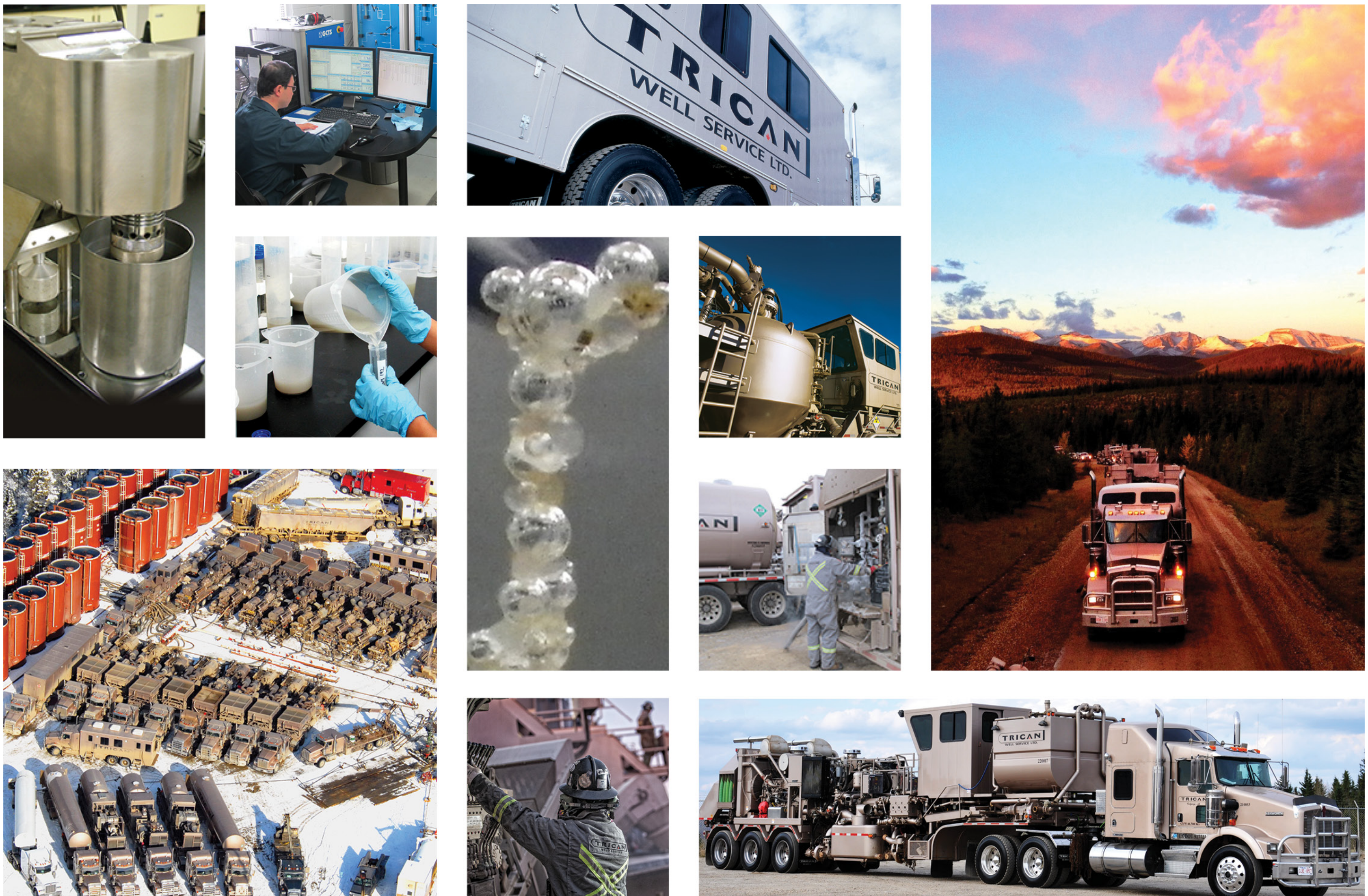

TRICAN WELL SERVICE LTD.

Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Trican Well Service Ltd. (the "Company" or "Trican") is responsible for the preparation and integrity of the accompanying consolidated financial statements and all other information contained in these consolidated financial statements. The consolidated financial statements have been prepared in conformity with IFRS Accounting Standards and include amounts that are based on management's informed judgments and estimates where necessary.

The Company maintains internal accounting control systems which are adequate to provide reasonable assurance that assets are safeguarded, transactions are executed in accordance with management's authorization and accounting records are reliable as a basis for the preparation of the consolidated financial statements.

The Board of Directors, through its Audit Committee, monitors management's financial and accounting policies and practices and the preparation of these consolidated financial statements. The Audit Committee meets periodically with the external auditors and management to review the work of each and the propriety of the discharge of their responsibilities. Specifically, the Audit Committee reviews with management and the external auditors the consolidated financial statements and management's discussion and analysis of the Company prior to submission to the Board of Directors for final approval. The external auditors have full and free access to the Audit Committee to discuss auditing and financial reporting matters.

The shareholders have appointed KPMG LLP as the external auditors of the Company and, in that capacity, they have examined the consolidated financial statements for the year ended December 31, 2023. The Auditor's Report to the shareholders is presented herein.

SIGNED "BRADLEY P.D. FEDORA"
BRADLEY P.D. FEDORA
CHIEF EXECUTIVE OFFICER

SIGNED "SCOTT E. MATSON"
SCOTT E. MATSON
CHIEF FINANCIAL OFFICER

February 21, 2024

KPMG LLP
205 5th Avenue SW
Suite 3100
Calgary AB T2P 4B9
Tel 403-691-8000
Fax 403-691-8008
www.kpmg.ca

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of Trican Well Service Ltd.

Opinion

We have audited the consolidated financial statements of Trican Well Service Ltd. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2023 and 2022
- the consolidated statements of comprehensive profit for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor’s report.

Revenue

Description of the matter

We draw your attention to note 2 to the financial statements. The Entity’s revenue comprises services and other revenue which is sold based on fixed or agreed upon priced purchase orders or contracts with the customer. Revenue is considered recognized over time when services are provided at the applicable rates as stipulated in the contract. Revenue is recognized daily upon completion of services and does not include provisions for significant post-service delivery options. Revenue during the year ended December 31, 2023 totaled $973 million.

Why the matter is a key audit matter

We identified revenue as a key audit matter. Revenue is considered a key audit matter as it required significant auditor attention in performing the audit given the magnitude of revenue transactions and the overall significance of revenue to the financial performance of the entity.

How the matter was addressed in the audit

The following are the primary procedures we performed to address this key audit matter:

- We agreed a sample of the amounts recognized as revenue to supporting documentation including cash receipts, if the invoice was paid by the customer at the time of completing the procedure

- We assessed the timing of revenue recognized in the period by agreeing a selection of revenue transactions recorded before December 31, 2023 and after December 31, 2023 to supporting documentation to determine if the revenue was recognized in the appropriate period.

Other Information

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor’s report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this auditor’s report is Shane Doig.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada
February 21, 2024

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Stated in thousands)	**As at December 31, 2023**	As at December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	**$88,750**	$58,114
Trade and other receivables (note 3)	**181,127**	175,441
Inventory (note 4)	**21,548**	24,687
Prepaid expenses	**6,202**	5,022
	297,627	263,264
Property and equipment (note 6)	**398,113**	396,033
Intangible assets	**—**	3,043
Right-of-use assets (note 5)	**14,703**	8,781
	$710,443	$671,121
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Trade and other payables (note 7)	**$103,650**	$90,906
Current tax liabilities (note 13)	**36,370**	—
Current portion of lease liabilities (note 5)	**4,418**	2,993
	144,438	93,899
Lease liabilities (note 5)	**13,718**	9,581
Loans and borrowings (note 8)	**—**	29,817
Deferred tax liabilities (note 13)	**31,861**	30,270
Share-based compensation liabilities (note 11)	**3,359**	2,884
Shareholders' equity		
Share capital (note 9)	**753,077**	829,203
Contributed surplus	**83,344**	85,794
Deficit	**(319,354)**	(410,327)
Total equity	**517,067**	504,670
	$710,443	$671,121

See accompanying notes to the consolidated financial statements.

APPROVED BY THE BOARD OF DIRECTORS

SIGNED "THOMAS M. ALFORD"
THOMAS M. ALFORD
CHAIR OF THE BOARD AND DIRECTOR

SIGNED "MICHAEL J. MCNULTY"
MICHAEL J. MCNULTY
CHAIR OF THE AUDIT COMMITTEE AND DIRECTOR

CONSOLIDATED STATEMENTS OF COMPREHENSIVE PROFIT

(Stated in thousands, except per share amounts)	Year ended December 31, 2023	2022
Revenue	**$972,681**	$866,295
Cost of sales (note 12)	**697,972**	639,190
Cost of sales – depreciation and amortization (note 12)	**73,557**	76,764
Gross profit	**201,152**	150,341
Administrative expenses (note 12)	**39,693**	39,848
Administrative expenses – depreciation (note 12)	**3,646**	3,460
Other income	**(3,802)**	(3,145)
Results from operating activities	**161,615**	110,178
Finance cost (note 17)	**2,587**	2,570
Foreign exchange loss / (gain)	**58**	(274)
Profit before income tax	**158,970**	107,882
Current income tax expense (note 13)	**36,370**	—
Deferred income tax expense (note 13)	**1,591**	28,667
Profit for the period	**$121,009**	$79,215

Earnings per share – basic and diluted (note 10)		
Net profit – basic	**$0.56**	$0.33
Net profit – diluted	**$0.55**	$0.32
Weighted average shares outstanding – basic	**216,910**	241,410
Weighted average shares outstanding – diluted	**221,451**	246,655

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Stated in thousands)	Share capital	Contributed surplus	Deficit	Total equity
Balance at January 1, 2022	$893,848	$87,796	($492,244)	$489,400
Profit for the period	—	—	79,215	79,215
Share-based compensation expense	—	1,222	—	1,222
Share options exercised	7,049	(2,610)	—	4,439
Shares purchased and cancelled under Normal Course Issuer Bid	(71,694)	—	2,702	(68,992)
Share-based compensation change in classification from equity-settled to cash-settled	—	(614)	—	(614)
Balance at December 31, 2022	$829,203	$85,794	($410,327)	$504,670
Balance at January 1, 2023	**$829,203**	**$85,794**	**($410,327)**	**$504,670**
Profit for the period	**—**	**—**	**121,009**	**121,009**
Share-based compensation expense	**—**	**587**	**—**	**587**
Share options exercised	**6,638**	**(3,037)**	**—**	**3,601**
Shares purchased and cancelled under Normal Course Issuer Bid	**(82,764)**	**—**	**4,307**	**(78,457)**
Dividends paid	**—**	**—**	**(34,343)**	**(34,343)**
Balance at December 31, 2023	**$753,077**	**$83,344**	**($319,354)**	**$517,067**

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Stated in thousands)	Year ended December 31, **2023**	2022
Cash provided by / (used in):		
Operations		
Profit for the period	**$121,009**	$79,215
Charges to income not involving cash:		
Depreciation and amortization	**77,203**	80,224
Share-based compensation (note 11)	**587**	1,222
Gain on disposal of property and equipment	**(1,112)**	(2,455)
Finance cost (note 17)	**2,587**	2,570
Unrealized foreign exchange loss	**103**	338
Deferred tax expense (note 13)	**1,591**	28,667
Net change in other liabilities	**475**	(2,884)
Change in inventory	**3,139**	(5,646)
Change in trade and other receivables	**(5,686)**	(47,648)
Change in prepaid expenses	**(1,180)**	(1,001)
Change in trade and other payables	**15,763**	21,132
Change in current tax liabilities (note 13)	**36,370**	—
Interest paid	**(2,393)**	(2,475)
Income tax received	**—**	973
Cash flow from operating activities	**$248,456**	$152,232
Investing		
Purchase of property and equipment	**(79,286)**	(103,620)
Proceeds from the sale of property and equipment	**7,469**	20,025
Net change in non-cash working capital	**(3,270)**	(2,203)
Cash flow used in investing activities	**($75,087)**	($85,798)
Financing		
Net proceeds from issuance of share capital on exercise of options	**3,601**	4,439
Revolving Credit Facility (repayment) / proceeds	**(29,864)**	30,000
Payment of leases	**(3,670)**	(3,277)
Purchase and cancellation of shares under Normal Course Issuer Bid	**(78,457)**	(68,992)
Dividends paid	**(34,343)**	—
Cash flow used in financing activities	**($142,733)**	($37,830)
Increase in cash and cash equivalents	**30,636**	28,604
Cash and cash equivalents, beginning of period	**58,114**	29,510
Cash and cash equivalents, end of period	**$88,750**	$58,114

See accompanying notes to the consolidated financial statements.

NOTE 1 – NATURE OF BUSINESS AND BASIS OF PRESENTATION

Nature of Business

Trican Well Service Ltd. (the "Company" or "Trican") is an equipment services company incorporated under the laws of the province of Alberta. These consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly owned. The Company provides a comprehensive array of specialized products, equipment, services and technology for use in the drilling, completion, stimulation and reworking of oil and gas wells primarily through its pressure pumping operations in Canada.

Basis of Presentation

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

The consolidated financial statements have been prepared on a historical cost basis except for liabilities for cash-settled share-based payment arrangements which are measured at fair value in the consolidated statement of financial position.

The consolidated financial statements are presented in Canadian dollars and have been rounded to the nearest thousand, except where indicated. Certain figures have been reclassified to conform to the current presentation of these financial statements.

These consolidated financial statements were approved by the Board of Directors on February 21, 2024.

Critical Accounting Estimates and Judgments

The preparation of these consolidated financial statements in accordance with IFRS requires management to make judgments and estimates that could materially affect the amounts recognized in the financial statements. By their nature, judgments and estimates may change in light of new facts and circumstances in the internal and external environment. The following judgments and estimates are those deemed by management to be material to the Company's consolidated financial statements.

Judgments

Impairment

Significant judgment is required to assess when impairment indicators exist, and impairment testing is required. The assessment of impairment indicators is based on management's judgment of whether there are internal and external factors that would indicate that a cash generating unit ("CGU") and specifically the non-financial assets within the CGU, are impaired. The assessment of indicators considers revenue and earnings before finance costs, taxes, depreciation and amortization, foreign exchange gains and losses, other income/loss and equity-settled share based compensation ("adjusted EBITDA") for the CGU, expected industry activity levels, commodity price environment and market capitalization. The determination of a CGU is also based on management's judgment and is an assessment of the smallest group of assets that generate cash inflows independently of other assets. Significant judgment is also required to assess when indicators exist for specific assets that are inactive with no expectation of returning to active cash generating use. In determining the estimated recoverable amount for a specific asset that is inactive with no expectation of returning to active cash generating use, the Company uses recent market transactions, if available, or other valuation models.

Estimates

Estimates are more difficult to determine, and the range of potential outcomes can be wider, in periods of higher volatility and uncertainty. The impacts of the geopolitical conflicts in the Middle East and the Russian invasion of Ukraine has affected the energy markets, increased interest and inflation rates, and ongoing instability in supply chains resulting in higher level of volatility and uncertainty. Management has, to the extent reasonable, incorporated known facts and circumstances into the estimates made, however, actual results could differ from those estimates and those differences could be material.

Allowance for Doubtful Accounts

The Company's trade and other receivables are typically short-term in nature and the Company recognizes a combination of provision for anticipated losses and impairment related to historical losses for an amount equal to the lifetime expected credit losses ("ECL") on receivables for which there has been a significant increase in credit risk since initial recognition. The amount of ECL is sensitive to changes in circumstances of forecast economic conditions. Credit risk refers to the possibility that a customer or counterparty will fail to fulfill its obligations and as a result, create a financial loss for the Company. Information about the ECL on the Company's trade receivables is disclosed in note 14.

Impairment of Inventories

The Company regularly reviews the nature and quantities of inventory on hand and evaluates the net realizable value of items based on historical usage patterns, known changes to equipment or processes and customer demand for specific products. Significant or unanticipated changes in business conditions could impact the magnitude and timing of impairment recognized.

Depreciation and Amortization

Depreciation and amortization are calculated to write off the cost, less estimated residual value, of assets on a systematic and rational basis over their expected useful lives. Estimates of residual value and useful lives are based on data and information from various sources including industry practice and historic experience. Expected useful lives and residual values are reviewed annually for any change to estimates and assumptions. Although management believes the estimated useful lives of the Company's property and equipment are reasonable, it is possible that changes in estimates could occur, which may affect the expected useful lives and salvage values of the property and equipment.

Taxes

Deferred tax assets and liabilities contain estimates about the nature and timing of future permanent and temporary differences as well as the future tax rates that will apply to those differences. Changes in Canadian tax laws and rates, government rulings with respect to tax audits, as well as changes to the expected timing of reversals may have a significant impact on the amounts recorded for deferred tax assets and liabilities. Management closely monitors current and potential changes to Canadian tax law and bases its estimates on the best available information at each reporting date.

Climate

Climate-related risks and opportunities may have a future impact on the Corporation and its estimates and judgments, including but not limited to the useful life and residual value of its property and equipment and the measurement of projected cash flows when identifying impairment triggers, performing tests for impairment or impairment recoveries of non-financial assets. The Corporation evaluated the remaining useful lives and residual values of its property and equipment, concluding they remain reasonable given the current estimate of the demand period for oil and natural gas extractive services well exceeds their remaining useful lives.

In future periods, if indications of impairment of non-financial assets exist, the Corporation's measurement of projected cash flows may be exposed to higher estimation uncertainty, including but not limited to the Corporation's continued capital investment required to lower the carbon intensity of its property and equipment, growth expectations used to calculate terminal values and the Corporation's weighted average cost of capital.

NOTE 2 – MATERIAL ACCOUNTING POLICIES

The following is a summary of material accounting policies used in the preparation of these consolidated financial statements.

Inventory

The cost of inventory for products and spare parts are determined using weighted average cost. The cost of inventory for coiled tubing is determined at purchase price and is amortized over time based on usage. Inventory balances includes costs of purchase, and other costs incurred in bringing the inventory to its existing location and condition.

Inventory is measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price of inventory in the normal course of business, less estimated costs of completion and selling expenses.

Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage, slow moving or declining selling prices. When circumstances that caused inventories to be written down below cost no longer exists and there is clear evidence of increase in selling prices, the previously recorded write-down can be reversed.

Right-of-Use Assets and Lease Obligations

The Company recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement of the lease, discounted using the interest rate implicit in the lease or, if that rate can not be readily determined, at the Company's incremental borrowing rate. Payments are applied against the lease obligation and interest expense is recognized on the lease obligations using the effective interest method.

The Company does not recognize short-term leases with a term of 12 months or less, or leases of low-value assets.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset, and subsequent expenditures to the extent that they can be measured and future economic benefit is probable. The carrying values of replaced parts are derecognized when they are replaced. The cost of replacing a part of an item of property and equipment (componentization of major parts, etc.) is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. Repairs and maintenance expenditures, which do not extend the useful life of the property and equipment, are expensed in the period in which they are incurred.

Management bases the estimate of the useful life and salvage value of property and equipment, with the exception of land which is not depreciated, on expected utilization, technological change and effectiveness of maintenance programs. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (componentization of major parts, etc.) of property and equipment.

Depreciation is recognized in profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Depreciation is calculated using the straight-line method over the estimated useful life less residual value of the asset as follows:

Buildings and improvements	20 years
Equipment	2 to 15 years
Furniture and fixtures	2 to 15 years

Residual value varies depending upon the underlying asset and is generally a percentage of the original cost of the asset (5% - 20%).

Depreciation methods, useful lives and residual values are reviewed each financial year end and adjusted if appropriate.

Costs related to assets under construction are capitalized when incurred. These assets are not depreciated until they are complete and available for use in the manner intended by management. When this occurs, the asset is transferred to property and equipment and classified by the nature of the asset.

Impairment of Non-Financial Assets

The carrying amounts of the Company's non-financial assets including right-of-use assets and property and equipment are reviewed at each reporting date to determine whether impairment indicators exist, and impairment testing is required for a CGU. If any such indication exists, then the CGUs recoverable amount is estimated. The Company reviews for indicators of impairment with respect to specific assets, that are inactive with no expectation of returning to active cash generating use, at each reporting date.

The recoverable amount of a CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the Company uses a discounted cash flow model with significant assumptions including the forecasted revenue growth rates, forecasted adjusted EBITDA, forecasted sustaining capital and using a discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU. The recoverable amount for specific assets is determined based on fair value less costs to sell with reference to recent market transactions, if available, or other valuation models.

In assessing fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate approach to valuation is used, which may include internal valuation estimates.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or non-financial assets within the CGU are considered impaired and their carrying amount is reduced to their recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis and is based on the carrying amount of each asset in the unit.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the assumptions or data used to determine the estimated recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Financial Instruments

Financial Assets

The Company's financial assets which consists of cash and cash equivalents and trade and other accounts receivables are initially recorded at fair value and subsequently measured at amortized cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Impairment of Financial Assets

A lifetime ECL is recognized on financial assets when there is objective evidence of a significant increase in credit risk as a result of one or more events that occurred after the initial recognition of the asset.

Evidence of impairment would include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor will enter bankruptcy, adverse changes in the payment status of borrowers or economic conditions that correlate with defaults.

Non-Derivative Financial Liabilities

Financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition financial liabilities are measured at amortized cost using the effective interest rate method. Transaction costs related to the issuance of any long term debt are netted against the carrying value of the associated long term debt and amortized as part of financing costs over the life of the debt using the effective interest rate method.

The Company has the following non-derivative financial liabilities: lease liabilities, loans and borrowings and trade and other payables.

Revenue Recognition

The Company's revenue comprises services and other revenue which is sold based on fixed or agreed upon priced purchase orders or contracts with the customer. Revenue is considered recognized over time when services are provided at the applicable rates as stipulated in the contract. In general, the Company does not enter into long-term contracts. Revenue is recognized daily upon completion of services. Operating days are measured through field tickets. Customer contract terms do not include provisions for significant post-service delivery obligations. The Company generates revenue primarily from pressure pumping and other related services and has one reportable segment.

Finance Costs

Finance costs are made up of amortization of debt issue costs, interest expense on borrowings, lease interest, fees charged in connection with early extinguishment of debt and impairment losses recognized on financial assets other than trade receivables.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit and loss using the effective interest method.

Taxes

The Company uses the liability method of accounting for income taxes. Under the liability method, deferred income tax assets and liabilities are recognized as the difference between the carrying amounts of assets and liabilities and their respective income tax basis (temporary differences). A deferred tax asset may also be recognized for the benefit expected from unused tax losses available for carry forward, to the extent that it is probable that future taxable earnings will be available against which the tax losses can be applied.

Deferred income tax assets and liabilities are measured based on income tax rates and tax laws that are enacted or substantively enacted by the end of the reporting period and that are expected to apply in the years in which temporary differences are expected to be realized or settled. Deferred income tax assets are reviewed at each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Tax interpretations, regulations and legislation in the various jurisdictions in which the Company and its subsidiaries operate are subject to change. As such, taxes are subject to measurement uncertainty and the interpretations can impact net earnings through the income and other tax expense arising from changes in deferred income and other tax assets or liabilities.

Share-Based Payment Transactions

The Company has a share option plan and accounts for share options by expensing the fair value of share options measured using a Black Scholes option pricing model. For equity-settled options, the fair value of the share options is determined on their grant date and is recognized in administrative expense and in shareholders' equity over the vesting period.

The share option plan permits the participants to elect to dispose of vested options for an amount in cash equal to the increase in the share price of the Company between grant date and the time of exercise less any applicable withholding taxes and deductions. The Company maintains the right to reject the participant's request to dispose of the vested options in cash. If rejected, these participant's retain their exercise rights, enabling them to exercise their stock options and settle via equity or defer their exercise.

The Company determines the likelihood of participants electing to dispose of vested options for an amount in cash at each financial position date. Based on this determination, the Company reclassifies, at the date of modification, an amount equal to the fair value of the liability from equity to liabilities. Subsequently, at each reporting date between date of modification and settlement date, the fair value of the liability is re-measured with any changes in fair value recognized in profit and loss for the period.

The Company has a cash-settled deferred share unit ("DSU") plan for its Directors. Under the terms of the deferred share unit plan, DSUs granted will vest immediately. The fair value of the DSUs granted is expensed into income in the period of grant and at each reporting date between grant date and settlement, the fair value of the liability is re-measured with any changes in fair value recognized in profit or loss for the period. DSU grants will be settled in cash in the amount equal to the volume-weighted-average trading price of the common shares of the Company for the twenty trading days preceding the date the Director(s) specifies upon tendering their resignation from the Board "Redemption Date". The Redemption Date must be after the date the Director(s) files the notice of redemption with the Company and between the Director's resignation date and December 15th of the first calendar year commencing after the Director's resignation date.

The Company has a cash-settled restricted share unit ("RSU") plan for its employees. Under the terms of the restricted share unit plan, RSUs granted will vest in three equal portions on the first, second and third anniversary of the grant date. RSU grants will be settled in cash in the amount equal to the volume-weighted-average trading price of the common shares of the Company for the twenty trading days preceding the particular vesting date of the award. The fair value of the RSUs granted is expensed into income over the same period that the units vest and at each reporting date between grant date and settlement, the fair value of the liability is re-measured with any changes in fair value recognized in profit or loss for the period.

The Company has a cash-settled performance share unit ("PSU") plan for Executive Officers of the Company. Under the terms of the performance share unit plan, PSUs granted will vest on the third anniversary of the grant date in accordance subject to applicable performance conditions, which include financial performance of the Corporation, including shareholder return, graduated by a percentage range from 0% to 200%. PSU grants will be settled in cash in the amount equal to the volume-weighted-average trading price of the common shares of the Company for the twenty trading days preceding the particular vesting date of the award. The fair value of the PSUs granted is expensed into income evenly over the same period that the units vest and at each reporting date between grant date and settlement, the fair value of the liability is re-measured with any changes in fair value recognized in profit or loss for the period.

NOTE 3 – TRADE AND OTHER RECEIVABLES

	As at December 31,	
(Stated in thousands)	**2023**	2022
Trade receivables	**$183,249**	$177,484
Allowance for doubtful accounts (note 14)	**(2,122)**	(2,043)
Total	**$181,127**	$175,441

The Company's exposure to credit risk related to trade and other receivables is disclosed in note 14.

NOTE 4 – INVENTORY

	As at December 31,	
(Stated in thousands)	**2023**	2022
Chemicals and consumables	**$13,112**	$15,206
Parts	**5,753**	7,186
Coiled tubing	**2,683**	2,295
Total	**$21,548**	$24,687

The total amount of inventory recognized as cost of sales during the year was $333.8 million (2022 - $292.5 million).

The Company reviews the carrying value of inventory on a quarterly basis to verify that inventory is measured at the lower of cost or net realizable value. The Company adjusted its spare parts reserve to $1.6 million at December 31, 2023 from $2.6 million at December 31, 2022 to reflect the consumption of parts during the year and the parts inventory balance on hand at December 31, 2023.

NOTE 5 – RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(Stated in thousands)	Property	Vehicles	Total
Cost			
Balance at January 1, 2022	$9,425	$6,920	$16,345
Additions	884	4,720	5,604
Termination of leases	—	(2,793)	(2,793)
Balance at December 31, 2022	$10,309	$8,847	$19,156
Additions	**—**	**9,304**	**9,304**
Termination of leases	**—**	**(2,589)**	**(2,589)**
Balance at December 31, 2023	**$10,309**	**$15,562**	**$25,871**
Accumulated Depreciation			
Balance at January 1, 2022	$4,805	$4,878	$9,683
Depreciation	1,159	2,096	3,255
Termination of leases	—	(2,563)	(2,563)
Balance at December 31, 2022	$5,964	$4,411	$10,375
Depreciation	**1,178**	**2,146**	**3,324**
Termination of leases	**—**	**(2,531)**	**(2,531)**
Balance at December 31, 2023	**$7,142**	**$4,026**	**$11,168**
Carrying Amounts			
December 31, 2022	$4,345	$4,436	$8,781
December 31, 2023	**$3,167**	**$11,536**	**$14,703**

The Company incurs lease payments related to properties and vehicles. Leases are entered into and exited in coordination with specific business requirements which includes the assessment of the appropriate durations for the related leased assets. The Company has recognized lease liabilities in relation to all lease arrangements measured at the present value of the remaining lease payments at an incremental borrowing rate of approximately 6% (2022 - 6%).

The Company has the following future commitments associated with its lease obligations:

(Stated in thousands)	**2023**	2022
Opening Balance	**$12,574**	$10,320
Interest expense	**1,046**	716
Additions	**9,305**	5,604
Lease payments	**(4,716)**	(3,993)
Termination of leases	**(73)**	(73)
Ending Balance	**$18,136**	$12,574
Current portion of lease liabilities	**4,418**	2,993
Non-current portion of lease liabilities	**$13,718**	$9,581

(Stated in thousands)	**2023**	2022
Less than 1 year	**$5,378**	$3,748
1-3 years	**13,915**	7,808
4-5 years	**986**	2,923
Total lease payments	**20,279**	14,479
Amounts representing interest over the term of the lease	**(2,143)**	(1,905)
Present value of net lease payments	**18,136**	12,574
Current portion of lease liabilities	**(4,418)**	(2,993)
Non-current portion of lease liabilities	**$13,718**	$9,581

For the year ended December 31, 2023, lease payments of $4.7 million (2022 - $4.0 million) were comprised of $3.7 million (2022 - $3.3 million) related to principal and included in financing activities within the statement of cash flows and $1.0 million (2022 - $0.7 million) related to interest expense and recorded as an operating activity in the statement of cash flows.

For the year ended December 31, 2023, the Company had $0.9 million (2022 - $0.8 million) of variable lease payments. The Company did not have any material low value assets and short-term leases with a lease term of twelve months or less for the period.

NOTE 6 – PROPERTY AND EQUIPMENT

(Stated in thousands)	Buildings and improvements	Equipment	Furniture and fixtures	Total
Cost				
Balance at January 1, 2022	$124,594	$893,663	$17,570	$1,035,827
Additions	5	103,201	414	103,620
Disposals	(11,277)	(130,518)	(648)	(142,443)
Reclassification	—	(2,475)	2,475	—
Balance at December 31, 2022	$113,322	$863,871	$19,811	$997,004
Additions	**—**	**77,450**	**1,837**	**79,287**
Disposals	**—**	**(94,647)**	**(657)**	**(95,304)**
Balance at December 31, 2023	**$113,322**	**$846,674**	**$20,991**	**$980,987**
Accumulated depreciation				
Balance at January 1, 2022	$54,452	$588,710	$16,328	$659,490
Depreciation	3,730	61,274	1,507	66,511
Disposals	(5,939)	(118,601)	(490)	(125,030)
Balance at December 31, 2022	$52,243	$531,383	$17,345	$600,971
Depreciation	**3,040**	**66,992**	**804**	**70,836**
Disposals	**—**	**(88,434)**	**(499)**	**(88,933)**
Balance at December 31, 2023	**$55,283**	**$509,941**	**$17,650**	**$582,874**
Carrying amounts				
December 31, 2022	$61,079	$332,488	$2,466	$396,033
December 31, 2023	**$58,039**	**$336,733**	**$3,341**	**$398,113**

As required by IAS 36, the Company is required to assess whether there are any external and internal impairment indicators that exist at the end of each reporting period. The Company reviewed external and internal indicators and determined that no triggers for impairment were present as at December 31, 2023, and therefore an impairment test was not required to be performed as at December 31, 2023.

For the year ended December 31, 2023, the Company had a $1.1 million gain (2022 – $2.5 million gain) from its disposition of property and equipment.

At December 31, 2023, Trican had $45.9 million of assets under construction mainly related to the CAT Tier 4 Dynamic Gas Blending engine upgrades not yet available for use (2022 – $40.7 million).

NOTE 7 – TRADE AND OTHER PAYABLES

	As at December 31,	
(Stated in thousands)	**2023**	2022
Trade payables	**$50,399**	$53,006
Accrued liabilities	**41,574**	31,696
Liabilities for cash-settled share-based payments	**11,677**	6,204
Total trade and other payables	**$103,650**	$90,906

NOTE 8 – LOANS AND BORROWINGS

	As at December 31,	
(Stated in thousands)	**2023**	2022
Revolving Credit Facility, net of transaction costs	**$—**	$29,817

Revolving Credit Facility ("RCF")

On December 5, 2023, Trican entered into an agreement with a syndicate of five Canadian banks which amended and extended its RCF.

The RCF matures December 4, 2026, a date that may be extended on an annual basis upon agreement of the RCF lenders, and the Company may draw up to $150.0 million (December 31, 2022 – $125.0 million). The RCF also features an uncommitted accordion of $125.0 million (December 31, 2022 – $125.0 million), which is accessible subject to approval by the syndicate of lenders. The RCF has a General Security Agreement registered against the assets of the Company and bears interest at the applicable Canadian prime rate, U.S. prime rate, CORRA, or at SOFR, plus 100 to 350 basis points (December 31, 2022 – Canadian prime rate, U.S. prime rate, Banker's Acceptance rate, or at SOFR, plus 100 to 350 basis points).

At December 31, 2023, the undrawn and accessible amount of the RCF, subject to financial covenants, was $149.6 million (December 31, 2022 – $94.6 million accessible) due to the Company's letters of credit outstanding as at December 31, 2023.

As at December 31, 2023, the Company had available a $35.0 million (December 31, 2022 – $20.0 million) swing line facility with its lead bank, which is included within the $150.0 million borrowing capacity of the RCF described above. As at December 31, 2023, there were no amounts drawn on the swing line facility (December 31, 2022 – nil).

As at December 31, 2023, the Company had available a $10.0 million (December 31, 2022 – $10.0 million) Letter of Credit facility with its syndicate of banks which is included within the $150.0 million borrowing capacity of the RCF described above. As at December 31, 2023, there was $0.4 million in letters of credit outstanding (December 31, 2022 – $0.4 million).

Covenants

The Company is required to comply with covenants that affect how much can be drawn on the RCF. Trican is required to comply with the following leverage and interest coverage ratio covenants, the calculation is based on the last twelve months:

- Leverage Ratio <3.5x
- Interest Coverage Ratio >2.5x

Certain non-cash expenses (including depreciation, amortization, impairment expenses, equity-settled stock-based compensation), certain personnel based expenses such as severance and certain other items, are permitted to be normalized to adjusted EBITDA to arrive at bank EBITDA for covenant calculation purposes. In accordance with the definition under the RCF, the covenant calculation excludes the impact of certain leases recognized under IFRS 16.

The Leverage Ratio is defined as Senior Net Debt, which is comprised of loans and borrowings plus certain specified right-of-use lease liabilities and amounts applicable to the Letter of Credit facility, minus cash and non-recourse debt, divided by bank EBITDA. As at December 31, 2023, Senior Net Debt includes non-recourse debt of nil (December 31, 2022 - nil) and certain specified right-of-use lease liabilities of $11.7 million (December 31, 2022 - $4.5 million). As at December 31, 2023, the Leverage Ratio was N/A (December 31, 2022 – N/A).

	As at December 31,	
(Stated in thousands)	**2023**	2022
Senior Net Debt	**($27,849)**	($23,376)
Bank EBITDA	**236,940**	190,055
Leverage Ratio	**N/A**	N/A
Maximum Covenant Ratio	**<3.5x**	<3.5x

The Interest Coverage Ratio is defined as bank EBITDA divided by interest expense. Interest expense includes all interest including capitalized interest and imputed interest with respect to lease obligations (in accordance with the definition under the RCF, the covenant calculation excludes the impact of certain leases recognized under IFRS 16), and all fees including standby and commitment fees, acceptance fees in respect of bankers' acceptances and fees payable in respect of letters of credit, letters of guarantee and similar instruments, and certain other items.

As at December 31, 2023, the Interest Coverage Ratio was 117.0x (December 31, 2022 - 99.5x).

	As at December 31,	
(Stated in thousands)	**2023**	2022
Interest Expense	**$2,025**	$1,910
Bank EBITDA	**236,940**	190,055
Interest Coverage Ratio	**117.0x**	99.5x
Minimum Covenant Ratio	**>2.5x**	>2.5x

The Company was in compliance with its financial covenants at December 31, 2023.

NOTE 9 – SHARE CAPITAL

Share Capital

Authorized
The Company is authorized to issue an unlimited number of common shares, issuable in series. The shares have no par value. All issued shares are fully paid.

Issued and Outstanding - Common Shares

(Stated in thousands, except share amounts)	Number of Shares	Amount
Balance at January 1, 2022	246,964,668	$893,848
Exercise of stock options	2,511,918	4,439
Reclassification from contributed surplus on exercise of options	—	2,610
Shares purchased and cancelled under Normal Course Issuer Bid	(19,700,033)	(71,694)
Balance at December 31, 2022	229,776,553	$829,203
Exercise of stock options	**2,058,850**	**3,601**
Reclassification from contributed surplus on exercise of options	**—**	**3,037**
Shares purchased and canceled under NCIB	**(22,702,683)**	**(82,764)**
Balance at December 31, 2023	**209,132,720**	**$753,077**

Normal Course Issuer Bid ("NCIB")

In October 2023, the Company completed its 2022-2023 NCIB that commenced on October 3, 2022. Pursuant to the NCIB, the Company purchased and canceled 23,083,554 common shares for total consideration of $77.9 million at a weighted average price per share of $3.37, which is 100% of the maximum allowable under the 2022-2023 NCIB.

On October 2, 2023, the Company announced the renewal of its NCIB program, commencing October 5, 2023, to purchase up to 21,004,897 common shares for cancellation before October 4, 2024, subject to the TSX NCIB rules. All common shares purchased under the NCIB are returned to treasury for cancellation.

NOTE 10 – EARNINGS PER SHARE

	Year ended December 31,	
(Stated in thousands, except share and per share amounts)	**2023**	2022
Basic weighted average number of common shares	**216,910,071**	241,410,321
Dilutive effect of stock options	**4,540,498**	5,244,667
Diluted weighted average number of common shares	**221,450,569**	246,654,988

	Year ended December 31,	
Attributable to owners of the Company	**2023**	2022
Profit for the period	**$121,009**	$79,215
Per share – basic	**$0.56**	$0.33
Per share – diluted	**$0.55**	$0.32

NOTE 11 – SHARE-BASED PAYMENTS

The Company has four shared-based compensation plans which are described below:

Incentive Stock Option Plan (the "Plan")

Options may be granted at the discretion of the Board of Directors and all officers and employees of the Company are eligible for participation in the Plan. The option price equals the volume-weighted-average closing price of the Company's shares on the Toronto Stock Exchange, for the five trading days preceding the date of grant. Options may not be issued during the Company's internal blackout periods. Options granted vest in three equal tranches on each of the first, second and third anniversary dates with an expiry date of seven years from the date of the grant.

Vested options can be settled in common shares or cash at the Company's discretion. Participants can elect to receive an amount in cash equal to the increase in the share price of the Company between grant date and the time of exercise less any applicable withholding taxes and deductions. For the year ended December 31, 2023, no stock options were settled in cash. All other options are currently estimated to be settled in common shares of the Company.

The compensation expense recognized in the consolidated statement of comprehensive profit for the year ended December 31, 2023, was $0.6 million (December 31, 2022 - $1.2 million). The corresponding amount has also been recognized in contributed surplus.

The Company has reserved 19,867,608 common shares as at December 31, 2023 (December 31, 2022 – 21,828,773) for issuance under the Plan. The maximum number of options permitted to be outstanding at any point in time is limited to 9.5% of the Common Shares then outstanding. As of December 31, 2023, 7,104,924 options (December 31, 2022 – 9,912,897) were outstanding at exercise prices ranging from $0.57 to $4.11 per share with expiry dates ranging from 2024 to 2028.

The following table provides a summary of the status of the Company's equity-settled stock option plan and changes during the year ended December 31, 2023:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Options	**Weighted average exercise price**	Options	Weighted average exercise price
Outstanding at the beginning of period	**9,912,897**	**$1.79**	13,283,182	$1.93
Exercised	**(2,758,423)**	**2.05**	(2,511,918)	1.79
Forfeited	**—**	**—**	(529,717)	3.49
Expired	**(49,550)**	**1.98**	—	—
Change in classification from equity-settled to cash-settled	**—**	**—**	(328,650)	3.17
Outstanding at the end of period	**7,104,924**	**$1.68**	9,912,897	$1.79
Exercisable at end of period	**6,327,481**	**$1.62**	6,743,593	$1.93

The following table summarizes information about equity-settled stock options outstanding at December 31, 2023:

			Options outstanding			Options exercisable	
Range of Exercise Prices			Number Outstanding	Weighted Average Remaining Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercisable Price
$0.57	to	$1.00	733,091	3.21	$0.57	733,091	$0.57
$1.01	to	$3.00	5,327,733	3.70	1.50	4,550,290	1.41
$3.01	to	$4.11	1,044,100	0.80	3.43	1,044,100	3.43
$0.57	to	$4.11	7,104,924	3.22	$1.68	6,327,481	$1.62

Deferred Share Unit Plan

Under the terms of the deferred share unit plan, DSUs granted will vest immediately. The fair value of the DSUs granted is expensed into income in the period of grant and at each reporting date between grant date and settlement, the fair value of the liability is re-measured with any changes in fair value recognized in profit or loss for the period. DSU grants will be settled in cash in the amount equal to the volume-weighted-average trading price of the common shares of the Company for the twenty trading days preceding the date the Director(s) specifies upon tendering their resignation from the Board "Redemption Date". The Redemption Date must be after the date the Director(s) files the notice of redemption with the Company and between the Director’s resignation date and December 15th of the first calendar year commencing after the Director’s resignation date. There were 1,138,039 DSUs outstanding at December 31, 2023 (2022 - 896,677).

Restricted Share Unit Plan

Under the terms of the restricted share unit plan, RSUs granted will vest in three equal portions on the first, second and third anniversary of the grant date. RSU grants will be settled in cash in the amount equal to the volume-weighted-average trading price of the common shares of the Company for the twenty trading days preceding the particular vesting date of the award. The fair value of the RSUs granted is expensed into income over the same period that the units vest and at each reporting date between grant date and settlement, the fair value of the liability is re-measured with any changes in fair value recognized in profit or loss for the period. There were 1,293,626 RSUs outstanding at December 31, 2023 (2022 - 803,195).

Performance Share Unit Plan

Under the terms of the performance share unit plan, PSUs granted will vest on the third anniversary of the grant date in accordance subject to applicable performance conditions, which include financial performance of the Corporation, including shareholder return, graduated by a percentage range from 0% to 200%. PSU grants will be settled in cash in the amount equal to the volume-weighted-average trading price of the common shares of the Company for the twenty trading days preceding the particular vesting date of the award. The fair value of the PSUs granted is expensed into income evenly over the same period that the units vest and at each reporting date between grant date and settlement, the fair value of the liability is re-measured with any changes in fair value recognized in profit or loss for the period. There were 1,923,617 PSUs outstanding at December 31, 2023 (2022 - 1,349,552).

The following tables provide a summary of the status of the Company's cash-settled compensation plans and changes during the year ended December 31, 2023:

(Units)	Deferred Share Units	Restricted Share Units	Performance Share Units	Stock Options Cash Settled
Balance at January 1, 2022	1,155,031	187,867	1,523,000	1,953,600
Granted	176,919	815,338	542,028	—
Redeemed for cash	(435,273)	(198,510)	(715,311)	(1,903,700)
Forfeited	—	(1,500)	(165)	(378,550)
Change in classification from equity-settled to cash-settled	—	—	—	328,650
Balance at December 31, 2022	896,677	803,195	1,349,552	—
Granted	**195,169**	**780,652**	**573,876**	**—**
Reinvested	**46,193**	**56,911**	**81,217**	**—**
Redeemed for cash	**—**	**(342,486)**	**(81,028)**	**—**
Forfeited	**—**	**(4,646)**	**—**	**—**
Balance at December 31, 2023	**1,138,039**	**1,293,626**	**1,923,617**	**—**
Vested at December 31, 2023	**1,138,039**	**—**	**—**	**—**

	Year ended December 31,	
(Stated in thousands)	**2023**	2022
Cash-settled share-based compensation expense		
Expense arising from DSUs	**$1,222**	$2,154
Expense arising from RSUs	**2,975**	1,764
Expense arising from PSUs	**4,497**	3,104
Expense arising from Stock Options	**—**	735
Total return swap (gain) / loss	**(1,158)**	1,555
Total expense cash-settled share-based compensation	**$7,536**	$9,312
Equity-settled share-based compensation expense		
Stock options	**587**	1,222
Total expense related to share-based payments	**$8,123**	$10,534

At December 31, 2023, $11.7 million of outstanding liabilities for cash-settled compensation plans (December 31, 2022 - $6.2 million) are included in trade and other payables disclosed in note 7 and the long-term portion of $3.4 million (December 31, 2022 - $2.9 million) was included in share-based compensation liabilities in the consolidated statements of financial position.

In 2022, the Company entered into a Total Return Swap ("TRS") on 2.3 million common shares of the Company to mitigate the effect of volatility of its share price on cash-settled share-based compensation plans.

For the year ended December 31, 2023, unrealized gains on the TRS of $1.2 million (December 31, 2022 unrealized losses of $1.6 million) have been reflected in personnel expenses - cash-settled share-based compensation as part of administrative expenses - other in the consolidated statements of comprehensive profit. The fair value of the TRS is included in trade and other payables disclosed in note 7 in the consolidated statement of financial position.

NOTE 12 – COST OF SALES AND ADMINISTRATIVE EXPENSES

The Company classifies the consolidated statement of comprehensive profit using the function of expense method, which presents expenses according to their function, such as cost of sales and administrative expenses. This method is more closely aligned to the Company's business structure and provides more relevant information to the public.

The following table provides additional information on the nature of the expenses:

Cost of sales	Year ended December 31,	
(Stated in thousands)	**2023**	2022
Personnel expenses	**$149,799**	$131,636
Direct costs	**548,173**	507,554
Cost of sales	**$697,972**	$639,190
Cost of sales – depreciation and amortization	**73,557**	76,764
Total cost of sales	**$771,529**	$715,954

Administrative expenses	Year ended December 31,	
(Stated in thousands)	**2023**	2022
Personnel expenses	**$20,270**	$17,672
Personnel expenses – severance	**146**	2,100
Personnel expenses – cash-settled share-based compensation	**7,536**	9,312
Personnel expenses – equity-settled share-based compensation	**587**	1,222
General organizational expenses	**11,144**	9,471
Bad debt expense	**10**	71
Administrative expenses	**$39,693**	$39,848
Administrative expenses – depreciation	**3,646**	3,460
Total administrative expenses	**$43,339**	$43,308

NOTE 13 - INCOME TAXES

Tax expense

(Stated in thousands)	Year ended December 31, 2023	2022
Current tax expense		
Current year	**$28,659**	$—
Other	**7,711**	—
	$36,370	$—
Deferred tax expense		
Current year	**$9,953**	$28,850
Other	**(8,362)**	(183)
	$1,591	$28,667
Total tax expense	**$37,961**	$28,667

Reconciliation of Effective Tax Rate

The adjustments in respect of prior periods relate to events in the current period and reflect the effects of changes in rules, facts or other factors compared with those used in establishing the tax balance in prior periods. The provision benefit for taxes in the consolidated statement of comprehensive profit reflects an effective tax rate which differs from the expected statutory tax rate.

(Stated in thousands)	Year ended December 31, 2023	2022
Profit before income taxes	**$158,970**	$108,197
Combined federal and provincial statutory income tax rate	**23.68%**	23.87%
Expected tax expense	**$37,644**	$25,827
Non-deductible expenses	**223**	360
Adjustments related to prior years	**1,385**	(183)
Change in unrecognized deferred tax assets	**558**	114
Stock-based compensation	**139**	467
Other	**(1,988)**	2,082
Total tax expense	**$37,961**	$28,667

For the year ended December 31, 2023, the blended statutory tax rate was 23.68% (December 31, 2022 - 23.87%). The decrease from 2022 is due to a decrease in the blended provincial rate.

Unrecognized Deferred Tax Assets

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax losses can be utilized. At December 31, 2023, the Company recognized a tax benefit of $4.4 million (December 31, 2022 - $14.4 million) relating to non-capital losses available to carry forward that are expected to be offset against future taxable profit.

The expiry of non-capital losses are as follows:

(Stated in thousands)	Year ended December 31, 2023	2022
2036	**$517**	$—
2037	**2,063**	517
2038	**3,332**	4,119
2039	**12,812**	29,089
2040	**—**	26,724
Total Canadian federal	**$18,724**	$60,449
Total Foreign	**838,763**	857,129
Total non-capital losses	**$857,487**	$917,578

The Company has not recognized a deferred tax asset in respect of net capital losses of $25.5 million (2022 - $24.6 million) as it is not probable at this time that it will have sufficient future capital gains to utilize them.

The Company has not recognized non-capital losses of $838.8 million (2022 - $857.1 million) incurred in the United States as it is not probable at this time that it will have sufficient future taxable profits to utilize them. The unrecognized non-capital losses incurred in the United States may be restricted in their use.

Movement in and Components of Deferred Tax Balances

(Stated in thousands)	January 1, 2022	Recognized in Profit	December 31, 2022	**Recognized in Profit**	**December 31, 2023**
Deferred tax assets					
Non-capital loss carryforward	$33,817	($29,220)	$4,597	**($163)**	**$4,434**
Other	4,160	738	4,898	**(1,095)**	**3,803**
	$37,977	($28,482)	$9,495	**($1,258)**	**$8,237**
Deferred tax liabilities					
Property and equipment	($36,802)	($2,649)	($39,451)	**($647)**	**($40,098)**
Intangible assets	(2,778)	2,464	(314)	**314**	**—**
	($39,580)	($185)	($39,765)	**($333)**	**($40,098)**
Deferred tax liabilities (net)	($1,603)	($28,667)	($30,270)	**($1,591)**	**($31,861)**

NOTE 14 – FINANCIAL INSTRUMENTS

Fair Values of Financial Assets and Liabilities

The fair values of cash and cash equivalents, trade and other receivables, and trade and other payables included in the consolidated statement of financial position approximate their carrying amount due to the short-term maturity of these instruments.

The three-level hierarchy that reflects the significance of the lowest level of inputs used in determining fair value have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); or
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has entered into total return swaps to mitigate the effect of volatility of its share price on cash-settled share-based compensation plans. The fair value of total return swaps is calculated based on the terms of the contract and current market data, such as interest rates and changes in fair value of the reference asset. Total return swaps are categorized in Level 2 of the fair value hierarchy.

The fair value of the RCF which is estimated to approximate its book value was determined by calculating future cash flows, including interest at current rates.

Credit Risk

Credit risk refers to the possibility that a customer or counterparty will fail to fulfill its obligations and as a result, create a financial loss for the Company.

Customer

The Company's accounts receivables are predominantly with customers who explore for and develop natural gas and petroleum reserves and are subject to normal industry credit risks that include fluctuations in oil and natural gas prices and the ability to secure adequate debt or equity financing. The Company assesses the creditworthiness of its customers on an ongoing basis as well as monitoring the amount and age of balances outstanding. Accordingly, the Company views the credit risks on these amounts as normal for the industry. The carrying amount of accounts receivable represents the maximum credit exposure on this balance. As at December 31, 2023, one customer accounted for 52% of the Company's trade accounts receivable (2022 – one customer accounted for 40%) and one customer accounted for 32% of its revenue (2022 – one customer accounted for 31%).

An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The calculation reflects the probability-weighted outcome, the time value of money and reasonable supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company considers its accounts receivable excluding doubtful accounts to be aged as follows:

	As at December 31,	
(Stated in thousands)	**2023**	2022
Current (0 - 30 days from invoice date)	**$81,687**	$63,116
31 - 60 days past due	**62,709**	72,929
61 - 90 days past due	**31,923**	34,803
Greater than 90 days past due	**6,930**	6,636
Total	**$183,249**	$177,484
Provision for doubtful accounts	**(2,122)**	(2,043)
Total trade and other receivables	**$181,127**	$175,441

Movement in provision	As at December 31,	
(Stated in thousands)	**2023**	2022
Provision for doubtful accounts at January 1	**$2,043**	$1,461
Increase in provision	**89**	653
Write-off of provision	**(10)**	(71)
Provision for doubtful accounts at December 31	**$2,122**	$2,043

NOTE 15 – CAPITAL MANAGEMENT

The Company's strategy is to carry a capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Company seeks to maintain a balance between the level of loans and borrowings and shareholders' equity to ensure access to capital markets to fund growth and working capital given the cyclical nature of the oilfield services sector. The Company may occasionally need to increase these levels to facilitate acquisition or expansionary activities.

	Year ended December 31,	
(Stated in thousands, except ratios)	**2023**	2022
Loans and borrowings	**$—**	$29,817
Shareholders' equity	**517,067**	504,670
Total capitalization	**$517,067**	$534,487
Loans and borrowings to total capitalization	**N/A**	0.06x

NOTE 16 – OTHER COMMITMENTS

As at December 31, 2023, the Company has committed to capital expenditures of $6.8 million. Management is satisfied that the Company has sufficient liquidity and capital resources to meet the Company’s obligations and commitments as they come due.

NOTE 17 – FINANCE COSTS

	Year ended December 31,	
(Stated in thousands)	**2023**	2022
Interest on loans and borrowings	**$1,516**	$1,854
Interest on lease	**1,071**	716
Total	**$2,587**	$2,570

NOTE 18 – RELATED PARTY TRANSACTIONS

Transactions with Key Management Personnel

In addition to their salaries, the Company also provides non-cash benefits to executive officers. Executive officers also participate in the Company's share and option-based awards program (see note 11).

Key management personnel compensation comprised of:

	Year ended December 31,	
(Stated in thousands)	**2023**	2022
Salaries	**$2,183**	$2,154
Share-based awards	**3,987**	3,468
Post-employment benefits	**—**	830
Severance	**—**	890
All other compensation	**5,848**	4,203
Total	**$12,018**	$11,545

NOTE 19 – EMPLOYEE BENEFIT EXPENSE

	Year ended December 31,	
(Stated in thousands)	**2023**	2022
Wages and salaries	**$150,361**	$134,577
Severance	**146**	2,100
Employee benefits	**20,011**	16,195
Share based compensation	**6,902**	8,381
Total	**$177,420**	$161,253

NOTE 20 – SUBSEQUENT EVENTS

Normal Course Issuer Bid

For the period from January 1, 2024 to February 21, 2024, the Company purchased an additional 1,839,800 common shares at a weighted average price per share of $4.14 pursuant to its NCIB.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Thomas M. Alford (2)
Chair of the Board
President, Well Servicing, Precision Drilling Corp.

Bradley P.D. Fedora
President & Chief Executive Officer
Trican Well Service Ltd.

Trudy M. Curran (2, 3)
Independent Businesswoman

Michael J. McNulty (1, 3)
Independent Businessman

Stuart O'Connor (1,3)
Chair and Co-founder, Arcurve Inc.

Deborah S. Stein (1, 2)
Independent Businesswoman

OFFICERS

Bradley P.D. Fedora
President & Chief Executive Officer

Scott E. Matson
Chief Financial Officer

Todd G. Thue
Chief Operating Officer

Chika B. Onwuekwe
Vice President, Legal, General Counsel and Corporate Secretary

CORPORATE OFFICE

Trican Well Service Ltd.
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Calgary, Alberta T2P 4G8
Telephone: (403) 266-0202
Facsimile: (403) 237-7716
Website: www.tricanwellservice.com

AUDITORS

KPMG LLP, Chartered Professional Accountants
Calgary, Alberta

BANKERS

The Bank of Nova Scotia
Calgary, Alberta

REGISTRAR & TRANSFER AGENT

Olympia Trust Company
Calgary, Alberta

STOCK EXCHANGE LISTING

The Toronto Stock Exchange
Trading Symbol: TCW

INVESTOR RELATIONS INFORMATION

Bradley P.D. Fedora
President & Chief Executive Officer

Scott E. Matson
Chief Financial Officer

(1) Member of the Audit Committee
(2) Member of the Corporate Governance Committee
(3) Member of the Safety, Human Resources and Compensation Committee