bidell as long as necessary to ensure a smooth transition. Sean will leave our CPS segment in excellent stead and we wish him and his wife the very best in their retirement.

Daniel Halyk

DANIEL K. HALYK
President and Chief Executive Officer

August 2026

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of Canadian dollars)

	Note	**June 30, 2026**	December 31, 2025
		(unaudited)	(audited)
ASSETS			
Current assets:			
Cash and cash equivalents		**$ 50,513**	$ 59,637
Accounts receivable		**211,415**	165,991
Inventory		**124,274**	127,022
Prepaid expenses and deposits		**31,068**	18,268
		417,270	370,918
Property, plant and equipment		**656,995**	625,131
Goodwill		**4,053**	4,053
		$ 1,078,318	$ 1,000,102
LIABILITIES & SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable and accrued liabilities		**$ 214,701**	$ 152,214
Deferred revenue		**94,675**	89,826
Contingent consideration on business acquisition		**2,842**	2,796
Income taxes payable		**12,059**	7,518
Dividends payable		**4,375**	3,635
Current portion of lease liabilities		**6,679**	6,906
		335,331	262,895
Long-term debt	4	**25,000**	55,000
Lease liabilities		**19,497**	20,236
Deferred income tax liability		**62,509**	60,660
Shareholders' equity:			
Share capital	5	**230,630**	228,041
Contributed surplus		**2,876**	5,841
Accumulated other comprehensive loss		**(5,688)**	(16,523)
Non-controlling interest		**543**	377
Retained earnings		**407,620**	383,575
		635,981	601,311
		$ 1,078,318	$ 1,000,102

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME

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

	Note	Three months ended June 30		Six months ended June 30	
		2026	2025	**2026**	2025
REVENUE		**$ 328,963**	$ 250,416	**$ 643,859**	$ 502,325
Cost of services		**256,974**	191,686	**501,829**	380,814
Selling, general and administration		**13,676**	13,338	**27,110**	27,306
Other expense (income)		**17**	(381)	**(817)**	(689)
Share-based compensation	6, 7	**782**	704	**7,396**	812
Depreciation		**23,785**	22,755	**47,483**	45,705
Operating income		**33,729**	22,314	**60,858**	48,377
Gain on sale of property, plant and equipment		**3,339**	327	**7,670**	1,802
Finance income (costs), net		**430**	(1,258)	**(356)**	(2,726)
Net income before income taxes		**37,498**	21,383	**68,172**	47,453
Current income tax expense		**8,181**	3,054	**16,182**	7,668
Deferred income tax expense		**2,542**	1,243	**993**	3,747
Total income tax expense		**10,723**	4,297	**17,175**	11,415
Net income		**$ 26,775**	$ 17,086	**$ 50,997**	$ 36,038
Net income (loss) attributable to:					
Shareholders of the Company		**$ 26,694**	$ 17,111	**$ 50,831**	$ 36,077
Non-controlling interest		**81**	(25)	**166**	(39)
Income per share					
Basic	5	**$ 0.73**	$ 0.46	**$ 1.39**	$ 0.96
Diluted		**$ 0.72**	$ 0.45	**$ 1.37**	$ 0.94

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three months ended June 30		Six months ended June 30	
	2026	2025	**2026**	2025
Net income	**$ 26,775**	$ 17,086	**$ 50,997**	$ 36,038
Foreign currency translation	**2,760**	(10,262)	**10,835**	(8,476)
Total other comprehensive income (loss) for the period	**2,760**	(10,262)	**10,835**	(8,476)
Total comprehensive income	**$ 29,535**	$ 6,824	**$ 61,832**	$ 27,562
Total comprehensive income (loss) attributable to:				
Shareholders of the Company	**$ 29,454**	$ 6,849	**$ 61,666**	$ 27,601
Non-controlling interest	**81**	(25)	**166**	(39)

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

As at and for the six months ended June 30, 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)
Transactions with shareholders, recorded directly in equity							
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	5	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		**–**	**–**	**–**	**166**	**50,831**	**50,997**
Other comprehensive income		**–**	**–**	**10,835**	**–**	**–**	**10,835**
Transactions with shareholders, recorded directly in equity							
Dividends ($0.24 per common share)		**–**	**–**	**–**	**–**	**(8,781)**	**(8,781)**
Repurchase of common shares	**5**	**(3,984)**	**–**	**–**	**–**	**(10,754)**	**(14,738)**
Issue of share capital from exercise of stock options	**5**	**6,573**	**(3,144)**	**–**	**–**	**(7,251)**	**(3,822)**
Share-based compensation relating to stock options	**6**	**–**	**179**	**–**	**–**	**–**	**179**
		2,589	**(2,965)**	**–**	**–**	**(26,786)**	**(27,162)**
Balance at June 30, 2026		**$ 230,630**	**$ 2,876**	**$ (5,688)**	**$ 543**	**$ 407,620**	**$ 635,981**

	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)		–	–	–	(39)	36,077	36,038
Other comprehensive income		–	–	(8,476)	–	–	(8,476)
Transactions with shareholders, recorded directly in equity							
Dividends ($0.20 per common share)		–	–	–	–	(7,513)	(7,513)
Repurchase of common shares	5	(6,013)	–	–	–	(3,915)	(9,928)
Issue of share capital from exercise of stock options		293	(124)	–	–	(478)	(309)
Share-based compensation	6	–	620	–	–	–	620
		(5,720)	496	–	–	(11,906)	(17,130)
Balance at June 30, 2025		$ 233,549	$ 5,775	$ (19,695)	$ 206	$ 361,640	$ 581,475

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited (in thousands of Canadian dollars)

	Note	Three months ended June 30		Six months ended June 30	
		2026	2025	**2026**	2025
Cash provided by (used in):					
Operations:					
Net income for the period		**$ 26,775**	$ 17,086	**$ 50,997**	$ 36,038
Add (deduct) items not affecting cash:					
Depreciation		**23,785**	22,755	**47,483**	45,705
Share-based compensation	6	**782**	704	**7,396**	812
Gain on sale of property, plant and equipment		**(3,339)**	(327)	**(7,670)**	(1,802)
Finance costs (income), net		**(430)**	1,258	**356**	2,726
Foreign currency translation		**(2,200)**	(3,285)	**(1,981)**	(1,932)
Current income tax expense		**8,181**	3,054	**16,182**	7,668
Deferred income tax expense		**2,542**	1,243	**993**	3,747
Income taxes paid		**(8,356)**	(4,078)	**(11,726)**	(9,618)
Cashflow		**47,740**	38,410	**102,030**	83,344
Changes in non-cash working capital items:					
Accounts receivable		**(32,941)**	3,587	**(45,424)**	(11,641)
Inventory		**18,933**	9,044	**2,748**	2,867
Prepaid expenses and deposits		**(8,513)**	3,943	**(12,800)**	2,329
Accounts payable and accrued liabilities		**1,391**	(16,729)	**24,797**	5,439
Deferred revenue		**(13,061)**	(14,157)	**4,849**	(690)
Cash provided by operating activities		**13,549**	24,098	**76,200**	81,648
Investing:					
Purchase of property, plant and equipment		**(45,041)**	(26,312)	**(65,785)**	(60,769)
Proceeds on disposal of property, plant and equipment		**5,225**	402	**10,938**	2,894
Changes in non-cash working capital items		**22,509**	(4,156)	**25,740**	6,158
Cash used in investing activities		**(17,307)**	(30,066)	**(29,107)**	(51,717)
Financing:					
Advances on long-term debt		**–**	30,000	**–**	30,000
Repayment of long-term debt	4	**(20,000)**	(40,419)	**(30,000)**	(40,947)
Repayment of lease liabilities		**(1,973)**	(1,919)	**(3,830)**	(3,821)
Dividends to shareholders		**(4,406)**	(3,790)	**(8,041)**	(7,219)
Repurchase of common shares		**(11,570)**	(7,714)	**(14,453)**	(9,733)
Shares issued on exercise of stock options		**560**	–	**647**	–
Interest received (paid)		**287**	(1,113)	**(540)**	(2,472)
Cash used in financing activities		**(37,102)**	(24,955)	**(56,217)**	(34,192)
Change in cash and cash equivalents		**(40,860)**	(30,923)	**(9,124)**	(4,261)
Cash and cash equivalents, beginning of period		**91,373**	65,081	**59,637**	38,419
Cash and cash equivalents, end of period		**$ 50,513**	$ 34,158	**$ 50,513**	$ 34,158

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

1. Reporting Entity

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

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

2. Basis of Presentation

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" of International Financial Reporting Standards ("IFRS") and using the accounting policies outlined in the Company's audited consolidated financial statements for the year ended December 31, 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 August 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.

Unaudited (tabular amounts in thousands of Canadian dollars)

As at and for the three months ended June 30, 2026	**Contract Drilling Services**	**Rentals and Transportation Services**	**Compression and Process Services**	**Well Servicing**	**Corporate[1]**	**Total**
Revenue	**$ 94,713**	**$ 18,706**	**$ 182,367**	**$ 33,177**	**$ –**	**$ 328,963**
Cost of services	**69,171**	**11,758**	**151,810**	**24,235**	**–**	**256,974**
Selling, general and administration	**3,236**	**1,976**	**4,607**	**818**	**3,039**	**13,676**
Other income	**–**	**–**	**–**	**–**	**17**	**17**
Share-based compensation	**–**	**–**	**–**	**–**	**782**	**782**
Depreciation	**12,762**	**5,093**	**2,872**	**2,676**	**382**	**23,785**
Operating income (loss)	**9,544**	**(121)**	**23,078**	**5,448**	**(4,220)**	**33,729**
Gain on sale of property, plant and equipment	**53**	**399**	**862**	**2,025**	**–**	**3,339**
Finance income (costs), net	**52**	**(52)**	**(107)**	**(8)**	**545**	**430**
Net income (loss) before income taxes	**9,649**	**226**	**23,833**	**7,465**	**(3,675)**	**37,498**
Goodwill	**–**	**2,514**	**1,539**	**–**	**–**	**4,053**
Total assets	**463,990**	**156,551**	**326,766**	**124,618**	**6,393**	**1,078,318**
Total liabilities	**77,377**	**33,366**	**195,051**	**6,644**	**129,899**	**442,337**
Capital expenditures	**31,414**	**1,386**	**5,455**	**6,781**	**5**	**45,041**

As at and for the three months ended June 30, 2026	**Canada**	**United States**	**Australia**	**International**	**Total**
Revenue	**$ 140,485**	**$ 112,733**	**$ 75,745**	**$ –**	**$ 328,963**
Non-current assets[2]	**381,446**	**111,648**	**167,954**	**–**	**661,048**

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

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

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

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

Unaudited (tabular amounts in thousands of Canadian dollars)

As at and for the six months ended June 30, 2026	**Contract Drilling Services**	**Rentals and Transportation Services**	**Compression and Process Services**	**Well Servicing**	**Corporate[1]**	**Total**
Revenue	**$ 191,891**	**$ 38,173**	**$ 347,006**	**$ 66,789**	**$ –**	**$ 643,859**
Cost of services	**139,788**	**23,013**	**290,038**	**48,990**	**–**	**501,829**
Selling, general and administration	**5,916**	**3,827**	**9,225**	**2,585**	**5,557**	**27,110**
Other income	**–**	**–**	**–**	**–**	**(817)**	**(817)**
Share-based compensation	**–**	**–**	**–**	**–**	**7,396**	**7,396**
Depreciation	**25,623**	**10,392**	**5,699**	**5,229**	**540**	**47,483**
Operating income (loss)	**20,564**	**941**	**42,044**	**9,985**	**(12,676)**	**60,858**
Gain on sale of property, plant and equipment	**192**	**532**	**876**	**6,070**	**–**	**7,670**
Finance income (costs), net	**83**	**(100)**	**(211)**	**(17)**	**(111)**	**(356)**
Net income (loss) before income taxes	**20,839**	**1,373**	**42,709**	**16,038**	**(12,787)**	**68,172**
Goodwill	**–**	**2,514**	**1,539**	**–**	**–**	**4,053**
Total assets	**463,990**	**156,551**	**326,766**	**124,618**	**6,393**	**1,078,318**
Total liabilities	**77,377**	**33,366**	**195,051**	**6,644**	**129,899**	**442,337**
Capital expenditures	**40,835**	**3,495**	**10,304**	**11,116**	**35**	**65,785**

As at and for the six months ended June 30, 2026	**Canada**	**United States**	**Australia**	**International**	**Total**
Revenue	**$ 286,790**	**$ 212,906**	**$ 144,163**	**$ –**	**$ 643,859**
Non-current assets[2]	**381,446**	**111,648**	**167,954**	**–**	**661,048**

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

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

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

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

Unaudited (tabular amounts in thousands of Canadian dollars)

4. Long-term Debt

At June 30, 2026 the Company's long-term debt consisted of the following:

	June 30, 2026		June 30, 2025	
	Interest rate	**Principal amount**	Interest rate	Principal amount
Credit Facility	**4.11%**	**$ 25,000**	4.49%	$ 100,000

At June 30, 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 June 30, 2026, the applicable interest rate on amounts drawn on the Credit Facility was 4.11% (2025: 4.49%) and the standby rate was 0.25% (2025: 0.25%). Letters of credit ("LOC") of $7 thousand were outstanding at June 30, 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 June 30, 2026 $2.4 million Canadian dollars of LOCs were outstanding under the LOC Facility (June 30, 2025: $2.8 million).

In addition to the Credit Facility, a subsidiary of the Company has established a $5 million revolving operating credit facility with a member of the Credit Facility lenders' syndicate. At June 30, 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:

	June 30, 2026	Threshold
Twelve-month trailing Bank EBITDA to interest expense	**100.02**	minimum 3.00
Total Senior Debt to twelve-month trailing Bank EBITDA[(1)]	**(0.07)**	maximum 3.00

(1) At June 30, 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.

Unaudited (tabular amounts in thousands of Canadian dollars)

- 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.

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

At June 30, 2026 the Company was in compliance with all debt covenants.

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
Repurchased and cancelled	**(598)**	**(3,765)**
Repurchased and not cancelled	**–**	**(219)**
Share options exercised	**708**	**6,573**
Balance, June 30, 2026	**36,460**	**$ 230,630**

During the six months ended June 30, 2026, 607,908 (June 30, 2025: 957,490) shares were repurchased under the Company's normal course issuer bid at an average price of $24.23 (June 30, 2025: $10.37) per share including commissions and share repurchase taxes. 597,908 shares were cancelled during the quarter and the remaining shares were cancelled after the quarter end.

Unaudited (tabular amounts in thousands of Canadian dollars)

(b) Per Share Amounts

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

	Three months ended June 30		Six months ended June 30	
	2026	2025	**2026**	2025
Net income for the period attributable to shareholders	**$ 26,694**	$ 17,111	**$ 50,831**	$ 36,077
Weighted average number of shares outstanding – basic, thousands	**36,669**	37,341	**36,552**	37,725
Income per share – basic	**$ 0.73**	$ 0.46	**$ 1.39**	$ 0.96
Net income for the period attributable to shareholders	**$ 26,694**	$ 17,111	**$ 50,831**	$ 36,077
Weighted average number of shares outstanding – basic, thousands	**36,669**	37,341	**36,552**	37,725
Share option dilution	**523**	479	**496**	507
Weighted average number of shares outstanding – diluted, thousands	**37,192**	37,820	**37,048**	38,232
Income per share – diluted	**$ 0.72**	$ 0.45	**$ 1.37**	$ 0.94

During the six months ended June 30, 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 (June 30, 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.

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
Exercised	**7.07**	**(707,908)**
Surrendered	**7.88**	**(660,425)**
Forfeited	**10.06**	**(35,000)**
Balance, June 30, 2026	**$ 9.83**	**895,000**

A total of 495,000 outstanding options were exercisable at June 30, 2026 at a weighted average price of $9.65 per option (June 30, 2025: 1,413,333 options at a weighted average price of $7.09 per option).

Unaudited (tabular amounts in thousands of Canadian dollars)

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. During the three and six month ended June 30, 2026 share-based compensation expense relating to SARs was $0.7 million and $7.2 million, respectively, and liability included in accounts payable and accrued liabilities at June 30, 2026 was $9.3 million.

	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
Exercised	**$ 9.42**	**(65,000)**
Forfeited	**11.34**	**(45,000)**
Balance, June 30, 2026	**$ 10.44**	**1,995,000**

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

8. Financial Instruments

The Company's financial instruments as at June 30, 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

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 $7.6 million and a gain on sale of $6.1 million was realized during the first half of 2026. The Company's well servicing business in the United States is not considered material.

10. Contingencies

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

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

The following MD&A for Total Energy Services Inc. ("Total Energy" or the "Company") was prepared as at August 12, 2026 and focuses on information and key statistics from the unaudited consolidated financial statements of the Company for the three and six months ended June 30, 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.

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 June 30			Six months ended June 30		
	2026	2025	Change	**2026**	2025	Change
Revenue	**$ 328,963**	$ 250,416	31%	**$ 643,859**	$ 502,325	28%
Operating income	**33,729**	22,314	51%	**60,858**	48,377	26%
EBITDA(1)	**60,853**	45,396	34%	**116,011**	95,884	21%
Cashflow	**47,740**	38,410	24%	**102,030**	83,344	22%
Net income	**26,775**	17,086	57%	**50,997**	36,038	42%
Attributable to shareholders	**26,694**	17,111	56%	**50,831**	36,077	41%
Per share data (diluted)						
EBITDA(1)	**$ 1.64**	$ 1.20	37%	**$ 3.13**	$ 2.51	25%
Cashflow	**$ 1.28**	$ 1.02	25%	**$ 2.75**	$ 2.18	26%
Attributable to shareholders:						
Net income	**$ 0.72**	$ 0.45	60%	**$ 1.37**	$ 0.94	46%
Common shares (000's)(2)						
Basic	**36,669**	37,341	(2%)	**36,552**	37,725	(3%)
Diluted	**37,192**	37,820	(2%)	**37,048**	38,232	(3%)

Financial Position at	**June 30, 2026**	Dec 31, 2025	Change
Total Assets	**$ 1,078,318**	$ 1,000,102	8%
Long-Term Debt and Lease Liabilities (excluding current portion)	**44,497**	75,236	(41%)
Working Capital(3)	**81,939**	108,023	(24%)
Net Debt(1)	**–**	–	–
Shareholders' Equity	**635,981**	601,311	6%

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

(2) 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.

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

BUSINESS OF THE COMPANY

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

Contract Drilling Services: At June 30, 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:

By Type	
AC triples	4
AC doubles	16
Mechanical doubles	32
TDS and singles	35
Australian shallow	6
	93

By Geography	
Canada	64
United States	12
Australia	17
	93

Rentals and Transportation Services: Total Energy's RTS business is presently conducted from 15 locations in western Canada and four locations in the United States. At June 30, 2026, this segment had approximately 8,010 pieces of major rental equipment (excluding access matting), a fleet of 58 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 June 30, 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 June 30, 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 51,420 horsepower of compression in its rental fleet at June 30, 2026.

Well Servicing: At June 30, 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:

By Type	
Singles	29
Doubles	20
Australian specification	9
Flush-by	3
	61

By Geography	
Canada	49
Australia	12
	61

INDUSTRY OVERVIEW

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

	Six months ended June 30		
	2026	2025	Change
Average Crude Oil Prices			
West Texas Intermediate, US$/bbl(1)(2)	**84.29**	64.57	30.5%
Western Canadian Select, US$/bbl(2)	**68.40**	57.45	19.1%
Average Natural Gas Prices			
Henry Hub, US$ per MMBtu(3)	**3.87**	3.19	21.3%
AECO natural gas, US$ per MMBtu(2)	**1.28**	1.34	(4.5%)
LNG Asia, US$ per MMBtu(1)	**15.64**	12.10	29.3%
U.S. Oil and Natural Gas Inventories (period end)			
Crude Inventories (MMbbls)(2)	**408.4**	419.0	(2.5%)
Natural Gas Storage (bcf)(2)	**2,922**	2,953	(1.0%)
Average Active Land Drilling Rig Counts			
United States(4)	**551**	571	(3.5%)
Canada(5)	**190**	138	37.7%
Foreign Exchange Rates (period end)(6)			
US$ to CAD$	**1.4210**	1.3643	4.2%
AUD$ to CAD$	**0.9817**	0.8949	9.7%

(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/2026

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

(6) Bank of Canada

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

Continued political and economic uncertainty, exacerbated by threats of tariffs and trade wars, contributed to volatility in oil and natural gas prices and lower first half of 2026 drilling activity levels on a year over year basis in the United States. Offsetting such lower activity was a significant year over year increase in second quarter Canadian drilling activity and 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 supported the year over year increase in Canadian industry activity levels.

Industry conditions remained stable in Australia during the first half 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

Second quarter revenue increased compared to 2025 in all business segments across all geographies that the Company operates in. The CPS segment realized the largest increase in revenue driven by increased demand for compression equipment in North America, followed by the CDS and WS segments with increased drilling and production activity in Canada and the deployment of several upgraded drilling and service rigs in Australia over the past year. These increases more than offset relatively flat activity in the RTS segment compared to 2025 and the discontinuance of United States well servicing operations in the first quarter of 2026. Second quarter operating income also increased compared to 2025 due to improved results in the CPS, CDS and Well Servicing segments more than offsetting a year over year decline in RTS segment operating income.

The Company's financial condition remains strong. Working capital decreased by $26.1 million from $108.0 million at December 31, 2025 to $81.9 million at June 30, 2026. During the first half of the year bank debt was reduced by $30.0 million to $25.0 million at June 30, 2026. Shareholders' equity increased by $34.7 million during the first half of 2026 to $636.0 million at June 30, 2026 due to the realization of $51.0 million of net income and $10.8 million of other comprehensive income that was partially offset by $14.7 million of share repurchases under the Company's normal course issuer bid, $8.8 million of declared dividends and a $3.8 million reduction in equity related to option exercises during the period.

Revenue

	Three months ended June 30			Six months ended June 30		
	2026	2025	Change	**2026**	2025	Change
Revenue	**$ 328,963**	$ 250,416	31%	**$ 643,859**	$ 502,325	28%

Revenue for the second quarter and six months ended June 30, 2026 was higher compared to the same periods in 2025. This was due primarily to increased activity in the CPS segment, CDS and Canadian and Australian WS segments following the reactivation of several upgraded rigs which more than offset relatively flat North American RTS and the discontinuance of U.S. WS segment operations in the first quarter of 2026.

Cost of Services and Gross Margin

	Three months ended June 30			Six months ended June 30		
	2026	2025	Change	**2026**	2025	Change
Cost of services	**$ 256,974**	$ 191,686	34%	**$ 501,829**	$ 380,814	32%
Gross margin	**$ 71,989**	$ 58,730	23%	**$ 142,030**	$ 121,511	17%
Gross margin, as a percentage of revenue	**22%**	23%	(4%)	**22%**	24%	(8%)

The increase in second 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 second quarter and year to date 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, particularly in the RTS segment, 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 and six months ended June 30, 2026 as compared to the same periods 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 June 30			Six months ended June 30		
	2026	2025	Change	**2026**	2025	Change
Selling, general and administration expenses	**$ 13,676**	$ 13,338	3%	**$ 27,110**	$ 27,306	(1%)

Selling, general and administration expenses for the quarter ended June 30, 2026 were higher than the same period in 2025 due primarily to cost-of-living wage increases and higher profit-based incentive compensation in certain segments as a result of higher profitability.

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

Other Expense (Income)

	Three months ended June 30			Six months ended June 30		
	2026	2025	Change	**2026**	2025	Change
Other expense (income)	**$ 17**	$ (381)	nm	**$ (817)**	$ (689)	19%

"nm" - calculation not meaningful

Other expense (income) arises from unrealized foreign exchange differences on translation of intercompany working capital balances between foreign subsidiaries. During the first half of 2026, a net unrealized foreign exchange gain was generated due to period end depreciation of the Canadian dollar relative to the U.S. and Australian dollars combined with changes in the geographical mix of foreign currency denominated intercompany balances. The movement of net unrealized foreign exchange gains and losses in the comparable periods will depend on the geographical mix of foreign currency denominated intercompany balances combined with the impact of fluctuations in period end currency exchange rates.

Share-based Compensation Expense

	Three months ended June 30			Six months ended June 30		
	2026	2025	Change	**2026**	2025	Change
Share-based compensation expense	**$ 782**	$ 704	11%	**$ 7,396**	$ 812	811%

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

Share-based compensation expense for the first half of 2026 was higher than 2025 due to an increase in the fair value of SARs following a 48% increase in the Company's share price from January 1 to June 30, 2026.

Depreciation Expense

	Three months ended June 30			Six months ended June 30		
	2026	2025	Change	**2026**	2025	Change
Depreciation expense	**$ 23,785**	$ 22,755	5%	**$ 47,483**	$ 45,705	4%

The increase in depreciation expense for the three and six months ended June 30, 2026 as compared to the same periods in 2025 is due to additions to property, plant and equipment during 2025 and the first half of 2026.

Operating Income

	Three months ended June 30			Six months ended June 30		
	2026	2025	Change	**2026**	2025	Change
Operating income	**$ 33,729**	$ 22,314	51%	**$ 60,858**	$ 48,377	26%

Operating income for the second quarter and first half of 2026 increased as compared to the same periods in 2025 due primarily to increased operating income in the CPS, CDS and WS segments that was partially offset by a substantial increase in non-cash share-based compensation expense resulting from a 48% increase in the market price of the Company's shares during the first half of 2026 as well as reduced operating income contributions from the U.S. CDS business and the RTS segment.

Gain on Sale of Property, Plant and Equipment

	Three months ended June 30			Six months ended June 30		
	2026	2025	Change	**2026**	2025	Change
Gain on sale of property, plant and equipment	**$ 3,339**	$ 327	921%	**$ 7,670**	$ 1,802	326%
Proceeds on the sale of property, plant and equipment	**$ 5,225**	$ 402	1200%	**$ 10,938**	$ 2,894	278%

Disposals of property, plant and equipment ("PP&E") result from the rationalization, replacement and upgrade of older equipment in the Company's equipment fleet. Included in gain on sale for the second quarter and first half of 2026 were $2.0 million and $6.0 million gains, respectively, arising from the sale of equipment and real estate following the discontinuance of the U.S, well servicing business in the first quarter of 2026.

PP&E disposed of during the first half of 2026 consisted primarily of U.S. service rigs and related equipment. Other PP&E disposed of included underutilized rental and drilling equipment and light duty vehicles. During the first half of 2025, PP&E disposals included real estate, underutilized rental and ancillary drilling equipment and light duty vehicles.

Finance Costs (Income)

	Three months ended June 30			Six months ended June 30		
	2026	2025	Change	**2026**	2025	Change
Finance costs (income), net	**$ (430)**	$ 1,258	nm	**$ 356**	$ 2,726	(87%)

"nm" - calculation not meaningful

Finance costs for the three months and six months ended June 30, 2026 were lower as compared to 2025 due to lower outstanding debt and lower interest rates on the variable rate portion of such debt. Included in finance income during the second quarter of 2026 was $1.0 million of interest previously paid by the Company and was refunded by the Canada Revenue Agency ("CRA") as a result of delays in adjudicating reassessments issued in previous periods related to the Company's conversion from an income trust structure.

Income Taxes and Net Income

	Three month ended June 30			Six months ended June 30		
	2026	2025	Change	**2026**	2025	Change
Current income tax expense	**$ 8,181**	$ 3,054	168%	**$ 16,182**	$ 7,668	111%
Deferred income tax expense	**2,542**	1,243	105%	**993**	3,747	(73%)
Total income tax expense	**$ 10,723**	$ 4,297	150%	**$ 17,175**	$ 11,415	50%
Net income	**$ 26,775**	$ 17,086	57%	**$ 50,997**	$ 36,038	42%

The current income tax expense for the second quarter and first half of 2026 was higher as compared to the same periods in 2025 due to higher pre-tax income, particularly in jurisdictions with higher income tax rates. The decrease in deferred income tax expense for first half 2026 compared to 2025 was primarily due to lower non-capital loss utilization in all geographies in the first half of 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 heavy equipment. The timing of freeze up and spring breakup affects the ability to move equipment in and out of these areas. As a result, late March through May is historically the Company's slowest period in Canada. Additionally, wet weather in Australia, normally in the first quarter, can restrict the Company's Australian operations. Consequently, quarterly operating results may not be indicative of full year operating results.

SUMMARY OF QUARTERLY RESULTS

	Financial Quarter Ended			
	June 30 2026	March 31 2026	December 31 2025	September 30 2025
Revenue	**$ 328,963**	$ 314,896	$ 301,705	$ 260,702
Operating income	**33,729**	27,129	25,511	19,352
EBITDA[1]	**60,853**	55,158	56,279	42,907
Cashflow	**47,740**	54,290	47,269	41,362
Cash provided by operating activities	**13,549**	62,651	60,931	57,507
Net income	**26,775**	24,222	23,727	14,584
Attributable to shareholders	**26,694**	24,137	23,636	14,504
Per share data (diluted)				
EBITDA[1]	**$ 1.64**	$ 1.49	$ 1.50	$ 1.13
Cashflow	**1.28**	1.46	1.26	1.09
Net income attributable to shareholders	**0.72**	0.65	0.63	0.38
Financial Position				
Total Assets	**$ 1,078,318**	$ 1,069,786	$ 1,000,102	$ 1,015,387
Long-Term Debt and Lease Liabilities (excluding current portion)	**44,497**	64,507	75,236	98,197
Working Capital[2]	**81,939**	113,404	108,023	113,535
Net Debt[1]	**–**	–	–	–
Shareholders' Equity	**635,981**	623,554	601,311	594,111
Common Shares (000's)[3]				
Basic	**36,669**	36,459	36,698	37,159
Diluted	**37,192**	37,118	37,632	37,890

(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 Interim Financial Statements.

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

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

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

(3) Basic and diluted shares outstanding reflect the weighted average number of common shares outstanding for the period. See note 5 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 June 30			Six months ended June 30		
	2026	2025	Change	**2026**	2025	Change
Revenue	**$ 94,713**	$ 71,222	33%	**$ 191,891**	$ 162,309	18%
Canada	**33,712**	25,375	33%	**77,568**	77,114	1%
United States	**6,834**	4,218	62%	**9,929**	8,611	15%
Australia	**54,167**	41,629	30%	**104,394**	76,584	36%
Operating income (loss)	**$ 9,544**	$ 3,613	164%	**$ 20,564**	$ 15,747	31%
Canada	**2,987**	336	789%	**8,670**	7,850	10%
United States	**(3,094)**	(1,374)	125%	**(5,583)**	(3,204)	74%
Australia	**9,651**	4,651	108%	**17,477**	11,101	57%
Operating days(1)	**2,407**	1,945	24%	**5,022**	4,668	8%
Canada	**1,240**	956	30%	**2,785**	2,845	(2%)
United States	**235**	147	60%	**350**	291	20%
Australia	**932**	842	11%	**1,887**	1,532	23%
Revenue per operating day(1), dollars	**$ 39,349**	$ 36,618	7%	**$ 38,210**	$ 34,771	10%
Canada	**27,187**	26,543	2%	**27,852**	27,105	3%
United States	**29,081**	28,694	1%	**28,369**	29,591	(4%)
Australia	**58,119**	49,441	18%	**55,323**	49,990	11%
Utilization	**28%**	21%	33%	**30%**	21%	43%
Canada	**21%**	14%	50%	**24%**	14%	71%
United States	**22%**	13%	69%	**16%**	13%	23%
Australia	**60%**	54%	11%	**61%**	54%	13%
Rigs, average for period	**93**	102	(9%)	**93**	102	(9%)
Canada	**64**	73	(12%)	**64**	73	(12%)
United States	**12**	12	–	**12**	12	–
Australia	**17**	17	–	**17**	17	–

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

CDS segment revenue for the second 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 as well as increased North American drilling activity. Increased operating income for the second quarter and first half of 2026 relative to 2025 resulted from a year over year increase in Australian and Canadian operating income.

In Canada, revenue for the second quarter and first half of 2026 was higher than 2025 due to increased operating days resulting from an improvement in industry activity and higher realized revenue per operating day due to a change in the mix of equipment operating and the deployment of a new triple rig at the end of 2025. Ten idle drilling rigs in Canada were decommissioned at the end of 2025.

In the United States, second quarter revenue was higher compared to 2025 due to higher utilization and marginally higher pricing. Negatively impacting operating income for the second quarter were $1.3 million of start-up costs incurred to reactivate several idle rigs and $1.0 million of non-recurring expenses related to the resolution of several legal disputes from prior periods.

In Australia, revenue for the second quarter and first half of 2026 increased compared to 2025 due to the deployment of several upgraded drilling rigs over the course of 2025. Operating income for the second quarter and first half 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 June 30			Six months ended June 30		
	2026	2025	Change	**2026**	2025	Change
Revenue	**$ 18,706**	$ 16,186	16%	**$ 38,173**	$ 39,210	(3%)
Canada	**12,518**	8,727	43%	**24,965**	23,045	8%
United States	**6,188**	7,459	(17%)	**13,208**	16,165	(18%)
Operating income (loss)	**$ (121)**	$ 570	nm	**$ 941**	$ 3,913	(76%)
Canada	**135**	(171)	nm	**548**	1,422	(61%)
United States	**(256)**	741	nm	**393**	2,491	(84%)
Pieces of rental equipment	**8,010**	8,053	(1%)	**8,010**	8,053	(1%)
Canada	**6,844**	6,877	–	**6,844**	6,877	–
United States	**1,166**	1,176	(1%)	**1,166**	1,176	(1%)
Rental equipment utilization	**16%**	15%	7%	**17%**	17%	–
Canada	**14%**	13%	8%	**14%**	15%	(7%)
United States	**30%**	28%	7%	**33%**	34%	(3%)
Heavy trucks	**58**	68	(15%)	**58**	68	(15%)
Canada	**39**	47	(17%)	**39**	47	(17%)
United States	**19**	21	(10%)	**19**	21	(10%)

"nm" - calculation not meaningful

Second quarter RTS segment revenue increased as compared to 2025 due to higher equipment utilization resulting from a U.S. acquisition in June 2025 and increased industry activity in Canada. Revenue for the first half of 2026 declined compared to prior year period primarily due to lower utilization arising from lower drilling and completion activity, particularly in the U.S., and project delays at the beginning of 2026.

RTS segment operating income decreased in the second quarter and first half of 2026 as compared to the prior year periods primarily due to a change in the mix of equipment operating and the inability to increase prices to the extent necessary to offset cost inflation. RTS's relatively high fixed cost structure also contributed to the decline in operating income.

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

Compression and Process Services

	Three months ended June 30			Six months ended June 30		
	2026	2025	Change	**2026**	2025	Change
Revenue	**$ 182,367**	$ 133,233	37%	**$ 347,006**	$ 239,449	45%
Canada	**83,191**	56,804	46%	**157,833**	106,471	48%
United States	**99,176**	76,429	30%	**189,173**	132,978	42%
Operating income	**$ 23,078**	$ 19,102	21%	**$ 42,044**	$ 31,603	33%
Canada	**13,193**	8,640	53%	**25,874**	12,503	107%
United States	**9,885**	10,462	(6%)	**16,170**	19,100	(15%)
Operating income, % of revenue	**13%**	14%	(7%)	**12%**	13%	(8%)
Canada	**16%**	15%	7%	**16%**	12%	33%
United States	**10%**	14%	(29%)	**9%**	14%	(36%)
Horsepower of equipment on rent at period end	**31,790**	43,273	(27%)	**31,790**	43,273	(27%)
Canada	**16,590**	15,523	7%	**16,590**	15,523	7%
United States	**15,200**	27,750	(45%)	**15,200**	27,750	(45%)
Rental equipment utilization during the period (HP)	**59%**	63%	(6%)	**64%**	65%	(2%)
Canada	**49%**	56%	(13%)	**59%**	59%	–
United States	**75%**	67%	12%	**73%**	69%	6%
Sales backlog at period end, $ million	**$ 554.5**	$ 303.9	82%	**$ 554.5**	$ 303.9	82%

CPS segment revenue for the second quarter and first half of 2026 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 2025. The quarter end fabrication sales backlog increased to $554.5 million compared to the $303.9 million backlog at June 30, 2025. Sequentially, the quarter-end fabrication sales backlog increased by $107.6 million, compared to the $446.9 million backlog at March 31, 2026. 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 for the second quarter and the first half of 2026 increased 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 second 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. second 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 June 30			Six months ended June 30		
	2026	2025	Change	**2026**	2025	Change
Revenue	**$ 33,177**	$ 29,775	11%	**$ 66,789**	$ 61,357	9%
Canada	**11,672**	10,361	13%	**27,094**	24,871	9%
United States	**–**	1,884	nm	**97**	3,933	(98%)
Australia	**21,505**	17,530	23%	**39,598**	32,553	22%
Operating income (loss)	**$ 5,448**	$ 1,138	379%	**$ 9,985**	$ 3,707	169%
Canada	**533**	982	(46%)	**2,630**	2,895	(9%)
United States	**(168)**	(425)	(60%)	**(594)**	(1,035)	(43%)
Australia	**5,083**	581	775%	**7,949**	1,847	330%
Service hours(1)	**28,551**	27,440	4%	**58,893**	56,508	4%
Canada	**12,800**	11,638	10%	**29,081**	26,694	9%
United States	**–**	2,063	nm	**108**	4,292	(97%)
Australia	**15,751**	13,739	15%	**29,704**	25,522	16%
Revenue per service hour, dollars	**$ 1,162**	$ 1,085	7%	**$ 1,134**	$ 1,086	4%
Canada	**912**	890	2%	**932**	932	–
United States	**–**	913	nm	**898**	916	(2%)
Australia	**1,365**	1,276	7%	**1,333**	1,275	5%
Utilization(2)	**35%**	27%	30%	**38%**	29%	31%
Canada	**29%**	23%	26%	**33%**	27%	22%
United States	**–**	19%	nm	**3%**	20%	(85%)
Australia	**60%**	52%	15%	**57%**	49%	16%
Rigs, average for period	**61**	79	(23%)	**61**	79	(23%)
Canada	**49**	55	(11%)	**49**	55	(11%)
United States	**–**	12	nm	**–**	12	nm
Australia	**12**	12	–	**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.

"nm" - calculation not meaningful

WS segment revenue for the second quarter and first half of 2026 increased as compared to the prior year corresponding periods primarily due to the reactivation of several upgraded service rigs in Australia and Canada during 2025 and the beginning of 2026. WS segment operating income also increased for the second quarter and first half of 2026 as compared to the prior year periods. 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 cost inflation in Canada that was not offset by increased pricing. Discontinuance of U.S. well servicing operations in the first quarter of 2026 also positively impacted WS segment operating income in the first half of 2026 compared to the prior year.

Canadian WS revenue for the second quarter and first half of 2026 revenue increased as compared to 2025 due primarily to increased service hours and pricing. Despite the increase in revenue operating income in Canada declined. This was primarily due to reactivation costs and cost inflation that was not fully recovered through an increase in prices. 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 $7.6 million and a gain on sale of $6.0 million was realized during the first half of 2026. The Company's well servicing business in the United States is not considered material.

Australian revenue increased for the second quarter and first half of 2026 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 second quarter and first half of 2026 operating income.

Corporate

	Three months ended June 30			Six months ended June 30		
	2026	2025	Change	**2026**	2025	Change
Operating loss	**$ (4,220)**	$ (2,109)	100%	**$ (12,676)**	$ (6,593)	92%

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 year over year increase in second quarter share-based compensation expense, an unrealized foreign exchange loss as compared to a foreign exchange gain in the second quarter of 2025 and timing of certain expenses.

LIQUIDITY AND CAPITAL RESOURCES

Cash Provided by Operating Activities and Cashflow

	Three months ended June 30			Six months ended June 30		
	2026	2025	Change	**2026**	2025	Change
Cash provided by operating activities	**$ 13,549**	$ 24,098	(44%)	**$ 76,200**	$ 81,648	(7%)
Per share (diluted)	**$ 0.36**	$ 0.64	(44%)	**$ 2.06**	$ 2.14	(4%)
Cashflow	**$ 47,740**	$ 38,410	24%	**$ 102,030**	$ 83,344	22%
Per share (diluted)	**$ 1.28**	$ 1.02	25%	**$ 2.75**	$ 2.18	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 second quarter and first half of 2026 as compared to the same periods in 2025 as a result of higher EBITDA. Cash flow provided by operating activities for the second quarter and first half of 2026 decreased as compared to 2025 primarily due to an increase in accounts receivable resulting from increased revenue in all business segments and timing of accounts receivable collections.

Investing Activities

	Three months ended June 30			Six months ended June 30		
	2026	2025	Change	**2026**	2025	Change
Net cash used in investing activities	**$ (17,307)**	$ (30,066)	(42%)	**$ (29,107)**	$ (51,717)	(44%)
Proceeds from sale of PP&E	**$ 5,225**	$ 402	1,200%	**$ 10,938**	$ 2,894	278%
Purchase of PP&E and Acquisition	**$ (45,041)**	$ (26,312)	71%	**$ (65,785)**	$ (60,769)	8%

Net cash used in investing activities during the second quarter and the first half of 2026 was $12.8 million and $22.6 million lower, respectively, than 2025 comparable periods primarily due to higher proceeds from the sale of PP&E and the impact of changes in non-cash working capital balances. Purchases of PP&E during the second quarter of 2026 related primarily to upgrades of Australian and Canadian drilling and well servicing 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 and six months ended June 30, 2026.

	Three months ended June 30			Six months ended June 30		
	2026	2025	Change	**2026**	2025	Change
CDS	**$ 31,414**	$ 9,659	225%	**$ 40,835**	$ 33,284	23%
RTS	**1,386**	13,070	(89%)	**3,495**	14,251	(75%)
CPS	**5,455**	1,113	390%	**10,304**	2,048	403%
WS	**6,781**	2,470	175%	**11,116**	11,157	–
Corporate	**5**	–	nm	**35**	29	21%
Purchase of PP&E	**$ 45,041**	$ 26,312	71%	**$ 65,785**	$ 60,769	8%

"nm" - calculation not meaningful

During the second quarter and first half 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 the first half of 2026 capital expenditures was approximately $17.2 million of the $24.5 million of capital commitments carried forward from 2025.

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

Capital spending in the second quarter and first half of 2026 was funded by cash flow and $5.2 million and $10.9 million, respectively, of proceeds from the sale of PP&E.

Financing Activities

	Three months ended June 30			Six months ended June 30		
	2026	2025	Change	**2026**	2025	Change
Net cash (used in) provided by financing activities	**$ (37,102)**	$ (24,955)	49%	**$ (56,217)**	$ (34,192)	64%

During the second quarter of 2026 net cash used in financing activities related to the repayment of $20.0 million of bank debt, $4.4 million of dividend payments, $11.6 million of share repurchases under the Company's normal course issuer bid and the payment of $2.0 million of lease liabilities. During the second quarter of 2025 the net cash used in financial activities included $10.4 million of net debt repayment, $3.8 million of dividend payments, $7.7 million of share repurchases, and the payment of $1.9 million of lease liabilities.

During the first half of 2026 net cash used in financing activities related to the repayment of $30.0 million of bank debt, $8.0 million of dividend payments, $14.5 million of share repurchases under the Company's normal course issuer bid and the payment of $3.8 million of lease liabilities. During the first half of 2025 the net cash used in financial activities included $10.9 million of debt repayment, $7.2 million of dividend payments, $9.7 million of share repurchases, and the payment of $3.8 million of lease liabilities.

Liquidity and Capital Resources

The Company had a working capital surplus of $81.9 million as at June 30, 2026 compared to $108.0 million as at December 31, 2025. As at June 30, 2026 and the date of this MD&A, the Company was in compliance with all debt covenants.

At June 30, 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 June 30, 2026, the applicable interest rate on amounts drawn on the Credit Facility was 4.11% (2025: 4.49%) and the standby rate was 0.25% (2025: 0.25%). Letters of credit ("LOC") of $7 thousand were outstanding at June 30, 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 June 30, 2026 $2.4 million Canadian dollars of LOCs were outstanding under the LOC Facility (June 30, 2025: $2.8 million).

In addition to the Credit Facility, a subsidiary of the Company has established a $5 million revolving operating credit facility with a member of the Credit Facility lenders' syndicate. At June 30, 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:

	June 30, 2026	Threshold
Twelve-month trailing Bank EBITDA to interest expense	100.02	minimum 3.00
Total Senior Debt to twelve-month trailing Bank EBITDA[(1)]	(0.07)	maximum 3.00

(1) At June 30, 2026 the Company's bank defined total senior debt was a negative number due to the Company being in a net cash position.

At June 30, 2026 the Company's long-term debt consisted of the following:

	June 30 2026		June 30 2025	
	Interest rate	Principal amount	Interest rate	Principal amount
Credit Facility	4.11%	$ 25,000	4.49%	$ 100,000

The Company was in compliance with all of its Credit Facility and other debt covenants at June 30, 2026. For further information regarding Credit Facility compliance requirements and details on the Company's borrowings, please refer to note 4 to the 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.

A loan secured by certain of the Company's real estate that bore interest at a fixed rate of 3.10%, was amortized over 20 years with blended monthly principal and interest payments of approximately $279,800 and matured on April 29, 2025 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 May 12, 2026 the Board of Directors declared a dividend of $0.12 per share for the quarter ended June 30, 2026. On May 8, 2025 the Board of Directors declared a dividend of $0.10 per share for the quarter ended June 30, 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 June 30, 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	$ 25,000	$ –	$ –	$ –	$ 25,000	$ –
Commitments[1]	151	75	72	3	1	–
Lease liabilities	26,176	3,141	5,365	3,781	1,625	12,264
Purchase obligations[2]	89,694	83,143	5,220	1,331	–	–
Total contractual obligations	$ 141,021	$ 86,359	$ 10,657	$ 5,115	$ 26,626	$12,264

(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 June 30, 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 36,400,000 common shares outstanding.

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

Outstanding at June 30, 2026	Exercise Price	Remaining life (years)	Exercisable at June 30, 2026
30,000	$ 7.46	1.10	30,000
35,000	6.42	1.30	35,000
830,000	10.06	2.10	430,000
895,000	$ 9.83	2.04	495,000

OUTLOOK

While oil and gas producers continued to demonstrate capital discipline during the first half of 2026, conflict in the Middle East put upward pressure on global energy prices during the second quarter. Higher oil prices began to translate into higher Canadian drilling activity in the second quarter of 2026, with U.S. drilling activity beginning to increase late in the quarter. 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 second quarter of 2026 and the outlook for continued investment in those areas remains positive at this time as evidenced by the record CPS segment fabrication sales backlog at June 30, 2026. However, extended lead times for the procurement of major components in the CPS segment is expected to moderate fabrication sales growth in this segment over the next two to three quarters.

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 preserve 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, including share buybacks, as well as to enhance shareholder returns through a stable and growing dividend.

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 the first half of 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 counter party that accounted for over 10% of consolidated revenue during the second quarter of 2026, other than two major oil and gas producing companies. The Company did not have significant exposure to any individual customer or counter party that accounted for over 10% of consolidated revenue during the first half 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 three and six months ended June 30, 2025.

The Company's allowance for doubtful accounts receivable at June 30, 2026, was $1.2 million, which is $0.6 million lower 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 it receipts from operating activities and in which currency the Company has received financing.

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

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

Key Sources of Estimation Uncertainty

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

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

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

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

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

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

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

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

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

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

FUTURE ACCOUNTING POLICIES CHANGES

Certain pronouncements were issued recently by the International Accounting Standards Board ("IASB") of the International Financial Reporting Standards ("IFRS") Interpretations Committee that are mandatory for accounting periods beginning in future years. Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates 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 June 30		Six months ended June 30	
EBITDA	**2026**	2025	**2026**	2025
Net income	**$ 26,775**	$ 17,086	**$ 50,997**	$ 36,038
Add back:				
Depreciation	**23,785**	22,755	**47,483**	45,705
Finance costs (income), net	**(430)**	1,258	**356**	2,726
Income tax expense	**10,723**	4,297	**17,175**	11,415
EBITDA	**$ 60,853**	$ 45,396	**$116,011**	$ 95,884

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

Net Debt	**As at June 30 2026**	As at June 30 2025
Long-term debt	**$ 25,000**	$ 100,000
Lease liabilities	**19,497**	8,740
Add back (deduct):		
Current liabilities	**335,331**	199,576
Current assets	**(417,270)**	(311,380)
Net Debt (Asset)	**$ (37,442)**	$ (3,064)

RESPONSIBILITY OF MANAGEMENT AND THE BOARD OF DIRECTORS

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

Internal Control Over Financial Reporting ("ICFR")

There have been no significant changes in the design of the Company's ICFR during the quarter ended June 30, 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 [1]
Chairman of the Board

Daniel Halyk
President and Chief Executive Officer

Glenn Dagenais [2, 3]

Tim McMillan [1, 2]

Jessica Kirstine [1, 3]

Ken Mullen [2, 3]

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

MANAGEMENT TEAM

Daniel Halyk
President and Chief Executive Officer

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

Yuliya Gorbach
Vice President, Finance and Chief Financial Officer

William Kosich
Vice President, Drilling Services

Brad Macson
Vice President, Operations

Muhammad Yasir Nisar
Assistant Vice President, Drilling Services

Golden Bhatia
Corporate Controller

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AUDITOR

MNP LLP

Calgary, Alberta

TRUSTEE, REGISTRAR AND TRANSFER AGENT

Computershare

Calgary, Alberta

LEGAL COUNSEL

Bennett Jones, LLP

Calgary, Alberta

BANKERS

Royal Bank of Canada

The Toronto Dominion Bank

Alberta Treasury Branches

STOCK EXCHANGE LISTING

Toronto Stock Exchange

Common Shares: TOT

CANADIAN LOCATIONS

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

U.S. LOCATIONS

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

AUSTRALIAN LOCATIONS

Brisbane, QLD • Toowoomba, QLD

TOTAL ENERGY SERVICES INC.

BIDELL™ GAS COMPRESSION

OPSCO process solutions

Savanna Drilling

Savanna Well Servicing

TOTAL OILFIELD RENTALS