

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 12, 2025 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, 2025 (the "Interim Financial Statements") and pertains to known risks and uncertainties relating to the energy services sector. This discussion should not be considered all-inclusive as it does not include all changes regarding general economic, political, governmental and environmental conditions.

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

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

FINANCIAL HIGHLIGHTS

	Three months ended September 30			Nine months ended September 30		
	2025	2024	Change	2025	2024	Change
Revenue	\$ 260,702	\$ 241,940	8%	\$ 763,027	\$ 659,960	16%
Operating income	19,352	27,308	(29%)	67,729	63,950	6%
EBITDA ⁽¹⁾	42,907	50,543	(15%)	138,791	131,280	6%
Cashflow	41,362	48,091	(14%)	124,706	119,022	5%
Net income	14,584	19,706	(26%)	50,622	50,623	-
Attributable to shareholders	14,504	19,731	(26%)	50,581	50,685	-
Per share data (diluted)						
EBITDA ⁽¹⁾	\$ 1.13	\$ 1.28	(12%)	\$ 3.64	\$ 3.27	11%
Cashflow	\$ 1.09	\$ 1.22	(11%)	\$ 3.27	\$ 2.97	10%
Attributable to shareholders:						
Net income	\$ 0.38	\$ 0.50	(24%)	\$ 1.33	\$ 1.26	6%
Common shares (000's) ⁽³⁾						
Basic	37,159	38,802	(4%)	37,535	39,385	(5%)
Diluted	37,890	39,489	(4%)	38,088	40,086	(5%)
Financial Position at				Sept 30 2025	Dec 31 2024	Change
Total Assets				\$ 1,015,387	\$ 937,708	8%
Long-Term Debt and Lease Liabilities (excluding current portion)				98,197	79,171	24%
Working Capital ⁽²⁾				113,535	78,737	44%
Net Debt ⁽¹⁾				-	434	nm
Shareholders' Equity				594,111	571,043	4%

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

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

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

"nm" - calculation not meaningful

BUSINESS OF THE COMPANY

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

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

By Type		By Geography	
AC triples	3	Canada	73
AC doubles	17	United States	12
Mechanical doubles	34	Australia	17
TDS and singles	42		102
Australian shallow	6		
	102		

Rentals and Transportation Services: Total Energy's RTS business is presently conducted from 15 locations in western Canada and four locations in the United States. At September 30, 2025, this segment had approximately 8,050 pieces of major rental equipment (excluding access matting), a fleet of 62 heavy trucks and an inventory of ancillary rental equipment and access matting.

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

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

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

INDUSTRY OVERVIEW

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

	Nine months ended September 30		
	2025	2024	Change
Average Crude Oil Prices			
West Texas Intermediate, US\$/bbl ⁽¹⁾	67.31	78.62	(14%)
Western Canadian Select, US\$/bbl ⁽²⁾	55.56	63.12	(12%)
Average Natural Gas Prices			
Henry Hub, US\$ per MMBtu ⁽³⁾	3.45	2.11	64%
AECO natural gas, US\$ per MMBtu ⁽²⁾	1.16	0.95	22%
LNG Asia, US\$ per MMBtu ⁽¹⁾⁽⁷⁾	13.03	11.02	18%
U.S. Oil and Natural Gas Inventories (period end)			
Crude Inventories (MMbbls) ⁽²⁾	416.5	416.9	–
Natural Gas Storage (bcf) ⁽²⁾	3,561	3,548	–
Average Active Land Drilling Rig Counts			
United States ⁽⁴⁾	566	603	(6%)
Canada ⁽⁵⁾	185	192	(4%)
Foreign Exchange Rates (period end)⁽⁶⁾			
US\$ to CAD\$	1.3921	1.3499	3%
AUS\$ to CAD\$	0.9151	0.9333	(2%)

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

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

(3) U.S. Energy Information Administration

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

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

(6) Bank of Canada

bbl – barrel

MMbtu – one million British thermal units

GJ – gigajoule

MMbbls – millions of barrels

Bcf – billion cubic feet

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

Expansion of the Trans Mountain oil pipeline and the completion of the LNG Canada LNG export terminal in July 2025, which will result in 2 billion cubic feet per day of incremental demand for Canadian natural gas, partially mitigated the impact of lower oil prices on Canadian industry activity levels during the first nine months of 2025 as compared to 2024.

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

OVERALL PERFORMANCE

Increased industry activity and deployment of upgraded equipment in Australia as well as increased activity in CPS and relatively stable RTS activity during the third quarter of 2025 drove higher revenues in third quarter of 2025 as compared to 2024. This was partially offset by lower North American drilling and completion activity. Cost inflation arising from a weakening Canadian dollar relative to the U.S. dollar and supply chain challenges due to tariff uncertainty combined with the of execution of low margin fabrication projects in the CPS segment negatively impacted Total Energy's financial results for the third quarter of 2025.

For the first nine months of 2025 financial results reflect increased activity and profitability in Australia following the deployment of upgraded equipment as well as increased fabrication sales in the CPS segment that was partially offset by a slowdown in North American drilling and completion activity.

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

The Company's financial condition remains strong. Working capital increased by \$34.8 million from December 31, 2024 to \$113.5 million at September 30, 2025. Contributing to the increase in working capital was the repayment of a mortgage loan that matured on April 29, 2025. The \$40.4 million mortgage principal amount owing plus \$0.8 million of accrued interest was paid with \$11.2 million of available cash on hand and a \$30.0 million draw on the Company's primary revolving credit facility. Shareholders' equity was \$594.1 million at September 30, 2025, a \$23.1 million increase from the end of 2024 due to the realization of \$50.6 million of net income for the first nine months of 2025 that was partially offset by \$3.1 million of other comprehensive loss relating to foreign currency translation, \$14.0 million of share repurchases under the Company's normal course issuer bid and \$11.2 million of declared dividends.

Revenue

	Three months ended September 30			Nine months ended September 30		
	2025	2024	Change	2025	2024	Change
Revenue	\$ 260,702	\$ 241,920	8%	\$ 763,027	\$ 659,960	16%

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

Cost of Services and Gross Margin

	Three months ended September 30			Nine months ended September 30		
	2025	2024	Change	2025	2024	Change
Cost of services	\$ 203,044	\$ 178,530	14%	\$ 583,858	\$ 491,092	19%
Gross margin	\$ 57,658	\$ 63,410	(9%)	\$ 179,169	\$ 168,868	6%
Gross margin, as a percentage of revenue	22%	26%	(15%)	23%	26%	(12%)

Third quarter gross margin was lower as compared to 2024. The year to date decrease in consolidated margin percentage was primarily due to a change in revenue mix and general cost of inflation. Specifically, a 200-basis point year over year

increase in the relative revenue contribution of the CPS segment negatively impacted the consolidated gross margin percentage as the CPS segment historically generates a lower gross margin percentage compared to the other business segments. In addition to general cost inflation also negatively impacting the consolidated gross margin percentage for the first nine months of 2025 were lower operating margins in the North American drilling and completion activity and timing of execution of low margin projects in the CPS segment.

The increase in the cost of services and decrease in consolidated gross margin in the third quarter of 2025 compared to the same period in 2024 was primarily due to the negative impact of the weakening Canadian dollar relative to the U.S. dollar on cost of services as well as timing of execution of low margin projects in the CPS segment. Higher Australian activity levels in the CDS and WS segments following the acquisition of Saxon and the reactivation of several upgraded rigs contributed to a further increase in cost of services.

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		
	2025	2024	Change	2025	2024	Change
Selling, general and administration expenses	\$ 13,571	\$ 13,337	2%	\$ 40,877	\$ 37,512	9%

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

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

Other expense (income)

	Three months ended September 30			Nine months ended September 30		
	2025	2024	Change	2025	2024	Change
Other expense (income)	\$ (543)	\$ (844)	(36%)	\$ (1,232)	\$ (720)	71%

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

Share-based Compensation Expense

	Three months ended September 30			Nine months ended September 30		
	2025	2024	Change	2025	2024	Change
Share-based compensation expense	\$ 1,983	\$ 518	283%	\$ 2,795	\$ 1,940	44%

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

Share-based compensation expense for the third quarter and the first nine months of 2025 was higher than same periods last year due to an increase in the fair value of SARs following the increase in the Company’s share price at quarter end that was partially offset by certain share options vesting.

Depreciation Expense

	Three months ended September 30			Nine months ended September 30		
	2025	2024	Change	2025	2024	Change
Depreciation expense	\$ 23,295	\$ 23,091	1%	\$ 69,000	\$ 66,186	4%

The increase in depreciation expense for the third quarter and the first nine months of 2025 as compared to the same periods in 2024 is due to additions to property, plant and equipment partially offset by an increase in fully depreciated assets.

Operating Income

	Three months ended September 30			Nine months ended September 30		
	2025	2024	Change	2025	2024	Change
Operating income	\$ 19,352	\$ 27,308	(29%)	\$ 67,729	\$ 63,950	6%

Operating income for the third quarter decreased compared to the same quarter of 2024 primarily due to increased share-based compensation arising from an increase in the market price of Company’s shares, reduction of the consolidated gross margin due to a slowdown in North American drilling and completion activity, general cost inflation as well as timing of execution of low margin projects in the CPS segment.

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

Gain on Sale of Property, Plant and Equipment

	Three months ended September 30			Nine months ended September 30		
	2025	2024	Change	2025	2024	Change
Gain on sale of property, plant and equipment	\$ 260	\$ 144	81%	\$ 2,062	\$ 1,144	80%
Proceeds on the sale of property, plant and equipment	\$ 1,016	\$ 156	551%	\$ 3,910	\$ 1,705	129%

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

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

Finance Costs

	Three months ended September 30			Nine months ended September 30		
	2025	2024	Change	2025	2024	Change
Finance costs, net	\$ 1,195	\$ 2,330	(49%)	\$ 3,921	\$ 6,318	(38%)

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

Income Taxes and Net Income

	Three months ended September 30			Nine months ended September 30		
	2025	2024	Change	2025	2024	Change
Current income tax expense	\$ 3,248	\$ 2,072	57%	\$ 10,916	\$ 7,090	54%
Deferred income tax expense (recovery)	585	3,344	(83%)	4,332	1,063	308%
Total income tax expense (recovery)	\$ 3,833	\$ 5,416	(29%)	\$ 15,248	\$ 8,153	87%
Net income	\$ 14,584	\$ 19,706	(26%)	\$ 50,622	\$ 50,623	-

"nm" - calculation not meaningful

The current income tax expense for the third quarter and first nine months of 2025 was higher as compared to 2024 due to higher pre-tax income in jurisdictions with higher income tax rates and changes to non-capital loss applicability rules in the U.S. The lower deferred income tax expense during the third quarter of 2025 as compared to the same quarter last year was primarily due to lower non-capital losses utilization in Canada and U.S. The higher deferred income tax expense during the first nine months of 2025 as compared to 2024 is primarily due to a year over year increase in utilization of tax losses in Australia.

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 2025	June 30 2025	March 31 2025	December 31 2024
Revenue	\$ 260,702	\$ 250,416	\$ 251,909	\$ 246,816
Operating income	19,352	22,314	26,063	15,892
EBITDA ⁽¹⁾	42,907	45,396	50,488	40,565
Cashflow	41,362	38,410	44,934	43,413
Cash provided by operating activities	57,507	24,098	57,550	38,743
Net income	14,584	17,086	18,952	10,102
Attributable to shareholders	14,504	17,111	18,966	10,116
Per share data (diluted)				
EBITDA ⁽¹⁾	\$ 1.13	\$ 1.20	\$ 1.31	\$ 1.04
Cashflow	1.09	1.02	1.16	1.12
Net income attributable to shareholders	0.38	0.45	0.49	0.26
Financial Position				
Total Assets	\$ 1,015,387	\$ 949,889	\$ 999,571	\$ 937,708
Long-Term Debt and Lease Liabilities (excluding current portion)	98,197	108,740	78,941	79,171
Working Capital ⁽²⁾	113,535	111,804	83,552	78,737
Net Debt ⁽¹⁾	–	–	–	434
Shareholders' Equity	594,111	581,475	586,256	571,043
Common Shares (000's)⁽³⁾				
Basic	37,159	37,341	38,041	38,171
Diluted	37,890	37,820	38,685	38,828

(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 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.

Indigenous Partnerships

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

SEGMENTED RESULTS

Contract Drilling Services

	Three months ended September 30			Nine months ended September 30		
	2025	2024	Change	2025	2024	Change
Revenue	\$ 82,374	\$ 86,634	(5%)	\$ 244,683	\$ 235,734	4%
Canada	34,620	46,574	(26%)	111,734	129,481	(14%)
United States	1,861	9,128	(80%)	10,472	29,509	(65%)
Australia	45,893	30,932	48%	122,477	76,744	60%
Operating income (loss)	\$ 7,769	\$ 8,262	(6%)	\$ 23,516	\$ 22,630	4%
Canada	2,746	5,291	(48%)	10,596	15,595	(32%)
United States	(2,485)	(63)	nm	(5,689)	1,186	nm
Australia	7,508	3,034	147%	18,609	5,849	218%
Operating days ⁽¹⁾	2,326	2,836	(18%)	7,044	7,687	(8%)
Canada	1,407	1,861	(24%)	4,252	4,954	(14%)
United States	62	328	(81%)	353	1,033	(66%)
Australia	857	647	32%	2,439	1,700	43%
Revenue per operating day ⁽¹⁾ , dollars	\$ 35,414	\$ 30,548	16%	\$ 34,736	\$ 30,667	13%
Canada	24,606	25,026	(2%)	26,278	26,137	1%
United States	30,016	27,829	8%	29,666	28,566	4%
Australia	53,551	47,808	12%	50,216	45,144	11%
Utilization	25%	29%	(14%)	25%	27%	(7%)
Canada	21%	27%	(22%)	21%	24%	(13%)
United States	6%	30%	(80%)	11%	31%	(65%)
Australia	55%	41%	34%	53%	46%	15%
Rigs, average for period	102	105	(3%)	102	103	(1%)
Canada	73	76	(4%)	73	77	(5%)
United States	12	12	-	12	12	-
Australia	17	17	-	17	14	21%

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

"nm" - calculation not meaningful

CDS segment revenue for the third quarter of 2025 decreased as compared to 2024. This was primarily due to a slow down in North American drilling activity which was partially offset by increased revenue per operating day in U.S. as well as increased utilization and pricing in Australia following the deployment of upgraded equipment. CDS revenue for the first nine months of 2025 increased compared to the same period in 2024 as a result of increased Australian activity and revenue per operating day following the acquisition of Saxon as well as the reactivation of upgraded drilling rigs contracted at higher day rates. Segment operating income for the third quarter of 2025 was lower than 2024 primarily due to lower North American drilling activity which was partially offset by improved Australian results. Increased operating income for the first nine months of 2025 was due to a material increase in Australian operating income that more than offset a decline in North American operating income.

In Canada, revenue in the third quarter and first nine months of 2025 was lower than 2024 due to decreased activity levels resulting from a modest loss of market share in more competitive areas of the Canadian market. Operating income for the third quarter of 2025 was lower compared to 2024 primarily due to decreased utilization and pricing as a

result of a change in the mix of operating equipment and competitive pricing in certain classes of rigs. Financial results for the first nine months of 2025 were lower than 2024 primarily as a result of reduced utilization.

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

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

Rentals and Transportation Services

	Three months ended September 30			Nine months ended September 30		
	2025	2024	Change	2025	2024	Change
Revenue	\$ 21,041	\$ 19,437	8%	\$ 60,251	\$ 59,614	1%
Canada	13,899	12,973	7%	36,944	37,444	(1%)
United States	7,142	6,464	10%	23,307	22,170	5%
Operating income (loss)	\$ 2,064	\$ 2,983	(31%)	\$ 5,977	\$ 7,886	(24%)
Canada	2,065	2,325	(11%)	3,487	3,859	(10%)
United States	(1)	658	nm	2,490	4,027	(38%)
Pieces of rental equipment	8,050	7,960	1%	8,050	7,960	1%
Canada	6,867	7,040	(2%)	6,867	7,040	(2%)
United States	1,183	920	29%	1,183	920	29%
Rental equipment utilization	19%	19%	–	18%	18%	–
Canada	17%	18%	(6%)	15%	16%	(6%)
United States	30%	29%	3%	32%	33%	(3%)
Heavy trucks	62	67	(7%)	62	67	(7%)
Canada	40	46	(13%)	40	46	(13%)
United States	22	21	5%	22	21	5%

"nm" - calculation not meaningful

Revenue from the RTS segment for the third quarter and first nine months of 2025 increased as compared to the same periods in 2024 due primarily to stable utilization supported by increased revenue per utilized piece of equipment as a result of changes in the mix of equipment operating. Offsetting the decline in U.S. industry activity was the acquisition of 280 pieces of major rental equipment located in Oklahoma on June 10, 2025.

Operating income in Canada decreased during the third quarter and the first nine months as compared to the same period of 2024 due to lower activity and increased cost due to changes in the mix of equipment operating and general cost inflation. In the U.S., third quarter and first nine months operating income for 2025 decreased compared to 2024 due to a change in the mix of equipment operating and general cost inflation.

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

Compression and Process Services

	Three months ended September 30			Nine months ended September 30		
	2025	2024	Change	2025	2024	Change
Revenue	\$ 125,801	\$ 110,567	14%	\$ 365,250	\$ 297,547	23%
Canada	71,029	53,726	32%	177,500	119,888	48%
United States	54,772	56,841	(4%)	187,750	177,659	6%
Operating income	\$ 11,896	\$ 16,469	(28%)	\$ 43,499	\$ 39,587	10%
Canada	7,438	6,638	12%	19,941	9,033	121%
United States	4,458	9,831	(55%)	23,558	30,554	(23%)
Operating income, % of revenue	9%	15%	(40%)	12%	13%	(8%)
Canada	10%	12%	(17%)	11%	8%	38%
United States	8%	17%	(53%)	13%	17%	(24%)
Horsepower of equipment on rent at period end	51,313	52,881	(3%)	51,313	52,881	(3%)
Canada	23,763	16,661	43%	23,763	16,661	43%
United States	27,550	36,220	(24%)	27,550	36,220	(24%)
Rental equipment utilization during the period (HP)	75%	77%	(3%)	69%	77%	(10%)
Canada	78%	72%	8%	66%	70%	(6%)
United States	73%	79%	(8%)	71%	80%	(11%)
Sales backlog at period end, \$ million	\$ 380.8	\$ 189.0	101%	\$ 380.8	\$ 189.0	101%

Third quarter and first nine months CPS segment revenue for 2025 was higher than 2024 due to increased North American fabrication sales and parts and service activity that more than offset a decrease in compression rental activity. The quarter end fabrication sales backlog increased to \$380.8 million compared to the \$189.0 million backlog at September 30, 2024. Sequentially the quarter-end fabrication sales backlog increased by \$76.9 million, or 25%, compared to the \$303.9 million backlog at June 30, 2025. The timeline for conversion of the sales backlog into revenue varies from order to order and often changes due to factors outside of the Company's control.

Operating income decreased during the third quarter of 2025 as compared to 2024 primarily due to the negative impact of the weakening Canadian dollar relative to U.S. dollar on cost of services, general cost inflation and the timing of the execution of certain low margin fabrication projects. Operating income increased in Canada during the third quarter and nine months of 2025 compared to 2024 as a result of improved fabrication sales margins and increased parts and service activity. U.S. operating income decreased in the third quarter and first nine months of 2025 due primarily to the year over year decrease in compression horsepower on rent and execution of lower margin jobs during the third quarter of 2025. Positively impacting financial results was the weaker Canadian dollar relative to the U.S. dollar during the first nine months of 2025 compared to 2024.

Well Servicing

	Three months ended September 30			Nine months ended September 30		
	2025	2024	Change	2025	2024	Change
Revenue	\$ 31,486	\$ 25,302	24%	\$ 92,843	\$ 67,065	38%
Canada	12,237	12,850	(5%)	37,108	35,797	4%
United States	1,312	2,251	(42%)	5,245	8,160	(36%)
Australia	17,937	10,201	76%	50,490	23,108	118%
Operating income (loss)	\$ 2,231	\$ 2,497	(11%)	\$ 5,938	\$ 4,099	45%
Canada	1,506	2,307	(35%)	4,401	5,041	(13%)
United States	(652)	(335)	95%	(1,687)	(905)	86%
Australia	1,377	525	162%	3,224	(37)	nm
Service hours ⁽¹⁾	29,298	24,680	19%	85,806	67,307	27%
Canada	13,702	13,412	2%	40,396	37,229	9%
United States	1,405	2,613	(46%)	5,697	9,243	(38%)
Australia	14,191	8,655	64%	39,713	20,835	91%
Revenue per service hour, dollars	\$ 1,075	\$ 1,025	5%	\$ 1,082	\$ 996	9%
Canada	893	958	(7%)	919	962	(4%)
United States	934	861	8%	921	883	4%
Australia	1,264	1,179	7%	1,271	1,109	15%
Utilization ⁽²⁾	29%	27%	7%	29%	25%	16%
Canada	27%	27%	–	27%	24%	13%
United States	13%	24%	(46%)	17%	31%	(45%)
Australia	54%	33%	64%	51%	26%	96%
Rigs, average for period	79	79	–	79	79	–
Canada	55	55	–	55	56	(2%)
United States	12	12	–	12	11	9%
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.

Third quarter and first nine months WS segment revenue increased in 2025 compared to 2024 due to the reactivation of several upgraded service rigs in Australia and increased utilization in Canada during the first nine months of 2025. WS operating income decreased for the third quarter of 2025 as compared to 2024. This was primarily due to decreased pricing in Canada and lower utilization in the U.S. Segment operating income for the first nine months increased in 2025 as compared to 2024 due to increased Australian activity and higher pricing received for upgraded Australian rigs and increased Canadian activity that was partially offset by lower U.S. activity.

Canadian revenue for the third quarter decreased as compared to 2024. This was primarily due to decreased revenue per service hour due to competitive market conditions and changes in the mix of equipment operating. WS Canadian revenue increased during the first nine month of 2025 compared to 2024 due to increased activity levels that was somewhat offset by lower pricing due to competitive market conditions.

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

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

Corporate

	Three months ended September 30			Nine months ended September 30		
	2025	2024	Change	2025	2024	Change
Operating loss	\$ (4,608)	\$ (2,903)	59%	\$ (11,201)	\$ (10,252)	9%

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

LIQUIDITY AND CAPITAL RESOURCES

Cash Provided by Operating Activities and Cashflow

	Three months ended September 30			Nine months ended September 30		
	2025	2024	Change	2025	2024	Change
Cash provided by operating activities	\$ 57,507	\$ 60,353	(5%)	\$ 139,155	\$ 127,177	9%
Per share (diluted)	\$ 1.52	\$ 1.53	(1%)	\$ 3.65	\$ 3.17	15%
Cashflow	\$ 41,362	\$ 48,091	(14%)	\$ 124,706	\$ 119,022	5%
Per share (diluted)	\$ 1.09	\$ 1.22	(11%)	\$ 3.27	\$ 2.97	10%

The changes in cash provided by operating activities were due primarily to changes in the working capital requirements of the various business segments. Cash flow decreased during the three months ending September 30, 2025 as compared to the same period in 2024 as a result of lower EBITDA. Cashflow increased during the nine months ended September 30, 2025 as compared to 2024 due primarily to higher EBITDA. Cash flow generated from operating activities decreased during the third quarter of 2025 as compared to the same period in 2024 primarily due to an increase in the working capital requirements in the CPS segment needed to execute on the increased backlog of fabrication orders. Cash flow generated from operating activities increased during the first nine month of 2025 as compared to the same period in 2024 as a result of higher EBITDA and the timing of monetizing working capital.

Investing Activities

	Three months ended September 30			Nine months ended September 30		
	2025	2024	Change	2025	2024	Change
Net cash used in investing activities	\$ (13,910)	\$ (14,985)	(7%)	\$ (65,627)	\$ (107,423)	(39%)
Proceeds from sale of PP&E	\$ 1,016	\$ 156	551%	\$ 3,910	\$ 1,705	129%
Purchase of PP&E and Acquisition	\$ (17,157)	\$ (14,700)	17%	\$ (77,926)	\$ (112,388)	(31%)

Net cash used in investing activities in the third quarter of 2025 was \$1.0 million lower than the prior year primarily due to higher proceeds from the sale of PP&E. Net cash used in investing activity decreased during first nine months of 2025 as compared to 2024 due primarily to \$47.4 million cash paid on the acquisition of Saxon in March of 2024 and a

\$2.2 million increase in proceeds on disposal of PP&E in the first nine months of 2025. This decrease was partially offset by a \$7.8 million increase in purchases of PP&E net of change in non-cash working capital balances related primarily to the purchase of certain Oklahoma rental assets in June 2025 and upgrade of drilling equipment. Proceeds from the sale of PP&E are derived primarily from the disposal of equipment in the ordinary course of business and the replacement and upgrade of older equipment in the Company's fleet.

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

	Three months ended September 30			Nine months ended September 30		
	2025	2024	Change	2025	2024	Change
CDS	\$ 10,929	\$ 9,184	19%	\$ 44,213	\$ 30,762	44%
RTS	1,025	2,269	(55%)	15,276	7,442	105%
CPS	1,582	1,076	47%	3,630	15,263	(76%)
WS	3,599	2,171	66%	14,756	11,571	28%
Corporate	22	–	nm	51	–	nm
Purchase of PP&E	\$ 17,157	\$ 14,700	17%	\$ 77,926	\$ 65,038	20%

"nm" - calculation not meaningful

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

During the 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.

Capital spending for the three and nine months ended September 30, 2025 was funded by cash flow and \$1.0 million and \$3.9 million, respectively, of proceeds from the sale of PP&E.

Financing Activities

	Three months ended September 30			Nine months ended September 30		
	2025	2024	Change	2025	2024	Change
Net cash (used in) provided by financing activities	\$ (20,668)	\$ (8,253)	150%	\$ (54,860)	\$ (5,810)	844%

During the first nine months of 2025 net cash used in financing activities related primarily to the repayment of a \$40.4 million mortgage loan that matured in April 2025 together with \$0.8 million of accrued interest related thereto as well as the payment of \$10.9 million for dividends and \$13.7 million for the repurchase of common shares. The loan repayment was financed by \$11.2 million cash on hand and a \$30 million draw on the Company's primary revolving credit facility. During the first nine months of 2024 the net cash used in financial activities included a net \$49.5 million draw of long-term debt during the first quarter of 2024 that was used to fund the acquisition of Saxon, \$17.9 million payment on share repurchases, \$10.3 million dividend payment and the payment of \$10.5 million of interest relating to the Canada Revenue Agency ("CRA") re-assessments of certain of the Company's income tax filings related to its conversion from an income trust to a corporation in 2009.

Liquidity and Capital Resources

The Company had a working capital surplus of \$113.5 million as at September 30, 2025 compared to \$78.7 million as at December 31, 2024. As at September 30, 2025 and the date of this MD&A, the Company was in compliance with all debt covenants.

On June 19, 2017 the Company entered into a three-year \$225 million revolving syndicated credit facility (the "Credit Facility"). Following several renewals and at the request of the Company the Credit Facility was reduced to \$170 million and the maturity date extended to November 10, 2026. The Credit Facility includes a Canadian \$18 million operating line, an Australian \$2 million operating line and a Canadian \$150 million revolving facility. The Company has the option to increase such facility by \$75 million subject to certain terms and conditions, including the agreement of the lenders to increase their commitments. The Credit Facility bears interest at the banks' Canadian prime rate plus 0.25% to 1.25%, bankers' acceptances, letters of credit, LIBOR or BBSY advances plus a 1.5% to 2.5% stamping fee. The applicable interest rate within such ranges is dependent on certain financial ratios of the Company. A standby fee ranging from 0.25% to 0.5% per annum is paid quarterly on the unused portion of the facility depending on certain financial ratios of the Company. In January of 2024, term CORRA rates have replaced bankers' acceptances and SOFR rates replaced LIBOR, with no changes in pricing or premiums. At September 30, 2025, the applicable interest rate on amounts drawn on the Credit Facility was 4.50% and the standby rate was 0.25%. Letters of credit ("LOC") of \$0.3 million were outstanding at September 30, 2025 which reduces the amount of credit available under the Credit Facility by an equivalent amount.

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

In August of 2018 a U.S. \$20 million letter of credit facility was established (the "LOC Facility"). LOCs issued pursuant to the LOC Facility do not reduce availability under the Credit Facility. In April of 2020 this facility was reduced at the request of the Company to U.S. \$10 million. At September 30, 2025 \$2.9 million Canadian dollars of LOCs were outstanding under the LOC Facility (December 31, 2024: \$2.5 million).

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

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

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

	September 30, 2025	
	Interest rate	Principal Amount
Credit Facility	4.50%	\$ 90,000

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

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

	September 30, 2025	Threshold
Twelve-month trailing Bank EBITDA to interest expense	36.47	minimum 3.00
Total Senior Debt to twelve-month trailing Bank EBITDA	0.25	maximum 3.00

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

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

Subsequent to September 30, 2025 the Credit Facility was extended to January 10, 2029.

Dividends

On March 6, 2025 the Board of Directors increased the dividend by 11% and declared a dividend of \$0.10 per share for the quarter ended March 31, 2025. On August 5, 2025, the Board of Directors declared a dividend of \$0.10 per share for the quarter ended September 30, 2025. 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, 2025 the Company had the following contractual obligations:

	Payments due by year					
	Total	2025	2026	2027	2028	2029 and after
Long-term debt and bank indebtedness	\$ 90,000	\$ –	\$ 90,000	\$ –	\$ –	\$ –
Commitments ⁽¹⁾	100	38	54	7	1	–
Lease liabilities	14,669	1,789	6,156	4,225	2,197	302
Purchase obligations ⁽²⁾	73,382	73,382	–	–	–	–
Total contractual obligations	\$ 178,151	\$ 75,209	\$ 96,210	\$ 4,232	\$ 2,198	\$ 302

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

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

OFF-BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

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

OUTSTANDING COMPANY SHARE DATA

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

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

Outstanding at September 30, 2025	Exercise Price	Remaining life (years)	Exercisable at September 30, 2025
308,333	\$ 3.72	0.90	308,333
705,000	7.46	1.90	705,000
80,000	6.42	2.00	50,000
1,255,000	10.06	2.90	820,000
2,348,333	\$ 8.32	2.31	1,883,333

OUTLOOK

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

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

RISK FACTORS AND RISK MANAGEMENT

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

Industry Conditions

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

Credit Risk

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

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

The Company's allowance for doubtful accounts receivable at September 30, 2025 was \$1.5 million, which is consistent with the balance at December 31, 2024.

CRITICAL ACCOUNTING ESTIMATES

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

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

Critical Judgments in Applying Accounting Policies

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

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

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

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

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

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

Key Sources of Estimation Uncertainty

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

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

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

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

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

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

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

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

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

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

FUTURE ACCOUNTING POLICIES CHANGES

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

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	
	2025	2024	2025	2024
EBITDA				
Net income	\$ 14,584	\$ 19,706	\$ 50,622	\$ 50,623
Add back:				
Depreciation	23,295	23,091	69,000	66,186
Finance costs, net	1,195	2,330	3,921	6,318
Income tax expense	3,833	5,416	15,248	8,153
EBITDA	\$ 42,907	\$ 50,543	\$ 138,791	\$ 131,280

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

	As at Sept 30, 2025
Net Debt	
Long-term debt	\$ 90,000
Lease liabilities	8,197
Add back (deduct):	
Current liabilities	263,132
Current assets	(376,667)
Net Debt (Asset)	\$ (15,338)

RESPONSIBILITY OF MANAGEMENT AND THE BOARD OF DIRECTORS

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

Internal Control Over Financial Reporting ("ICFR")

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

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS

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

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