

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 November 6, 2024 and focuses on information and key statistics from the unaudited condensed interim consolidated financial statements of the Company for the three and nine months ended September 30, 2024 (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 2023 Annual Report, the Annual Information Form ("AIF") for the year ended December 31, 2023 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 September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Revenue	\$ 241,940	\$ 232,016	4%	\$ 659,960	\$ 678,638	(3%)
Operating income	27,308	23,691	15%	63,950	61,112	5%
EBITDA ⁽¹⁾	50,543	44,955	12%	131,280	123,685	6%
Cashflow	48,091	40,784	18%	119,022	118,864	–
Net income	19,706	19,237	2%	50,623	49,455	2%
Attributable to shareholders	19,731	19,231	3%	50,685	49,472	2%
Per share data (diluted)						
EBITDA ⁽¹⁾	\$ 1.28	\$ 1.10	16%	\$ 3.27	\$ 3.00	9%
Cashflow	\$ 1.22	\$ 1.00	22%	\$ 2.97	\$ 2.88	3%
Attributable to shareholders:						
Net income	\$ 0.50	\$ 0.47	6%	\$ 1.26	\$ 1.20	5%
Common shares (000's)⁽³⁾						
Basic	38,802	40,149	(3%)	39,385	40,555	(3%)
Diluted	39,489	40,961	(4%)	40,086	41,291	(3%)
Financial Position at				Sept 30	Dec 31	Change
				2024	2023	
Total Assets				\$ 963,743	\$ 861,658	12%
Long-Term Debt and Lease Liabilities (excluding current portion)				104,997	100,834	4%
Working Capital ⁽²⁾				97,274	123,439	(21%)
Net Debt ⁽¹⁾				7,723	–	nm
Shareholders' Equity				561,211	530,758	6%

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

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

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

"nm" – calculation not meaningful

BUSINESS OF THE COMPANY

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

Contract Drilling Services: At September 30, 2024, the Company operated a total fleet of 105 drilling rigs. The acquisition of Saxon Energy Services Australia Pty Ltd. ("Saxon") on March 7, 2024 added 11 land drilling rigs to the Company's Australian fleet. The rig fleet is supported by an extensive fleet of owned top drives, walking systems, pumps and other ancillary equipment. Composition of the Company's drilling rig fleet is as follows:

<u>By Type</u>		<u>By Geography</u>	
AC triples	3	Canada	76
AC doubles	17	United States	12
Mechanical doubles	35	Australia	17
TDS and singles	44		105
Australian shallow	6		
	<u>105</u>		

Rentals and Transportation Services: Total Energy's RTS business is presently conducted from 15 locations in western Canada and three locations in the United States. At September 30, 2024, this segment had approximately 7,960 pieces of major rental equipment (excluding access matting), a fleet of 67 heavy trucks and an inventory of small 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 September 30, 2024 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 September 30, 2024 the CPS segment also had a network of 13 branch locations throughout western Canada and the United States from which its natural gas compression parts and service business is conducted. This segment had 68,800 horsepower of compression in its rental fleet at September 30, 2024.

Well Servicing: At September 30, 2024, the Company operated a total fleet of 79 well servicing rigs across western Canada, northwest United States and Australia. Composition of the Company's service rig fleet is as follows:

<u>By Type</u>		<u>By Geography</u>	
Singles	35	Canada	55
Doubles	31	United States	12
Australian specification	9	Australia	12
Flush-by	4		79
	<u>79</u>		

OVERALL PERFORMANCE

Total Energy's results for the third quarter and first nine months of 2024 reflect relatively stable industry conditions in Canada and Australia and lower drilling and completion activity levels in the United States. Included in results for the third quarter and first nine months of 2024 is the contribution from Saxon from March 7, 2024 when the acquisition of Saxon was completed. Revenue in the third quarter of 2024 was comparable to the third quarter of 2023 as stable industry activity in Canada and Australia and the acquisition of Saxon offset lower activity in the United States. Revenue for the first nine months of 2024 was lower than revenue for the same period in 2023 due to lower activity in the United States and a significant portion of manufacturing activity in the CPS segment during the first quarter of 2024 being directed towards the fabrication of compression rental units. Operating income increased at a higher rate than revenue for the comparable periods as a result of the addition of Saxon and improved profitability in the CPS and RTS segments.

The Company's financial condition remains strong, with a positive working capital balance of \$97.3 million as at September 30, 2024, which was \$26.2 million lower than December 31, 2023. The decrease is primarily due to a \$39.4 million increase in current long-term debt due to the reclassification of the mortgage loan maturing in April of 2025 from long term to current. Shareholders' equity increased by \$30.5 million from December 31, 2023 due to the realization of \$50.7 million of net income, which was partially offset by \$17.9 million of share repurchases under the Company's normal course issuer bid and \$10.5 million of declared dividends.

Revenue

	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Revenue	\$ 241,940	\$ 232,016	4%	\$ 659,960	\$ 678,638	(3%)

Revenue for the third quarter of 2024 was higher than the same period last year mostly due to increased CDS segment revenue following the acquisition of Saxon and increased WS segment activity levels in Canada and Australia. For the first nine months of 2024, revenue was lower than the same period last year due to significant manufacturing capacity in the CPS segment being directed towards fabrication of compression rental units during the first quarter of 2024 and decreased industry activity levels in the U.S.

Cost of Services and Gross Margin

	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Cost of services	\$ 178,530	\$ 175,235	2%	\$ 491,092	\$ 522,270	(6%)
Gross margin	\$ 63,410	\$ 56,781	12%	\$ 168,868	\$ 156,368	8%
Gross margin, as a percentage of revenue	26%	24%	8%	26%	23%	13%

The increase in cost of services during the third quarter of 2024 relative to the same period in 2023 is primarily due to a change in the segmental revenue mix. The year-over-year improvement in third quarter gross margin is a result of pricing gains in the RTS and CPS segments combined with cost control measures. For the nine months ended September 30, 2024, cost of services decreased as compared to the same period in 2023 due to lower activity in all segments except CDS following the addition of Saxon in 2024. Gross margins as a percentage of revenue, however, improved during the first nine months of 2024 by 13% due to higher realized pricing on the Saxon deep drilling rigs, pricing gains in the RTS and CPS segments as well as the impact of cost control measures in all segments.

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 September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Selling, general and administration expenses	\$ 13,337	\$ 12,027	11%	\$ 37,512	\$ 33,586	12%

Selling, general and administration expenses for the third quarter and first nine months of 2024 were higher than in the same periods in 2023 due to cost-of-living wage increases, higher profit-based incentive compensation in certain segments as a result of higher profitability, and legal fees incurred to complete the acquisition of Saxon and appeal a Canadian income tax reassessment related to the Corporation's conversion from an income trust in 2009.

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 September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Other expense (income)	\$ (844)	\$ 238	nm	\$ (720)	\$ (208)	246%

"nm" – calculation not meaningful

Other expense (income) arises from unrealized foreign exchange differences on translation of intercompany working capital balances of foreign subsidiaries. During the three months ended September 30, 2024, a net unrealized foreign exchange gain was generated due to period end appreciation of the Canadian dollar relative to the U.S. dollar and depreciation of Canadian dollar against Australian dollar combined with the geographical mix of foreign currency denominated intercompany balances. For the first nine months 2024, the net unrealized foreign exchange gain arose primarily from the period end depreciation of the Canadian dollar relative to the U.S. and Australian dollars combined with 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 the fluctuations in period end exchange rates.

Share-based Compensation Expense

	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Share-based compensation expense	\$ 518	\$ 701	(26%)	\$ 1,940	\$ 1,457	33%

Share-based compensation expense arises from share options granted pursuant to the share option plan implemented in 2015. Share-based compensation expense for the third quarter of 2024 was lower than same period last year due to a combination of forfeitures and certain share options vesting. Share-based compensation expense for the first nine months of 2024 relative to the same period last year was higher due to the issuance of share options in the third quarter of 2023.

Share-based compensation expense also arises from the effect share price changes will have on the mark-to-market adjustments of the Company's Share Appreciation Rights ("SARs") plan implemented in 2024.

Depreciation Expense

	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Depreciation expense	\$ 23,091	\$ 20,124	15%	\$ 66,186	\$ 60,421	10%

The increase in depreciation expense for both the three and nine months ended September 30, 2024 as compared to the same periods in 2023 is due to additions to property, plant and equipment during 2023 and 2024, including the addition of property, plant and equipment from the acquisition of Saxon.

Operating Income

	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Operating income	\$ 27,308	\$ 23,691	15%	\$ 63,950	\$ 61,112	5%

Operating income for the third quarter and first nine months of 2024 increased as compared to 2023 due primarily to improved results in the CPS and the RTS segments and the addition of Saxon that was partially offset by lower year over year activity in the United States.

Gain on Sale of Property, Plant and Equipment

	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Gain on sale of property, plant and equipment	\$ 144	\$ 1,140	(87%)	\$ 1,144	\$ 2,152	(47%)
Proceeds on the sale of property, plant and equipment	\$ 156	\$ 4,906	(97%)	\$ 1,705	\$ 6,410	(73%)

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

Equipment and property disposed of during the third quarter of 2024 included underutilized rental equipment and light duty vehicles. Equipment disposed of during the first nine months of 2024 included real estate, underutilized rental equipment, a heavy truck, ancillary drilling equipment and light duty vehicles.

Equipment disposed during the first nine months of 2023 included underutilized rental equipment, compression rental equipment and light duty vehicles.

Finance Costs

	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Finance costs, net	\$ 2,330	\$ 1,691	38%	\$ 6,318	\$ 5,190	22%

Finance costs for the three and nine months ended September 30, 2024 were higher than the prior year comparable periods due to a higher outstanding debt balance on the credit facility.

Income Taxes and Net Income

	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Current income tax (recovery) expense	\$ 2,072	\$ (231)	nm	\$ 7,090	\$ 140	4,964%
Deferred income tax expense	3,344	4,134	(19%)	1,063	8,479	(87%)
Total income tax expense	\$ 5,416	\$ 3,903	39%	\$ 8,153	\$ 8,619	(5%)
Net income	\$ 19,706	\$ 19,237	2%	\$ 50,623	\$ 49,455	2%

"nm" – calculation not meaningful

Increased current income tax expense in the third quarter of 2024 as compared to the same period last year is primarily due to higher pre-tax income. The lower deferred income tax expense for the nine months ended September 30, 2024 as compared to the same period last year is primarily due to lower available loss carry forwards in certain jurisdictions.

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			
	September 30 2024	June 30 2024	March 31 2024	December 31 2023
Revenue	\$ 241,940	\$ 213,334	\$ 204,686	\$ 213,758
Operating income	27,308	14,612	22,030	23,510
EBITDA ⁽¹⁾	50,543	37,447	43,290	45,276
Cashflow	48,091	38,094	32,837	44,457
Cash provided by operating activities	60,353	29,187	37,637	50,364
Net income (loss)	19,706	15,454	15,463	(7,861)
Attributable to shareholders	19,731	15,472	15,482	(7,847)
Per share data (diluted)				
EBITDA ⁽¹⁾	\$ 1.28	\$ 0.93	\$ 1.06	\$ 1.11
Cashflow	1.22	0.95	0.80	1.09
Net income (loss) attributable to shareholders	0.50	0.39	0.38	(0.19)
Financial Position				
Total Assets	\$ 963,743	\$ 936,356	\$ 941,690	\$ 861,658
Long-Term Debt and Lease Liabilities (excluding current portion)	104,997	100,983	149,847	100,834
Working Capital ⁽²⁾	97,274	71,816	124,398	123,439
Net Debt ⁽¹⁾	7,723	29,167	25,449	–
Shareholders' Equity	561,211	549,999	543,967	530,758
Common Shares (000's)⁽³⁾				
Basic	38,802	39,329	39,971	39,975
Diluted	39,489	40,060	40,796	40,623

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

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

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

TOTAL ENERGY SERVICES INC.
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	Financial Quarter Ended			
	September 30 2023	June 30 2023	March 31 2023	December 31 2022
Revenue	\$ 232,016	\$ 208,845	\$ 237,777	\$ 211,479
Operating income	23,691	9,401	28,020	15,605
EBITDA ⁽¹⁾	44,955	30,255	48,475	35,872
Cashflow	40,784	29,408	48,672	38,590
Cash provided by operating activities	21,939	43,902	29,741	54,609
Net income	19,237	6,180	24,038	12,264
Attributable to shareholders	19,231	6,201	24,040	12,244
Per share data (diluted)				
EBITDA ⁽¹⁾	\$ 1.10	\$ 0.74	\$ 1.15	\$ 0.84
Cashflow	1.00	0.72	1.16	0.91
Net income attributable to shareholders	0.47	0.15	0.57	0.29
Financial Position				
Total Assets	\$ 894,325	\$ 888,117	\$ 910,408	\$ 878,615
Long-Term Debt and Lease Liabilities (excluding current portion)	111,159	111,244	122,714	127,628
Working Capital ⁽²⁾	127,566	108,577	111,312	112,154
Net Debt ⁽¹⁾	–	2,667	11,402	15,474
Shareholders' Equity	542,528	529,954	534,576	522,023
Common Shares (000's)⁽³⁾				
Basic	40,149	40,325	41,322	41,652
Diluted	40,961	41,048	42,048	42,524

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

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

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

Aboriginal Partnerships

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

SEGMENTED RESULTS

Contract Drilling Services

	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Revenue	\$ 86,634	\$ 75,815	14%	\$ 235,734	\$ 212,633	11%
Canada	46,574	49,264	(5%)	129,481	128,928	–
United States	9,128	15,269	(40%)	29,509	48,041	(39%)
Australia	30,932	11,282	174%	76,744	35,664	115%
Operating income (loss)	\$ 8,262	\$ 12,081	(32%)	\$ 22,630	\$ 23,488	(4%)
Canada	5,291	10,704	(51%)	15,595	18,894	(17%)
United States	(63)	763	nm	1,186	1,604	(26%)
Australia	3,034	614	394%	5,849	2,990	96%
Operating days ⁽¹⁾	2,836	2,880	(2%)	7,687	7,723	–
Canada	1,861	2,009	(7%)	4,954	5,023	(1%)
United States	328	535	(39%)	1,033	1,696	(39%)
Australia	647	336	93%	1,700	1,004	69%
Revenue per operating day ⁽¹⁾ , dollars	\$ 30,548	\$ 26,325	16%	\$ 30,667	\$ 27,532	11%
Canada	25,026	24,522	2%	26,137	25,668	2%
United States	27,829	28,540	(2%)	28,566	28,326	1%
Australia	47,808	33,577	42%	45,144	35,522	27%
Utilization	29%	33%	(12%)	27%	30%	(10%)
Canada	27%	28%	(4%)	24%	24%	–
United States	30%	48%	(38%)	31%	53%	(42%)
Australia	41%	73%	(44%)	46%	74%	(38%)
Rigs, average for period	105	94	12%	103	94	10%
Canada	76	77	(1%)	77	77	–
United States	12	12	–	12	12	–
Australia	17	5	240%	14	5	180%

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

"nm" – calculation not meaningful

CDS segment revenue for the third quarter and first nine months of 2024 improved compared to the same periods last year. This was primarily driven by higher activity in Australia with the addition of Saxon. Also contributing to the increase was pricing gains, primarily in Australia, realized from equipment upgrades, the relocation of a triple rig from the U.S. to Canada in 2023 and the addition of Saxon's heavier fleet in March 2024. Overall operating income for the third quarter of 2024 was lower compared to the same period last year. The decrease was primarily due to the moderation of drilling activity in the United States that began in the third quarter of 2023 and continued into 2024 and \$4.1 million of realized foreign exchange gains on the settlement of notes in Canada in Q3 2023. Partially offsetting this decrease was the contribution of Saxon.

In Canada, revenue in the third quarter of 2024 was lower than the same period last year due to lower activity levels. This was partially offset by slightly higher day rates. Canadian operating days were negatively impacted when an AC double drilling rig was damaged in July during transit. The rig returned to service in mid-October following completion of repairs. Operating income for the third quarter of 2024 was lower by 51% compared to the same period in 2023. Q3 2023 includes \$4.1 million of realized foreign exchange gains on the settlement of notes that reduced cost of sales. Absent the foreign exchange gain, operating income in the third quarter of 2024 was 20% lower, mostly due to the mix of operating equipment.

For the nine months ended September 30, 2024 Canadian revenue compared to the prior year was flat due to a marginal decrease in days being offset by pricing gains. Operating income for the first nine months of 2024 was lower compared to the same period last year. Excluding the realized foreign exchange gains of \$4.1 million in Q3 2023, year over year operating income was 5% higher in 2024 compared to 2023.

In the United States, revenue was lower for the third quarter and first nine months of 2024 compared to the same periods due to decreased activity. Pricing for the third quarter and first nine months of 2024 was consistent with the same periods in 2023. In the third quarter of 2024 an operating loss was realized as a result of reduced activity levels. Despite the 42% decrease in utilization in the first nine months of 2024 compared to the same period last year, operating income was only 26% lower due to consistent pricing and cost management.

In Australia, revenue and operating income were higher for the third quarter and first nine months of 2024 compared to the same periods last year. Improved results are primarily due to the contribution of Saxon results beginning on March 7, 2024 and deployment of a new drilling rig during the third quarter of 2024. Utilization was lower in the third quarter and first nine months of 2024 as compared to the same periods last year due to the impact of extended wet weather in the first quarter of 2024 and the addition of 11 Saxon rigs. Operating income increased in the third quarter and first nine months of 2024 compared to the prior year comparable periods due to pricing gains on several upgraded rigs combined with the contribution of Saxon.

Rentals and Transportation Services

	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Revenue	\$ 19,437	\$ 21,137	(8%)	\$ 59,614	\$ 65,362	(9%)
Canada	12,973	12,505	4%	37,444	37,594	–
United States	6,464	8,632	(25%)	22,170	27,768	(20%)
Operating income	\$ 2,983	\$ 2,159	38%	\$ 7,886	\$ 8,643	(9%)
Canada	2,325	845	175%	3,859	1,851	108%
United States	658	1,314	(50%)	4,027	6,792	(41%)
Pieces of rental equipment	7,960	7,659	4%	7,960	7,659	4%
Canada	7,040	6,767	4%	7,040	6,767	4%
United States	920	892	3%	920	892	3%
Rental equipment utilization	19%	19%	–	18%	18%	–
Canada	18%	18%	–	16%	16%	–
United States	29%	27%	7%	33%	36%	(8%)
Heavy trucks	67	69	(3%)	67	69	(3%)
Canada	46	48	(4%)	46	48	(4%)
United States	21	21	–	21	21	–

Revenue from the RTS segment for the third quarter and first nine months of 2024 decreased as compared to the same periods in 2023 due primarily to weaker pricing and the mix of equipment operating in the United States.

In Canada, the RTS segment had improved operating results during the third quarter and first nine months of 2024 as compared to the same periods last year. This was due to lower equipment re-activation costs, marginal price improvements and a change in revenue mix. During 2023 a substantial number of older unutilized rental pieces were disposed of in Canada. In the United States operating income during the third quarter and first nine months of 2024 decreased compared to the same periods last year due primarily to the moderation of U.S. drilling and completion activity which resulted in weaker pricing and changed the mix of equipment operating. 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 September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Revenue	\$ 110,567	\$ 110,959	–	\$ 297,547	\$ 322,207	(8%)
Canada	53,726	48,346	11%	119,888	148,387	(19%)
United States	56,841	62,613	(9%)	177,659	173,820	2%
Operating income	\$ 16,469	\$ 11,056	49%	\$ 39,587	\$ 30,744	29%
Canada	6,638	2,151	209%	9,033	6,508	39%
United States	9,831	8,905	10%	30,554	24,236	26%
Operating income, % of revenue	15%	10%	50%	13%	10%	30%
Canada	12%	4%	200%	8%	4%	100%
United States	17%	14%	21%	17%	14%	21%
Horsepower of equipment on rent at period end	52,881	36,616	44%	52,881	36,616	44%
Canada	16,661	15,226	9%	16,661	15,226	9%
United States	36,220	21,390	69%	36,220	21,390	69%
Rental equipment utilization during the period (HP)	77%	69%	12%	77%	75%	3%
Canada	72%	73%	(1%)	70%	77%	(9%)
United States	79%	67%	18%	80%	74%	8%
Sales backlog at period end, \$ million	\$ 189.0	\$ 152.9	24%	\$ 189.0	\$ 152.9	24%

Third quarter CPS segment revenue for 2024 was consistent with 2023. Revenue decreased for the first nine months of 2024 as compared to the same period last year due in part to a shift in U.S. customer's preference towards renting compression units and the resulting allocation of significant fabrication capacity to rental fleet construction during the first quarter of 2024. Following the deployment of newly constructed rental gas compression units late in the first quarter of 2024, the overall rental fleet utilization in the third quarter of 2024 increased compared to the same period last year. The fabrication sales backlog increased to \$189.0 million, compared to the \$152.9 million backlog at September 30, 2023. Sequentially the quarter-end fabrication sales backlog decreased during the third quarter of 2024 by \$15.6 million from June 30, 2024. The timeline for conversion of the sales backlog into revenue varies from order to order and often changes due to factors outside of the Company's control.

Operating income in both Canada and the U.S. increased during the third quarter and first nine months of 2024 compared to same periods in 2023 with improved margins on fabrication sales and increased rental revenue. Positively impacting results in the first nine months of 2024 as compared to the same period last year was the strengthening of the U.S. dollar relative to the Canadian dollar.

Well Servicing

	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Revenue	\$ 25,302	\$ 24,105	5%	\$ 67,065	\$ 78,436	(14%)
Canada	12,850	11,211	15%	35,797	37,226	(4%)
United States	2,251	6,015	(63%)	8,160	18,402	(56%)
Australia	10,201	6,879	48%	23,108	22,808	1%
Operating income (loss)	\$ 2,497	\$ 2,075	20%	\$ 4,099	\$ 6,749	(39%)
Canada	2,307	1,259	83%	5,041	4,629	9%
United States	(335)	910	nm	(905)	2,412	nm
Australia	525	(94)	nm	(37)	(292)	(87%)
Service hours ⁽¹⁾	24,680	26,044	(5%)	67,307	81,920	(18%)
Canada	13,412	12,140	10%	37,229	38,988	(5%)
United States	2,613	6,370	(59%)	9,243	18,781	(51%)
Australia	8,655	7,534	15%	20,835	24,151	(14%)
Revenue per service hour, dollars	\$ 1,025	\$ 926	11%	\$ 996	\$ 957	4%
Canada	958	923	4%	962	955	1%
United States	861	944	(9%)	883	980	(10%)
Australia	1,179	913	29%	1,109	944	17%
Utilization ⁽²⁾	27%	30%	(8%)	25%	32%	(20%)
Canada	27%	24%	13%	24%	26%	(8%)
United States	24%	63%	(62%)	31%	63%	(51%)
Australia	33%	28%	18%	26%	31%	(16%)
Rigs, average for period	79	79	–	79	79	–
Canada	55	56	(2%)	56	56	–
United States	12	11	9%	11	11	–
Australia	12	12	–	12	12	–

"nm" – calculation not meaningful

- (1) Service hours is defined as well servicing hours of service provided to customers and includes paid rig move and standby.
- (2) The Company reports its service rig utilization for its operational service rigs in North America based on service hours of 3,650 per rig per year to reflect standard 10 hour operations per day. Utilization for the Company's service rigs in Australia is calculated based on service hours of 8,760 per rig per year to reflect standard 24 hour operations.

WS segment revenue and operating income increased in the third quarter of 2024 as compared to the same period in 2023 due to increased activity in Canada and Australia that more than offset lower activity levels in the U.S. For the nine months ended September 30, 2024, segment revenue and operating income decreased as a result of lower activity levels in all jurisdictions as compared to the same period in 2023.

Canadian revenue for the third quarter of 2024 was higher compared to the same period in 2023 due to a combination of increased activity levels and marginally improved pricing due to rig upgrades. For the nine months ended September 30, 2024, revenue in Canada was impacted by reduced abandonment activity in the first nine months of 2024 as compared to the same period in 2023. Operating income for both the three and nine months ended September 30, 2024 improved relative to the same periods last year due to marginally higher pricing combined with cost control measures.

In the United States, revenue decreased in the third quarter and first nine months of 2024 as compared to the same periods in 2023 as a result of lower industry activity and customer consolidation. Operating losses were realized in both the third

quarter and first nine months of 2024 as compared to operating income for the same periods in 2023 primarily due to significantly lower activity levels.

In Australia, the third quarter of 2024 improved relative to the same period last year with higher revenue and operating income. This was primarily due to the deployment of newly upgraded rigs that contributed to higher service hours and price increases. Revenue for the nine months ended September 30, 2024 marginally increased on a year-over-year basis due to higher pricing on upgraded equipment, which offset a decrease in service hours. Reduced service hours caused by extended wet weather conditions in the first quarter of 2024 impacted results for the year, however, this was partially mitigated by improved third quarter results. Accordingly, year-over-year operating losses decreased for the nine months ended September 30, 2024.

Corporate

	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Operating loss	\$ (2,903)	\$ (3,680)	(21%)	\$ (10,252)	\$ (8,512)	20%

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 and support services to Total Energy's business segments and manages the corporate affairs of the Company. The decrease in operating loss during the three months ended September 30, 2024 was primarily due to \$0.8 million foreign exchange gain on translation of intercompany working capital balances as compared to \$0.1 million foreign exchange loss for the same period in 2023. The increase in operating loss during the first nine months of 2024 as compared to the same period in 2023 was due to an increase in share-based compensation, legal fees related to the appeal of a prior Canadian income tax re-assessment and cost of living increases. Also impacting the operating loss was a \$0.7 million foreign exchange gain on translation of intercompany working capital balances during the first nine months of 2024 as compared to a \$0.1 million foreign exchange gain during the same period in 2023.

LIQUIDITY AND CAPITAL RESOURCES

Cash Provided by Operating Activities and Cashflow

	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Cash provided by operating activities	\$ 60,353	\$ 21,939	175%	\$ 127,177	\$ 95,582	33%
Per share data (diluted), dollars	\$ 1.53	\$ 0.54	183%	\$ 3.17	\$ 2.31	37%
Cashflow	\$ 48,091	\$ 40,784	18%	\$ 119,022	\$ 118,864	-
Per share data (diluted), dollars	\$ 1.22	\$ 1.00	22%	\$ 2.97	\$ 2.88	3%

The changes in cash provided by operating activities were due primarily to changes in the working capital requirements of the various business segments, including the working capital needs of Saxon since its acquisition on March 7, 2024. Cash flow increased during the three months ended September 30, 2024 as compared to the same period in 2023 as a result of higher EBITDA. On a year-over-year basis, cashflow was flat mostly due to higher income taxes paid in the first half of 2024 relating to Canada Revenue Agency ("CRA") re-assessments of certain of the Company's income tax filings related to its conversion from an income trust to a corporation in 2009. The Company's current priorities are to maintain strong financial liquidity, continue to repay long-term debt and enhance shareholder returns, including by the purchase and cancellation of shares under the normal course issuer bid and payment of a dividend.

Investing Activities

	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Net cash used in investing activities	\$ (14,985)	\$ (12,283)	22%	\$ (107,423)	\$ (50,729)	112%
Proceeds from sale of PP&E	\$ 156	\$ 4,906	(97%)	\$ 1,705	\$ 6,410	(73%)
Purchase of PP&E	\$ (14,700)	\$ (17,177)	(14%)	\$ (65,038)	\$ (59,631)	9%

Net cash used in investing activities increased in the third quarter of 2024 compared to the same period last year due to changes in non-cash working capital items and lower proceeds received on the sale of PP&E. Net cash used in investing activities for the nine months ended September 30 was \$56.7 million higher in 2024 than 2023 due to \$47.4 million cash paid on the acquisition of Saxon and a \$5.4 million increase in purchases of property, plant and equipment. Proceeds from the sale of property, plant and equipment ("PP&E") are derived primarily from the disposal of equipment in the ordinary course of business and the replacement and upgrade of older equipment in the Company's fleet. Equipment and property disposed of during the three and nine months ended September 30, 2024 included real estate, underutilized rental equipment, ancillary drilling equipment, a heavy truck and light duty vehicles. Equipment disposed of during the three and nine months ended September 30, 2023 included underutilized rental equipment, a heavy truck and light-duty vehicles.

The following summarizes PP&E purchases by segment for the three and nine months ended September 30, 2024.

	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
CDS	\$ 9,184	\$ 9,094	1%	\$ 30,762	\$ 40,528	(24%)
RTS	2,269	1,643	38%	7,442	5,777	29%
CPS	1,076	4,268	(75%)	15,263	6,783	125%
WS	2,171	1,937	12%	11,571	6,308	83%
Corporate	-	235	(100%)	-	235	(100%)
Purchase of PP&E	\$ 14,700	\$ 17,177	(14%)	\$ 65,038	\$ 59,631	9%

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

During the third quarter and first nine months of 2023 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 2023 capital expenditures was approximately \$4.0 million of capital commitments carried forward from 2022.

Capital spending for the three and nine months ended September 30, 2024 was funded by cash flow and \$0.2 million and \$1.7 million, respectively, of proceeds from the sale of PP&E.

Financing Activities

	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Net cash used in financing activities	\$ (8,253)	\$ (9,637)	(14%)	\$ (5,810)	\$ (49,029)	(88%)

During the third quarter of 2024 net cash used in financing activities was \$1.4 million lower compared to the same period last year. This is primarily due to a \$5.0 million advancement of long-term debt, which was partially offset by a \$2.9 million increase in share repurchases under the Company's normal course issuer bid, a \$0.2 million increase in interest paid and a \$0.3 million increase in dividends paid. For the first nine months of 2024, net cash used in financing activities was \$5.8 million as compared to \$49.0 million for the same period in 2023. This change was primarily due to a net long-term debt advancement of \$43.5 million during 2024 that was primarily used to fund the acquisition of Saxon, partially offset by \$15.9 million of interest paid and a \$1.3 million increase in dividend payments following the 13% dividend increase approved by the Board of Directors in the first quarter of 2024. Included in interest paid is \$11.5 million relating to the CRA re-assessments of certain of the Company's income tax filings related to its conversion from an income trust to a corporation in 2009.

Liquidity and Capital Resources

The Company had a working capital surplus of \$97.3 million as at September 30, 2024 compared to \$123.4 million as at December 31, 2023. As at September 30, 2024 and the date of this MD&A, the Company was in compliance with all debt covenants.

On June 19, 2017 the Company entered into a three-year \$225 million revolving syndicated credit facility (the "Credit Facility"). Following several renewals and at the request of the Company the Credit Facility was reduced to \$170 million and the maturity date extended to November 10, 2026. The Credit Facility includes a Canadian \$18 million operating line, an Australian \$2 million operating line and a Canadian \$150 million revolving facility. The Company has the option to increase such facility by \$75 million subject to certain terms and conditions, including the agreement of the lenders to increase their commitments. The Credit Facility bears interest at the banks' Canadian prime rate plus 0.25% to 1.25%, bankers' acceptances, letters of credit, LIBOR or BBSY advances plus a 1.5% to 2.5% stamping fee. The applicable interest rate within such ranges is dependent on certain financial ratios of the Company. A standby fee ranging from 0.25% to 0.5% per annum is paid quarterly on the unused portion of the facility depending on certain financial ratios of the Company. In January of 2024, term CORRA rates have replaced bankers' acceptances and SOFR rates have replaced LIBOR, with no changes in the Company's pricing or premiums. At September 30, 2024, the applicable interest rate on amounts drawn on the Credit Facility was 6.21% and the standby rate was 0.25%. Letters of credit ("LOC") of \$0.4 million were outstanding at September 30, 2024 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 September 30, 2024 \$3.5 million Canadian dollars of LOCs were outstanding under the LOC Facility (December 31, 2023: \$3.9 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 September 30, 2024 this facility was undrawn and fully available.

At September 30, 2024 the Company's long-term debt consisted of the following:

	September 30, 2024	
	Interest rate	Principal Amount
Credit Facility	6.21%	\$ 95,000
Mortgage loan (2025 maturity)	3.10%	41,463
	5.26%	136,463
Less current portion		41,463
		\$ 95,000

At September 30, 2024 amounts owing under the Credit Facility and the mortgage loan were denominated in Canadian dollars.

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

	September 30, 2024	Threshold
Twelve-month trailing Bank EBITDA to interest expense	10.15	minimum 3.00
Total Senior Debt to twelve-month trailing Bank EBITDA	0.26	maximum 3.00

The Company was in compliance with all of its Credit Facility and other debt covenants at September 30, 2024. For further information regarding Credit Facility compliance requirements and details on the Company's borrowings, please refer to note 5 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.

Dividends

On March 9, 2023 the Board of Directors increased the dividend by 33% and declared a dividend of \$0.08 per share for the quarter ended March 31, 2023. On March 7, 2024 the Board of Directors increased the dividend by 13% to \$0.09 per share. On August 8, 2024 the Board of Directors declared a dividend of \$0.09 per share for the quarter ended September 30, 2024.

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

CONTRACTUAL OBLIGATIONS

At September 30, 2024 the Company had the following contractual obligations:

	Payments due by year					
	Total	2024	2025	2026	2027	2028 and after
Long-term debt and bank indebtedness	\$ 136,463	\$ 517	\$ 40,946	\$ 95,000	\$ -	\$ -
Commitments ⁽¹⁾	114	74	40	-	-	-
Lease liabilities	16,525	1,755	6,141	4,469	2,717	1,443
Purchase obligations ⁽²⁾	39,125	39,125	-	-	-	-
Total contractual obligations	\$ 192,227	\$ 41,471	\$ 47,127	\$ 99,469	\$ 2,717	\$ 1,443

(1) Commitments are described in Note 23 to the 2023 Financial Statements.

(2) Purchase obligations are described in Note 23 to the 2023 Financial Statements. As at September 30, 2024 purchase obligations primarily relate to commitments to purchase inventory in the CPS segment.

OFF-BALANCE SHEET ARRANGEMENTS

During 2024 and 2023, the Company had no off-balance sheet arrangements other than short-term leases.

TRANSACTIONS WITH RELATED PARTIES

During 2024 and 2023 the Company had no material transactions with related parties.

OUTSTANDING COMPANY SHARE DATA

As at the date of this MD&A, the Company had 38,194,658 common shares outstanding.

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

Outstanding at September 30, 2024	Exercise Price	Remaining life (years)	Exercisable at September 30, 2024
211,666	\$ 2.31	0.90	211,666
601,666	3.72	1.90	601,666
795,000	7.46	2.90	530,000
80,000	6.42	3.00	20,000
1,305,000	10.06	3.90	435,000
2,993,332	\$ 7.45	3.00	1,798,332

OUTLOOK

The recovery in oil and natural gas prices that began in the second half of 2021 has resulted in improved industry conditions, although producers generally remained disciplined in regard to their capital expenditure programs. While current indications are that global energy industry activity levels will remain stable on a seasonally adjusted basis, global economic and political uncertainty and recent weakness in North American natural gas prices cause the Company to remain cautious and manage its business and affairs in a manner to protect its balance sheet and financial liquidity.

The severity of the recent downturn resulted in substantial consolidation and rationalization in the North American energy service industry that has contributed to more favorable market conditions as activity levels recovered.

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 2024 other than as described below.

Industry Conditions

The Company's Canadian customers modestly increased capital spending plans for 2024 although current capital spending levels remain below levels experienced during previous periods of similar oil and natural gas prices. Drilling and completion activity in the United States is below the levels experienced in 2023 with significant industry consolidation having negatively impacted industry activity levels. Significant investment to increase North American LNG export capacity has resulted in strong demand for the products and services provided by the CPS segment. Current indications are that Australian activity will remain relatively stable in 2024.

Credit Risk

A sustained increase in oil and gas prices has 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 an improvement in the industry environment, the Company remains focused on actively managing credit risk. Specifically, management has remained diligent in assessing credit levels granted to customers, monitoring the aging of receivables and taking proactive steps to secure and collect outstanding balances.

The Company did not have significant exposure to any individual customer or counter party that accounted for over 10% of the consolidated revenue in the third quarter and first nine months of 2024 and 2023.

The Company's allowance for doubtful accounts receivable at September 30, 2024 was \$1.1 million, which is consistent with the balance as at December 31, 2023.

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 2024.

Critical Judgments in Applying Accounting Policies

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

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

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

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

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

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

Key Sources of Estimation Uncertainty

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

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

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

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

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

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

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

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

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

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

FUTURE ACCOUNTING POLICIES CHANGES

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

NON-IFRS MEASURES

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

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
EBITDA				
Net income	\$ 19,706	\$ 19,237	\$ 50,623	\$ 49,455
Add back:				
Depreciation	23,091	20,124	66,186	60,421
Finance costs, net	2,330	1,691	6,318	5,190
Income tax expense	5,416	3,903	8,153	8,619
EBITDA	\$ 50,543	\$ 44,955	\$ 131,280	\$ 123,685

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

Net Debt	As at Sept 30, 2024
Long-term debt	\$ 95,000
Lease liabilities	9,997
Add back (deduct):	
Current liabilities	245,020
Current assets	(342,294)
Net Debt	\$ 7,723

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 September 30, 2024 that would materially affect or is reasonably likely to materially affect the Company's ICFR.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS

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

The information and statements contained in this MD&A that are not historical facts are forward-looking statements. Forward-looking statements (often, but not always, identified by the use of words such as “seek”, “plan”, “continue”, “estimate”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe”, “expect”, “may”, “anticipate” or “will” and similar expressions) may include plans, expectations, opinions, or guidance that are not statements of fact. Forward-looking statements are based upon the opinions, expectations and estimates of management as at the date the statements are made and are subject to a variety of risks and uncertainties and other factors that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward-looking statements. These factors include, but are not limited to, such things as global economic conditions, changes in industry conditions (including the levels of capital expenditures made by oil and gas producers and explorers), pandemics (including COVID-19 pandemic), the credit risk to which the Company is exposed in the conduct of its business, fluctuations in prevailing commodity prices or currency and interest rates, the competitive environment to which the various business divisions are, or may be, exposed in all aspects of their business, the ability of the Company’s various business divisions to access equipment (including parts) and new technologies and to maintain relationships with key suppliers, the ability of the Company’s various business divisions to attract and maintain key personnel and other qualified employees, various environmental risks to which the Company’s business divisions are exposed in the conduct of their operations, inherent risks associated with the conduct of the businesses in which the Company’s business divisions operate, timing and costs associated with the acquisition of capital equipment, the impact of weather and other seasonal factors that affect business operations, availability of financial resources or third-party financing and the impact of new laws and regulations or changes in existing laws, regulations or administrative practices on the part of regulatory authorities, including without limitation taxation, 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.