

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of Canadian dollars)

	Note	September 30 2024 (unaudited)	December 31 2023 (audited)
ASSETS			
Current assets:			
Cash and cash equivalents		\$ 61,879	\$ 47,935
Accounts receivable		147,293	137,604
Inventory		116,359	98,179
Prepaid expenses and deposits		16,763	16,735
		342,294	300,453
Property, plant and equipment		617,129	557,152
Deferred income tax asset		267	–
Goodwill		4,053	4,053
		\$ 963,743	\$ 861,658
LIABILITIES & SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable and accrued liabilities		\$ 132,910	\$ 116,794
Deferred revenue		53,477	39,321
Contingent consideration on business acquisition	4	2,700	–
Income taxes payable		4,489	9,771
Dividends payable		3,453	3,198
Current portion of lease liabilities		6,528	5,880
Current portion of long-term debt	5	41,463	2,050
		245,020	177,014
Long-term debt	5	95,000	90,947
Lease liabilities		9,997	9,887
Deferred income tax liability		52,515	53,052
Shareholders' equity:			
Share capital	6	240,563	251,283
Contributed surplus		5,273	4,805
Accumulated other comprehensive loss		(18,235)	(25,506)
Non-controlling interest		259	521
Retained earnings		333,351	299,655
		561,211	530,758
		\$ 963,743	\$ 861,658

The notes on pages 6 to 14 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 September 30		Nine months ended September 30	
		2024	2023	2024	2023
REVENUE		\$ 241,940	\$ 232,016	\$ 659,960	\$ 678,638
Cost of services		178,530	175,235	491,092	522,270
Selling, general and administration		13,337	12,027	37,512	33,586
Other expense (income)		(844)	238	(720)	(208)
Share-based compensation	7	518	701	1,940	1,457
Depreciation		23,091	20,124	66,186	60,421
Operating income		27,308	23,691	63,950	61,112
Gain on sale of property, plant and equipment		144	1,140	1,144	2,152
Finance costs, net		(2,330)	(1,691)	(6,318)	(5,190)
Net income before income taxes		25,122	23,140	58,776	58,074
Current income tax (recovery) expense		2,072	(231)	7,090	140
Deferred income tax expense		3,344	4,134	1,063	8,479
Total income tax expense		5,416	3,903	8,153	8,619
Net income		\$ 19,706	\$ 19,237	\$ 50,623	\$ 49,455
Net income (loss) attributable to:					
Shareholders of the Company		\$ 19,731	\$ 19,231	\$ 50,685	\$ 49,472
Non-controlling interest		(25)	6	(62)	(17)
Income per share					
Basic	6	\$ 0.51	\$ 0.48	\$ 1.29	\$ 1.22
Diluted		\$ 0.50	\$ 0.47	\$ 1.26	\$ 1.20

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Net income	\$ 19,706	\$ 19,237	\$ 50,623	\$ 49,455
Foreign currency translation	(31)	(1,734)	7,271	(7,034)
Total other comprehensive income (loss) for the period	(31)	(1,734)	7,271	(7,034)
Total comprehensive income	\$ 19,675	\$ 17,503	\$ 57,894	\$ 42,421
Total comprehensive income (loss) attributable to:				
Shareholders of the Company	\$ 19,700	\$ 17,497	\$ 57,956	\$ 42,438
Non-controlling interest	(25)	6	(62)	(17)

The notes on pages 6 to 14 are an integral part of these condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

As at and for the three and nine months ended September 30, 2024 and 2023, and year ended December 31, 2023
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, 2022		\$ 261,109	\$ 3,590	\$ (17,032)	\$ 552	\$ 273,804	\$ 522,023
Net income (loss)		-	-	-	(31)	41,625	41,594
Other comprehensive loss		-	-	(8,474)	-	-	(8,474)
<i>Transactions with shareholders, recorded directly in equity</i>							
Dividends (\$0.32 per common share)		-	-	-	-	(12,850)	(12,850)
Repurchase of common shares	6	(10,155)	-	-	-	(3,432)	(13,587)
Issue of share capital from exercise of stock options	6	329	(150)	-	-	(313)	(134)
Share options expired	7	-	(821)	-	-	821	-
Share-based compensation	7	-	2,186	-	-	-	2,186
		(9,826)	1,215	-	-	(15,774)	(24,385)
Balance at December 31, 2023		\$ 251,283	\$ 4,805	\$ (25,506)	\$ 521	\$ 299,655	\$ 530,758
Net income (loss)		-	-	-	(62)	50,685	50,623
Other comprehensive income		-	-	7,271	-	-	7,271
<i>Transactions with shareholders, recorded directly in equity</i>							
Dividends (\$0.27 per common share)		-	-	-	-	(10,545)	(10,545)
Repurchase of common shares	6	(11,908)	-	-	-	(6,291)	(18,199)
Issue of share capital from exercise of stock options	6	1,188	(1,472)	-	-	(153)	(437)
Partnership distributions		-	-	-	(200)	-	(200)
Share-based compensation	7	-	1,940	-	-	-	1,940
		(10,720)	468	-	(200)	(16,989)	(27,441)
Balance at September 30, 2024		\$ 240,563	\$ 5,273	\$ (18,235)	\$ 259	\$ 333,351	\$ 561,211

	Note	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Loss	Non- controlling Interest	Retained earnings	Total Equity
Balance at December 31, 2022		\$ 261,109	\$ 3,590	\$ (17,032)	\$ 552	\$ 273,804	\$ 522,023
Net income (loss)		-	-	-	(17)	49,472	49,455
Other comprehensive loss		-	-	(7,034)	-	-	(7,034)
<i>Transactions with shareholders, recorded directly in equity</i>							
Dividends (\$0.24 per common share)		-	-	-	-	(9,652)	(9,652)
Repurchase of common shares	6	(10,155)	-	-	-	(3,432)	(13,587)
Exercise of share options	7	329	(150)	-	-	(313)	(134)
Share options expired	7	-	(821)	-	-	821	-
Share-based compensation	7	-	1,457	-	-	-	1,457
		(9,826)	486	-	-	(12,576)	(21,916)
Balance at September 30, 2023		\$ 251,283	\$ 4,076	\$ (24,066)	\$ 535	\$ 310,700	\$ 542,528

The notes on pages 6 to 14 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 September 30		Nine months ended September 30	
		2024	2023	2024	2023
Cash provided by (used in):					
Operations:					
Net income for the period		\$ 19,706	\$ 19,237	\$ 50,623	\$ 49,455
Add (deduct) items not affecting cash:					
Depreciation		23,091	20,124	66,186	60,421
Share-based compensation	7	518	701	1,940	1,457
Gain on sale of property, plant and equipment		(144)	(1,140)	(1,144)	(2,152)
Finance costs, net		2,330	1,691	6,318	5,190
Foreign currency translation		(999)	(3,934)	(336)	(4,284)
Current income tax (recovery) expense		2,072	(231)	7,090	140
Deferred income tax expense		3,344	4,134	1,063	8,479
Income taxes (paid) received		(1,827)	202	(12,718)	158
Cashflow		48,091	40,784	119,022	118,864
Changes in non-cash working capital items:					
Accounts receivable		(1,109)	(13,516)	(9,689)	(8,396)
Inventory		3,527	10,194	(18,180)	(9,850)
Prepaid expenses and deposits		(2,637)	(5,353)	(28)	(5,207)
Accounts payable and accrued liabilities		9,029	(8,066)	21,896	10,480
Deferred revenue		3,452	(2,104)	14,156	(10,309)
Cash provided by operating activities		60,353	21,939	127,177	95,582
Investing:					
Purchase of property, plant and equipment		(14,700)	(17,177)	(65,038)	(59,631)
Cash paid on acquisition	4	–	–	(47,350)	–
Proceeds on disposal of property, plant and equipment		156	4,906	1,705	6,410
Changes in non-cash working capital items		(441)	(12)	3,260	2,492
Cash used in investing activities		(14,985)	(12,283)	(107,423)	(50,729)
Financing:					
Advances of long-term debt	5	5,000	–	65,000	–
Repayment of long-term debt	5	(513)	(498)	(21,534)	(16,491)
Repayment of lease liabilities		(1,742)	(1,558)	(5,134)	(4,714)
Dividends to shareholders		(3,496)	(3,212)	(10,290)	(8,944)
Repurchase of common shares	6	(5,183)	(2,298)	(17,853)	(13,587)
Shares issued on exercise of stock options	7	–	42	64	42
Partnership distributions		–	–	(200)	–
Interest paid		(2,319)	(2,113)	(15,863)	(5,335)
Cash used in financing activities		(8,253)	(9,637)	(5,810)	(49,029)
Change in cash and cash equivalents		37,115	19	13,944	(4,176)
Cash and cash equivalents, beginning of period		24,764	29,866	47,935	34,061
Cash and cash equivalents, end of period		\$ 61,879	\$ 29,885	\$ 61,879	\$ 29,885

The notes on pages 6 to 14 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 and nine months ended September 30, 2024 and 2023
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, 2023 (the “2023 Financial Statements”). These condensed interim consolidated financial statements do not include all the necessary annual disclosures and should be read in conjunction with the 2023 Financial Statements.

These condensed interim consolidated financial statements were approved by the Board of Directors on November 6, 2024.

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2024 and 2023

Unaudited (tabular amounts in thousands of Canadian dollars)

As at and for the three months ended September 30, 2024	Contract Drilling Services	Rentals and Transportation Services	Compression and Process Services	Well Servicing	Corporate ⁽¹⁾	Total
Revenue	\$ 86,634	\$ 19,437	\$ 110,567	\$ 25,302	\$ –	\$ 241,940
Cost of services	63,727	9,165	86,723	18,915	–	178,530
Selling, general and administration	2,358	2,144	4,587	1,444	2,804	13,337
Other income	–	–	–	–	(844)	(844)
Share-based compensation	–	–	–	–	518	518
Depreciation	12,287	5,145	2,788	2,446	425	23,091
Operating income (loss)	8,262	2,983	16,469	2,497	(2,903)	27,308
Gain on sale of property, plant and equipment	14	51	79	–	–	144
Finance costs, net	(17)	(43)	(109)	(19)	(2,142)	(2,330)
Net income (loss) before income taxes	8,259	2,991	16,439	2,478	(5,045)	25,122
Goodwill	–	2,514	1,539	–	–	4,053
Total assets	434,030	163,853	284,919	76,899	4,042	963,743
Total liabilities	84,042	26,558	111,634	6,473	173,825	402,532
Capital expenditures	9,184	2,269	1,076	2,171	–	14,700

As at and for the three months ended September 30, 2024	Canada	United States	Australia	International	Total
Revenue	\$ 117,704	\$ 82,514	\$ 41,722	\$ –	\$ 241,940
Non-current assets ⁽²⁾	364,318	131,534	125,330	–	621,182

As at and for the three months ended September 30, 2023	Contract Drilling Services	Rentals and Transportation Services	Compression and Process Services	Well Servicing	Corporate ⁽¹⁾	Total
Revenue	\$ 75,815	\$ 21,137	\$ 110,959	\$ 24,105	\$ –	\$ 232,016
Cost of services	51,265	11,828	94,122	18,020	–	175,235
Selling, general and administration	2,581	2,240	3,327	1,208	2,671	12,027
Other (income) expense	308	7	(131)	–	54	238
Share-based compensation	–	–	–	–	701	701
Depreciation	9,580	4,903	2,585	2,802	254	20,124
Operating income (loss)	12,081	2,159	11,056	2,075	(3,680)	23,691
Gain on sale of property, plant and equipment	9	201	763	167	–	1,140
Finance costs, net	(14)	(28)	(121)	(18)	(1,510)	(1,691)
Net income (loss) before income taxes	12,076	2,332	11,698	2,224	(5,190)	23,140
Goodwill	–	2,514	1,539	–	–	4,053
Total assets	367,553	176,330	275,886	74,376	180	894,325
Total liabilities	72,824	28,851	110,391	6,980	132,751	351,797
Capital expenditures	9,094	1,643	4,268	1,937	235	17,177

As at and for the three months ended September 30, 2023	Canada	United States	Australia	International	Total
Revenue	\$ 111,945	\$ 99,790	\$ 20,281	\$ –	\$ 232,016
Non-current assets ⁽²⁾	393,168	129,263	46,240	–	568,671

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

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2024 and 2023

Unaudited (tabular amounts in thousands of Canadian dollars)

As at and for the nine months ended September 30, 2024	Contract Drilling Services	Rentals and Transportation Services	Compression and Process Services	Well Servicing	Corporate ⁽¹⁾	Total
Revenue	\$ 235,734	\$ 59,614	\$ 297,547	\$ 67,065	\$ –	\$ 659,960
Cost of services	171,011	29,933	238,453	51,695	–	491,092
Selling, general and administration	7,424	6,567	11,508	4,002	8,011	37,512
Other income	–	–	–	–	(720)	(720)
Share-based compensation	–	–	–	–	1,940	1,940
Depreciation	34,669	15,228	7,999	7,269	1,021	66,186
Operating income (loss)	22,630	7,886	39,587	4,099	(10,252)	63,950
Gain (loss) on sale of property, plant and equipment	115	844	209	(24)	–	1,144
Finance costs, net	(55)	(130)	(321)	(64)	(5,748)	(6,318)
Net income (loss) before income taxes	22,690	8,600	39,475	4,011	(16,000)	58,776
Goodwill	–	2,514	1,539	–	–	4,053
Total assets	434,030	163,853	284,919	76,899	4,042	963,743
Total liabilities	84,042	26,558	111,634	6,473	173,825	402,532
Capital expenditures	30,762	7,442	15,263	11,571	–	65,038

As at and for the nine months ended September 30, 2024	Canada	United States	Australia	International	Total
Revenue	\$ 294,720	\$ 260,102	\$ 102,184	\$ 2,954	\$ 659,960
Non-current assets ⁽²⁾	364,318	131,534	125,330	–	621,182

As at and for the nine months ended September 30, 2023	Contract Drilling Services	Rentals and Transportation Services	Compression and Process Services	Well Servicing	Corporate ⁽¹⁾	Total
Revenue	\$ 212,633	\$ 65,362	\$ 322,207	\$ 78,436	\$ –	\$ 678,638
Cost of services	153,466	35,725	273,607	59,472	–	522,270
Selling, general and administration	7,552	6,374	10,122	3,124	6,414	33,586
Other (income) expense	20	–	(88)	–	(140)	(208)
Share-based compensation	–	–	–	–	1,457	1,457
Depreciation	28,107	14,620	7,822	9,091	781	60,421
Operating income (loss)	23,488	8,643	30,744	6,749	(8,512)	61,112
Gain on sale of property, plant and equipment	235	714	836	337	30	2,152
Finance costs, net	(44)	(63)	(353)	(51)	(4,679)	(5,190)
Net income (loss) before income taxes	23,679	9,294	31,227	7,035	(13,161)	58,074
Goodwill	–	2,514	1,539	–	–	4,053
Total assets	367,553	176,330	275,886	74,376	180	894,325
Total liabilities	72,824	28,851	110,391	6,980	132,751	351,797
Capital expenditures	40,528	5,777	6,783	6,308	235	59,631

As at and for the nine months ended September 30, 2023	Canada	United States	Australia	International	Total
Revenue	\$ 303,329	\$ 303,617	\$ 71,692	\$ –	\$ 678,638
Non-current assets ⁽²⁾	393,168	129,263	46,240	–	568,671

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

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2024 and 2023

Unaudited (tabular amounts in thousands of Canadian dollars)

4. Business acquisition

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

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

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

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

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

Acquisition costs of \$0.5 million have been charged to selling, general and administration expenses in the condensed interim consolidated statements of income for the nine month period ended September 30, 2024.

Contingent consideration, less any claims that might arise, is payable on March 7, 2025 in cash.

Saxon contributed \$44.4 million to consolidated revenues and \$2.1 million to consolidated net income from the Effective Acquisition Date to September 30, 2024.

Had the acquisition occurred on January 1, 2024, Saxon would have contributed \$58.1 million to consolidated revenues and \$3.9 million to consolidated net income.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2024 and 2023

Unaudited (tabular amounts in thousands of Canadian dollars)

5. Long-term Debt

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

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

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

In August of 2018 a U.S. \$20 million letter of credit facility was established (the "LOC Facility"). LOCs issued pursuant to the LOC Facility do not reduce availability under the Credit Facility. In April of 2020 this facility was reduced at the request of the Company to U.S. \$10 million. At 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.

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:

	Sept 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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2024 and 2023

Unaudited (tabular amounts in thousands of Canadian dollars)

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

- Bank EBITDA is determined (on a 12-month trailing basis) as earnings before finance expenses, income taxes, depreciation, share-based compensation and certain non-recurring and non-cash income and expenses as defined in the credit agreement and excludes amounts from certain non-guarantor subsidiaries and the limited partnerships partially owned by the Company.
- Senior Debt is determined as total long-term debt (including the current portions thereof but excluding the mortgage loans and certain other obligations identified in the credit agreement) minus cash on hand.

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

Mortgage Loan (2025 maturity) is a loan maturing on April 29, 2025 that is amortized over 20 years with blended monthly principal and interest payments of approximately \$279,800. At maturity, approximately \$40.2 million of principal will become due and payable assuming only regular monthly payments are made. This loan bears interest at a fixed rate of 3.10% and is secured by certain of the Company's real estate.

At September 30, 2024 the Company was in compliance with all debt covenants.

6. Share Capital

(a) Common Share Capital

Common shares of Total Energy Services Inc.

(i) *Authorized:*

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

Unlimited number of preferred shares.

(ii) *Common shares issued:*

	Number of shares (thousands)	Amount
Balance, December 31, 2022	41,500	\$ 261,109
Repurchased and cancelled	(1,614)	(10,155)
Share options exercised	89	329
Balance, December 31, 2023	39,975	\$ 251,283
Repurchased and cancelled	(1,801)	(11,330)
Repurchased and not cancelled	-	(578)
Share options exercised	186	1,188
Balance, September 30, 2024	38,360	\$ 240,563

During the nine months ended September 30, 2024, 1,801,696 shares (September 30, 2023: 1,614,151 shares) were repurchased under the Company's normal course issuer bid at an average price of \$9.76 (September 30, 2023: \$8.42) per share including commissions. 62,200 shares repurchased were cancelled subsequent to September 30, 2024.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2024 and 2023

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 September 30		Nine months ended September 30	
	2024	2023	2024	2023
Net income for the period attributable to shareholders	\$ 19,731	\$ 19,231	\$ 50,685	\$ 49,472
Weighted average number of shares outstanding – basic	38,802	40,149	39,385	40,555
Income per share – basic	\$ 0.51	\$ 0.48	\$ 1.29	\$ 1.22
Net income for the period attributable to shareholders	\$ 19,731	\$ 19,231	\$ 50,685	\$ 49,472
Weighted average number of shares outstanding – basic	38,802	40,149	39,385	40,555
Share option dilution	687	812	701	736
Weighted average number of shares outstanding – diluted	39,489	40,961	40,086	41,291
Income per share – diluted	\$ 0.50	\$ 0.47	\$ 1.26	\$ 1.20

For the three and nine months ended September 30, 2024, 1,305,000 share options (September 30, 2023, 2,120,000 share options) were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive. The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

7. Share-Based Compensation Plan

Share option transactions during 2024 and 2023 were as follows:

	Weighted average exercise price	Number of Options
Balance, December 31, 2022	\$ 6.90	3,181,664
Granted	10.06	1,380,000
Expired	13.54	(300,000)
Exercised	2.81	(89,151)
Surrendered	3.65	(62,516)
Balance, December 31, 2023	\$ 7.61	4,109,997
Exercised	5.11	(186,696)
Surrendered	8.63	(801,636)
Forfeited	8.44	(128,333)
Balance, September 30, 2024	\$ 7.45	2,993,332

A total of 1,798,332 outstanding options were exercisable at September 30, 2024 at a weighted average price of \$6.22 per option.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2024 and 2023

Unaudited (tabular amounts in thousands of Canadian dollars)

The Company uses the Black-Scholes option-pricing model to determine the estimated fair value of the share options granted. The average per share fair value of the options granted during 2023: \$2.77 per option using the following assumptions:

	December 31, 2023
Expected volatility	38.35% - 47.54%
Annual dividend	3.18%
Risk free interest rate	3.93% - 4.37%
Forfeitures	9.86%
Expected life (years)	3 to 5 years

The share options issued vest 1/3 on the first, second and third anniversary from the grant date and expire five years from the date of grant. The outstanding options expire on various dates ranging from August 11, 2025 to August 10, 2028.

8. Share Appreciation Rights (SARs)

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

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

	Weighted average exercise price	Number of SARs
Balance, December 31, 2023	\$ -	-
Granted	9.42	1,140,000
Balance, September 30, 2024	\$ 9.42	1,140,000

Outstanding SARs expire on August 8, 2029.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2024 and 2023

Unaudited (tabular amounts in thousands of Canadian dollars)

9. Financial Instruments

The Company's financial instruments as at September 30, 2024 include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, dividends payable, contingent consideration on business acquisitions and long-term debt. The fair value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, dividends payable, contingent consideration on business combinations, long-term debt and the Credit Facility approximate their carrying amounts due to their short terms to maturity.

10. Contingencies

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