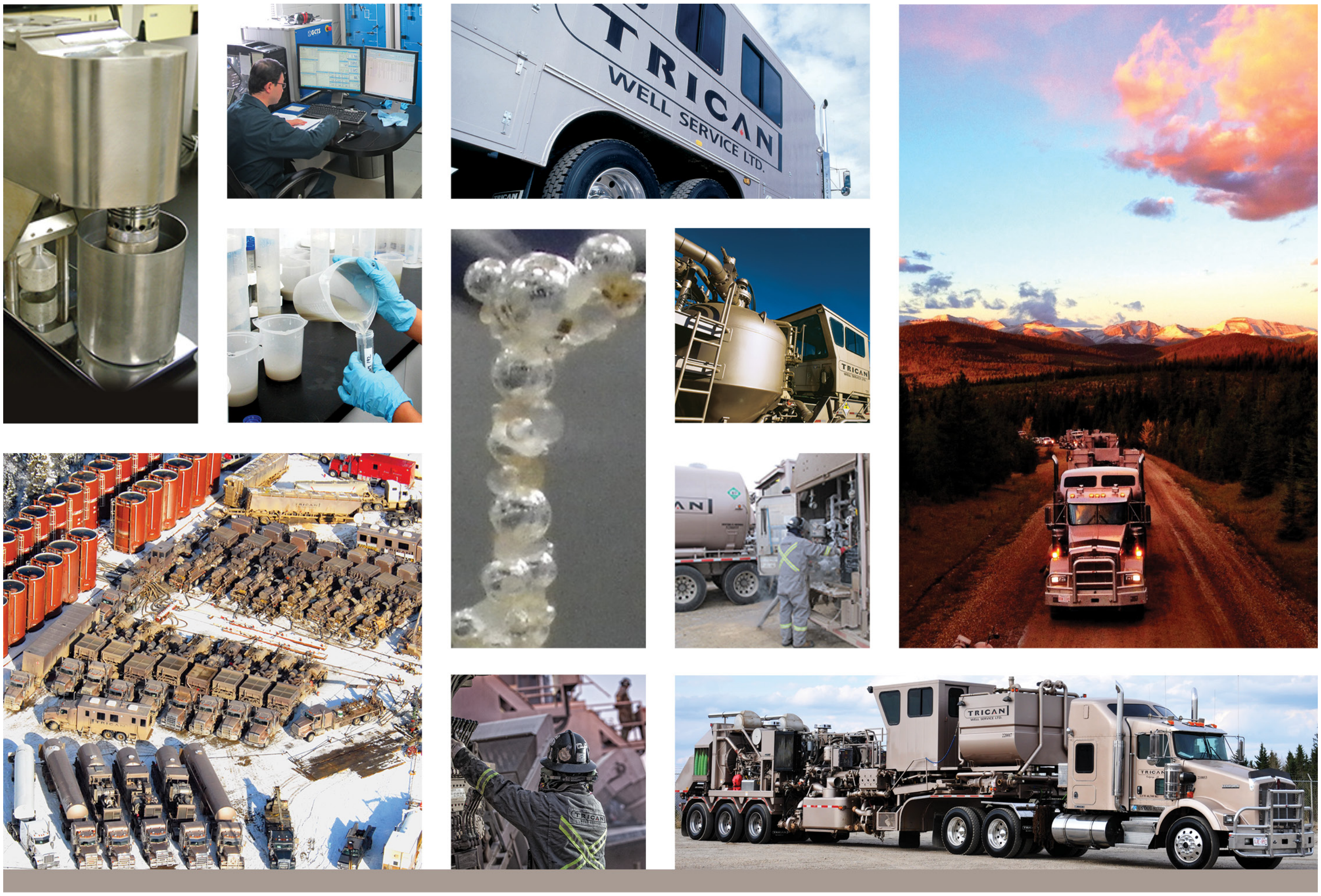

TRICAN WELL SERVICE LTD.

Consolidated Financial Statements
Years Ended December 31, 2021 and 2020

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Trican Well Service Ltd. 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 International Financial Reporting 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, 2021. The Auditors' Report to the shareholders is presented herein.

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

SIGNED "SCOTT MATSON"
SCOTT MATSON
CHIEF FINANCIAL OFFICER

February 23, 2022

KPMG LLP
Suite 3100, 205 - 5th Avenue SW
Calgary, Alberta T2P 4B9
Telephone: (403) 691-8000
Fax: (403) 691-8008
www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Shareholders 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 end of December 31, 2021 and 2020
- the consolidated statements of comprehensive profit / (loss) 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 significant accounting policies

(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 end of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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 "*Auditors' Responsibilities for the Audit of the Financial Statements*" section of our auditors' 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, 2021. 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 auditors' report.

Assessment of indicators of impairment of the Company's Pressure Pumping Services and Cementing Services cash generating units ("CGUs")

Description of the matter

We draw attention to Note 1, Note 2, and Note 8 to the financial statements. The carrying amounts of the Company's non-financial assets including right-of-use assets, property and equipment and intangibles are reviewed at each reporting date to determine whether impairment indicators exist, and impairment testing is required for a CGU. The assessment of indicators of impairment considers revenue and earnings before finance costs, taxes, depreciation and amortization, foreign exchange gains and losses, impairment of non-financial assets, 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 “impairment trigger factors”) and requires management to apply significant judgment. Non-financial assets within the Company’s CGUs include property and equipment of $376.3 million, intangible assets of $13.5 million and right-of-use assets of $6.7 million.

Why the matter is a key audit matter

We identified the assessment of indicators of impairment of the Company’s CGUs as a key audit matter. Significant auditor judgement was required in evaluating the impairment trigger factors.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included evaluating the Company’s assessment of impairment indicators which included:

- comparing the Company’s adjusted EBITDA for the CGUs to 2021 historical results considering the impact of actions implemented by the Company and changes in conditions and events affecting the CGUs
- comparing expected 2022 drilling rig activity levels and the 2022 oil and natural gas commodity price environment as compared to 2021 drilling rig activity levels and the 2021 oil and natural gas commodity price environment
- comparing the market capitalization at December 31, 2021 to the carrying amount of the Company’s shareholders’ equity at the end of the year.

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 auditors’ 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 auditors’ 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 International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), 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.

Auditors’ 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 auditors’ 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 auditors' 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 auditors' 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 auditors' 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 auditors' 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 auditors' report is Shane Doig.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada
February 23, 2022

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Stated in thousands)	**As at December 31, 2021**	As at December 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents (note 4)	**$29,510**	$22,607
Trade and other receivables (note 5)	**127,793**	77,104
Current tax assets	**974**	2,051
Inventory (note 6)	**19,041**	21,599
Prepaid expenses	**4,021**	4,766
	181,339	128,127
Property and equipment (note 8)	**376,337**	405,260
Intangible assets (note 9)	**13,501**	23,958
Right-of-use assets (note 7)	**6,662**	9,435
Other assets	**—**	2,104
	$577,839	$568,884
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Trade and other payables (note 10)	**$75,167**	$57,171
Current portion of lease liabilities (note 7)	**2,414**	3,454
	77,581	60,625
Lease liabilities (note 7)	**7,906**	10,313
Deferred tax liabilities (note 17)	**1,603**	—
Share-based compensation liabilities (note 14)	**1,349**	—
Shareholders' equity		
Share capital (note 12)	**893,848**	927,994
Contributed surplus	**87,796**	89,393
Accumulated other comprehensive income	**—**	804
Deficit	**(492,244)**	(520,245)
Total equity	**489,400**	497,946
	$577,839	$568,884

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE PROFIT / (LOSS)

(Stated in thousands, except per share amounts)	Year ended December 31, 2021	2020
Continuing operations		
Revenue	**$562,479**	$397,019
Cost of sales (note 15)	**434,885**	326,498
Cost of sales – depreciation and amortization (note 15)	**84,305**	106,423
Gross profit / (loss)	**43,289**	(35,902)
Administrative expenses (note 15)	**28,238**	43,287
Administrative expenses – depreciation (note 15)	**3,504**	4,957
Impairment – non-financial assets (note 16)	**—**	163,397
Impairment / (recovery) – trade receivables (note 18)	**(50)**	9,079
Other income	**(2,621)**	(1,904)
Results from operating activities	**14,218**	(254,718)
Finance cost (note 21)	**1,974**	3,307
Foreign exchange loss	**266**	1,105
Profit / (loss) before income tax	**11,978**	(259,130)
Income tax recovery (note 17)	**(80)**	(31,484)
Profit / (loss) from continuing operations	**$12,058**	($227,646)
Discontinued operations		
Profit / (loss) from discontinued operations, net of taxes (note 3)	**5,162**	(1,372)
Profit / (loss) for the period	**$17,220**	($229,018)
Other comprehensive profit		
Foreign currency translation gain	**129**	1,180
Total comprehensive profit / (loss)	**$17,349**	($227,838)
Profit / (loss) per share – basic and diluted (note 13)		
Continuing operations – basic and diluted	**$0.05**	($0.86)
Discontinued operations – basic and diluted	**$0.02**	($0.01)
Net profit / (loss) – basic and diluted	**$0.07**	($0.87)
Weighted average shares outstanding – basic	**253,154**	263,830
Weighted average shares outstanding – diluted	**257,786**	263,830

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Stated in thousands)	Share capital	Contributed surplus	Accumulated other comprehensive income / (loss)	Deficit	Total equity
Balance at January 1, 2020	$989,044	$87,731	($376)	($335,289)	$741,110
Loss for the period	—	—	—	(229,018)	(229,018)
Foreign currency translation gain	—	—	1,180	—	1,180
Share-based compensation expense	—	2,140	—	—	2,140
Share options exercised	1,571	(478)	—	—	1,093
Shared cancelled under Normal Course Issuer Bid	(62,621)	—	—	44,062	(18,559)
Balance at December 31, 2020	$927,994	$89,393	$804	($520,245)	$497,946
Balance at January 1, 2021	**$927,994**	**$89,393**	**$804**	**($520,245)**	**$497,946**
Profit for the period	**—**	**—**	**—**	**17,220**	**17,220**
Foreign currency translation gain	**—**	**—**	**129**	**—**	**129**
Share-based compensation expense	**—**	**2,164**	**—**	**—**	**2,164**
Share options exercised	**3,381**	**(1,162)**	**—**	**—**	**2,219**
Shares cancelled under Normal Course Issuer Bid	**(37,527)**	**—**	**—**	**10,781**	**(26,746)**
Share-based compensation change in classification from equity-settled to cash-settled	**—**	**(2,599)**	**—**	**—**	**(2,599)**
Discontinuance of foreign operations	**—**	**—**	**(933)**	**—**	**(933)**
Balance at December 31, 2021	**$893,848**	**$87,796**	**$—**	**($492,244)**	**$489,400**

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Stated in thousands)	Year ended December 31, 2021	2020
Cash provided by / (used in):		
Operations		
Profit / (loss) from continuing operations	**$12,058**	($227,646)
Charges to income not involving cash:		
Depreciation and amortization	**87,809**	111,380
Share-based compensation (note 14)	**2,164**	2,140
Gain on disposal of property and equipment	**(2,553)**	(1,730)
Finance costs / amortization of debt issuance costs	**1,974**	3,307
Unrealized foreign exchange (gain) / loss	**(304)**	73
Impairment – non-financial assets	**—**	163,397
Impairment / (recovery) – trade receivables	**(50)**	9,079
Tax recovery	**(80)**	(31,484)
Change in inventory	**2,557**	7,984
Change in trade and other receivables	**(51,028)**	60,147
Change in prepaid expenses	**742**	4,617
Change in trade and other payables	**19,350**	(27,912)
Interest paid	**(1,430)**	(2,862)
Income tax received	**2,740**	350
Continuing operations	**$73,949**	$70,840
Discontinued operations (note 3)	**147**	(74)
Cash flow from operating activities	**$74,096**	$70,766
Investing		
Purchase of property and equipment	**(53,883)**	(12,788)
Proceeds from the sale of property and equipment	**10,160**	11,797
Net change in non-cash working capital	**(3,385)**	1,896
Continuing operations	**($47,108)**	$905
Proceeds from sale of discontinued operations (net of cash) (note 3)	**7,756**	12,359
Cash flow (used in) / from investing activities	**($39,352)**	$13,264
Financing		
Net proceeds from issuance of share capital on exercise of options	**2,219**	1,093
Repayment of loans	**—**	(46,662)
Payment of leases	**(3,314)**	(4,546)
Repurchase and cancellation of shares under Normal Course Issuer Bid	**(26,746)**	(18,559)
Cash flow used in financing activities from continuing operations	**($27,841)**	($68,674)
Effect of exchange rate changes on cash	**—**	49
Increase / (decrease) in cash and cash equivalents		
Continuing operations	**(1,000)**	3,071
Discontinued operations (note 3)	**7,903**	12,334
Cash and cash equivalents, beginning of period	**22,607**	7,202
Cash and cash equivalents, end of period	**$29,510**	$22,607

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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. The Company’s head office is Suite 2900, 645 – 7th Avenue S.W., Calgary, Alberta, T2P 4G8.

Basis of Presentation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

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 23, 2022.

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

Depreciation and Amortization

Depreciation and amortization methods are based on management’s judgment of the most appropriate method to reflect the pattern of an asset’s future economic benefit expected to be consumed by the Company. Among other factors, these judgments are based on industry standards and company-specific history and experience.

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, impairment of non-financial assets, 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.

Provisions and Contingencies

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

COVID-19

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. COVID-19's impact on global markets was significant throughout 2020 and 2021. As the situation continues to evolve, the magnitude of its effects on the economy, on Trican's future financial and operational performance and on our personnel remains uncertain at this time.

The Company continues to closely monitor the COVID-19 situation. If it deteriorates throughout 2022, potential negative implications on supply chain, personnel, market pricing and customer demand can be expected. These factors may impact the Company's operating plan, liquidity and cash flows.

Estimates

Allowance for Doubtful Accounts

The Company's trade and other receivables are typically short-term in nature and the Company recognizes 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. Information about the ECL on the Company's trade receivables is disclosed in note 18.

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 and intangibles 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 and intangibles.

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 and foreign 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 and foreign tax law and bases its estimates on the best available information at each reporting date.

Fair Value of Share-Based Payments

The Company uses an option pricing model to determine the fair value of certain share-based payments. Inputs to the model are subject to various estimates relating to volatility, interest rates, dividend yields and expected life of the units issued. Fair value inputs are subject to market factors as well as internal estimates. The Company considers historic trends together with any new information to determine the best estimate of fair value at the date of grant.

Impairment of Non-Financial Assets

In determining the estimated recoverable amount of a CGU subject to impairment testing, the Company measures the estimated recoverable amount of a CGU as the higher of fair value less costs of disposal and its value in use. Estimated recoverable amounts of a CGU are evaluated and calculated using various data and assumptions. The data and assumptions used in the estimates of recoverable amount are assessed for reasonableness based on the information available at the time the estimate of recoverable amount is prepared. As circumstances change and new information becomes available, the estimate of recoverable amount could change. The estimate of recoverable amount for a CGU involves certain significant assumptions including the forecasted revenue growth rates, forecasted adjusted EBITDA, forecasted sustaining capital and the discount rate. It is also subject to other less significant assumptions. 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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

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

Consolidation

Subsidiaries are entities controlled by the Company. The financial results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company balances and transactions have been eliminated on consolidation.

Inventory

Inventory is measured at the lower of cost and net realizable value. The cost of inventory is determined using weighted average cost. Spare parts are valued at weighted average cost. Inventory balances include all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to its existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

Inventories are written down to net realizable when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage, slow moving or declining selling prices. When circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in selling prices, the amount of the write down previously recorded is 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 applies judgment to determine the lease term for some lease contracts which include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which may significantly affect the amount of lease liabilities and right-of-use assets recognized. 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 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 (major components) 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.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized net within other income in profit or loss.

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, property and equipment, intangibles, and goodwill 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 recoverable amount of goodwill is estimated yearly in the fourth quarter, or more frequently, if triggers are identified. The Company also 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 first to reduce the carrying amount of goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, 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.

Goodwill

The Company measures goodwill as the fair value of the consideration transferred upon an acquisition, including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Goodwill is allocated to the Company's cash generating units that are expected to benefit from the synergies of the business combination. Goodwill is not amortized but is tested for impairment annually or more frequently in the event that a trigger is identified. An impairment loss in respect of goodwill is not reversed.

Intangible Assets

Customer relationships relate to the Company's acquisitions and are recorded at their estimated fair value on the acquisition date and amortized on a straight line basis over 6 years.

All amortization of intangible assets is charged to cost of sales in the consolidated statement of comprehensive (loss).

Financial Instruments

Financial Assets at Fair Value Though Profit and Loss

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial Assets at Amortized Cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. 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.

Cash and Cash Equivalents

The Company's short-term deposits with original maturities of three months or less are considered to be cash equivalents and are recorded at cost, which approximates fair value. Bank overdrafts that are repayable on demand mirror the netting agreements with the bank as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Impairment of Financial Assets

The carrying amount of the Company's financial assets includes cash and cash equivalents and trade and other receivables. 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.

Financial assets at amortized cost consist of trade and other receivables. Trade receivables are recorded at original invoice value less any amounts estimated to be uncollectable. Loss allowances are measured at fair value in the statement of financial position, with value changes recognized in profit or loss. Changes in ECL at the end of each reporting date involves a two stage approach:

- 12-month ECL - an estimate of default events that are possible within 12 months after the reporting date
- Lifetime ECL - identified default events related to a specific receivable balance

Impairment is assessed using historical trends of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment in relation to how the current economic and credit environment will impact losses being greater or less than historical trends.

An impairment loss is determined as the difference between an asset's carrying amount and the present value of future cash flows. Losses are recognized in profit and loss and reflected in a provision account against loans and receivables. When an event occurring after the impairment was recognized causes the amount of impairment to decrease, the recovery is reversed through profit and loss.

Non-Derivative Financial Liabilities

Financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these 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 derecognizes a financial liability when its contractual obligations are discharged, canceled or expire.

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

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issue and repurchase of common shares are recognized as a deduction from equity, net of any tax effects.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions for contingent assets are not recognized, but are disclosed where an inflow of economic benefits is probable. When the realization of income is virtually certain, then the related asset is no longer a contingent asset and amounts are recognized in the statement of comprehensive income.

Revenue Recognition

The Company's revenue comprises services and other revenue and 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.

Accounting for Government Grants and Subsidies

The Company applied IAS 20 - *Accounting for Government Grants and Disclosure of Government Assistance* in relation to receiving the Canada Emergency Wage Subsidy ("CEWS") and Canada Emergency Rent Subsidy ("CERS") as part of the federal government of Canada's response to the COVID-19 health pandemic. Government assistance is recognized only when there is reasonable assurance that (a) the Company will comply with any conditions attached to the grant and (b) the grant will be received. The government grants and/or subsidies are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes the expense for the related costs for which the grants and/or subsidies are intended to compensate. The Company has elected to present these amounts net of the related expense.

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.

Foreign Currency Translation and Transactions

For entities whose functional currency is the Canadian dollar, the Company translates foreign denominated monetary assets and liabilities at period-end exchange rates, and foreign denominated non-monetary items are translated at historical rates. Income and expense accounts are translated at the average rates in effect during the period. Gains or losses from changes in exchange rates are recognized in profit and loss in the period of occurrence. Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income in the cumulative amount of foreign currency translation differences.

For foreign entities whose functional currency is not the Canadian dollar, the Company translates assets, including goodwill, and liabilities at period-end rates and income and expense accounts at average exchange rates. Adjustments resulting from these translations are reflected in other comprehensive income as unrealized gains or losses as foreign currency translation differences.

When a foreign operation is substantially disposed of, the cumulative amount of foreign currency gains or losses are reclassified to profit or loss.

Employee Benefits

Short-Term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonuses or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be reliably estimated.

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, such participant's right of exercise remains intact with the payment to purchase the Company's shares at the market price of the shares at grant date.

The Company determines the likelihood of participants electing to dispose of vested options for an amount in cash at each financial position date. 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. The DSUs vest immediately and the fair value of the liability and the corresponding expense is charged to profit and loss at the grant date. Subsequently, at each reporting date between grant date 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 restricted share unit (RSU) plan for its employees and the fair value of the RSUs is expensed into profit and loss evenly over the unit vesting period. 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 and loss for the period.

The Company has a cash-settled performance share unit plan (PSU) plan for Executive Officers of the Company. Under the terms of the PSU plan, grants awarded will vest on the third anniversary of the grant date if the Company meets certain financial targets, and expire otherwise. PSUs expire on a date no later than December 31 of the third calendar year following the calendar year in which the grant occurs. Management makes an assessment for each grant of PSUs with respect to the timing and likelihood of vesting of such PSUs. The fair value of the PSUs is expensed over the vesting period until it is estimated that the vesting conditions will be met, at which time the full value of the liability is recognized and then revalued each period to fair value until paid.

Earnings / (Loss) Per Share

Basic earnings / (loss) per share are calculated using the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated by using the treasury stock method for equity based compensation arrangements. The treasury stock method assumes that any proceeds obtained on exercise of equity based compensation arrangements would be used to purchase common shares at the average market price during the period. The weighted average number of shares outstanding is then adjusted by the difference between the number of shares issued from the exercise of equity based compensation arrangements and shares repurchased from the related proceeds.

Operating Segments

The Company generates revenue primarily from pressure pumping and other related services for use in the drilling, completion, stimulation and reworking of oil and gas wells in Canada. Management has determined that the Company has one reportable segment as the nature of services provided are organized based on the operating results of its business activities. Discrete financial information is reviewed by the Company’s chief operating decision makers for the purpose of resource allocation and assessing performance.

NOTE 3 – DISPOSITION AND DISCONTINUED OPERATIONS

Disposition

On March 3, 2021, the Company completed the sale of the shares of the software business for cash consideration of approximately $6.5 million. The following table outlines the proceeds and net assets disposed of:

(Stated in thousands)	
Proceeds on sale of software business	$6,530
Less assets and liabilities sold:	
Working capital (including cash $574)	1,577
Property and equipment	477
Gain on disposition of software business	**$4,476**

Results of Discontinued Operations

For the year ended December 31, 2021, the amounts in the current and prior periods are primarily comprised of net profit / (loss) associated with the Company's discontinued international operations, software, and Fluid management business.

The following table represents discontinued operations:

Total discontinued operations	Year ended December 31,	
(Stated in thousands)	**2021**	2020
Revenue	**$148**	$892
Cost of sales - Other	**8**	731
Cost of sales - Depreciation and amortization	**—**	28
Gross profit	**140**	133
Administrative expenses - Other	**372**	440
(Gain) / loss on disposal of discontinued operations	**(4,476)**	1,174
Results from operating activities	**4,244**	(1,481)
Finance cost / (income)	**6**	(152)
Foreign exchange gain - Discontinuance of foreign operations	**(933)**	—
Foreign exchange loss	**9**	28
Profit / (loss) before income tax	**5,162**	(1,357)
Income tax expense	**—**	15
Profit / (loss) from discontinued total operations	**$5,162**	($1,372)

The Company collected the vendor take back loan of $1.8 million shown as other assets at December 31, 2020 that was related to the disposal of the Fluid management business in 2020.

NOTE 4 – CASH AND CASH EQUIVALENTS

	As at December 31,	
(Stated in thousands)	**2021**	2020
Bank balances	**$29,510**	$22,607
Cash and cash equivalents	**$29,510**	$22,607

NOTE 5 – TRADE AND OTHER RECEIVABLES

	As at December 31,	
(Stated in thousands)	**2021**	2020
Trade receivables	**$129,254**	$79,545
Allowance for doubtful accounts (note 18)	**(1,461)**	(2,441)
Total	**$127,793**	$77,104

The Company's exposure to credit risk related to trade and other receivables is disclosed in note 18.

NOTE 6 – INVENTORY

	As at December 31,	
(Stated in thousands)	**2021**	2020
Chemicals and consumables	**$12,437**	$11,769
Parts	**5,927**	8,348
Coiled tubing	**677**	1,482
Total	**$19,041**	$21,599

The total amount of inventory recognized as cost of sales during the year was $191.8 million (2020 – $144.1 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 $2.9 million from $4.3 million in 2020 to reflect the consumption of parts during the year and the parts inventory balance at December 31, 2021.

NOTE 7 – RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(Stated in thousands)	Property	Vehicles	Total
Cost			
Balance, January 1, 2020	$15,339	$12,035	$27,374
Additions	646	1,022	1,668
Termination of leases	(3,014)	(4,193)	(7,207)
Impairment (note 16)	(3,295)	(29)	(3,324)
Balance, December 31, 2020	$9,676	$8,835	$18,511
Termination of leases	**(251)**	**(1,915)**	**(2,166)**
Balance at December 31, 2021	**$9,425**	**$6,920**	**$16,345**
Accumulated Depreciation			
Balance, January 1, 2020	$3,436	$5,955	$9,391
Depreciation	3,352	2,193	5,545
Termination of leases	(3,014)	(2,846)	(5,860)
Balance, December 31, 2020	$3,774	$5,302	$9,076
Depreciation	**1,228**	**1,361**	**2,589**
Termination of leases	**(197)**	**(1,785)**	**(1,982)**
Balance at December 31, 2021	**$4,805**	**$4,878**	**$9,683**
Carrying Amounts			
At December 31, 2020	$5,902	$3,533	$9,435
At December 31, 2021	**$4,620**	**$2,042**	**$6,662**

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 7%.

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

(Stated in thousands)	**2021**	2020
Opening Balance	**$13,767**	$19,526
Interest expense	**707**	1,192
Additions	**—**	1,668
Lease payments	**(4,021)**	(5,738)
Termination of leases	**(133)**	(2,881)
Ending Balance	**$10,320**	$13,767
Current portion of lease liabilities	**2,414**	3,454
Non-current portion of lease liabilities	**$7,906**	$10,313

(Stated in thousands)	**2021**	2020
Less than 1 year	**$3,073**	$4,313
1-3 years	**4,381**	5,481
4-5 years	**3,904**	3,933
After 5 years	**986**	2,924
Total lease payments	**12,344**	16,651
Amounts representing interest over the term of the lease	**(2,024)**	(2,884)
Present value of net lease payments	**10,320**	13,767
Current portion of lease liabilities	**(2,414)**	(3,454)
Non-current portion of lease liabilities	**$7,906**	$10,313

For the year ended December 31, 2021, lease payments of $4.0 million (2020 - $5.7 million) were comprised of $3.3 million (2020 - $4.5 million) related to principal and included in financing activities within the statement of cash flows and $0.7 million (2020 - $1.2 million) related to interest expense and recorded as an operating activity in the statement of cash flows.

For the year ended December 31, 2021, the Company had $0.8 million (2020 - $0.8 million) of variable lease payments. The Company did not have any low value assets and short-term leases with a lease term of twelve months or less for the period.

NOTE 8 – PROPERTY AND EQUIPMENT

(Stated in thousands)	Buildings and improvements	Equipment	Furniture and fixtures	Total
Cost				
Balance at January 1, 2020	$102,532	$974,861	$17,072	$1,094,465
Additions	3,347	8,006	1,435	12,788
Disposals	(1,464)	(76,327)	(1,445)	(79,236)
Reclassification to assets held for sale	20,987	(83)	—	20,904
Balance at December 31, 2020	$125,402	$906,457	$17,062	$1,048,921
Additions	**—**	**52,536**	**1,347**	**53,883**
Disposals	**(808)**	**(65,330)**	**(839)**	**(66,977)**
Balance at December 31, 2021	**$124,594**	**$893,663**	**$17,570**	**$1,035,827**
Accumulated depreciation				
Balance at January 1, 2020	$40,246	$530,318	$13,510	$584,074
Depreciation	4,432	88,273	2,672	95,377
Disposals	(857)	(65,608)	(1,238)	(67,703)
Reclassification to assets held for sale	6,744	—	—	6,744
Impairment	—	25,157	12	25,169
Balance at December 31, 2020	$50,565	$578,140	$14,956	$643,661
Depreciation	**4,229**	**68,816**	**1,718**	**74,763**
Disposals	**(342)**	**(58,246)**	**(346)**	**(58,934)**
Balance at December 31, 2021	**$54,452**	**$588,710**	**$16,328**	**$659,490**
Carrying amounts				
At December 31, 2020	$74,837	$328,317	$2,106	$405,260
At December 31, 2021	**$70,142**	**$304,953**	**$1,242**	**$376,337**

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, 2021, and therefore an impairment test was not required to be performed as at December 31, 2021.

In 2020, the Company identified certain specific assets that were inactive with no expectation of returning to active cash generating use in its property and equipment for which the carrying value is not expected to be fully recoverable given the negative economic effects of the ongoing COVID-19 pandemic. The Company incurred an impairment charge of $25.2 million, which was recognized in the statement of comprehensive loss within 'impairment - non-financial assets'. The assets impaired are no longer part of the operations for the Company. See note 16, describing the Company's impairment analysis for 2020.

For the year ended December 31, 2021, the Company had a $2.6 million gain (2020 – $1.7 million gain) from its disposition of property and equipment.

At December 31, 2021, Trican had $34.2 million of assets under construction mainly related to the CAT Tier 4 dynamic gas blending engine upgrades not yet available for use (2020 – $7.1 million).

NOTE 9 – INTANGIBLE ASSETS AND GOODWILL

Intangible assets

(Stated in thousands)	**2021**	2020
Carrying value at January 1	**$23,958**	$34,415
Amortization	**10,457**	10,457
Carrying value at December 31	**$13,501**	$23,958

Goodwill

(Stated in thousands)	**2021**	2020
Carrying value at January 1	**$—**	$131,000
Impairment (note 16)	**—**	(131,000)
Carrying value at December 31	**$—**	$—

As at March 31, 2020, the Company performed impairment tests for both the Pressure Pumping Services and Cementing Services Cash Generating Units which resulted in an impairment charge of $131.0 million of goodwill.

NOTE 10 – TRADE AND OTHER PAYABLES

	As at December 31,	
(Stated in thousands)	**2021**	2020
Trade payables	**$39,349**	$30,253
Accrued liabilities	**27,574**	22,886
Liabilities for cash-settled share-based payments	**8,244**	4,032
Total trade and other payables	**$75,167**	$57,171

The Company’s exposure to currency and liquidity risk related to trade and other payables is disclosed in note 18.

NOTE 11 – LOANS AND BORROWINGS

	As at December 31,	
(Stated in thousands)	**2021**	2020
Revolving Credit Facility ("RCF"), net of transaction costs	**$—**	$—

Revolving Credit Facility ("RCF")

On December 3, 2021, Trican entered into an agreement with a syndicate of five Canadian banks which amended and extended its RCF.

The RCF matures December 5, 2024, a date that may be extended on an annual basis upon agreement of the RCF lenders, and the Company may draw up to $125.0 million (December 31, 2020 – $125.0 million). The RCF also features an uncommitted accordion of $125.0 million (December 31, 2020 – $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, Banker’s Acceptance rate, or at SOFR, plus 100 to 350 basis points (December 31, 2020 – Canadian prime rate, U.S. prime rate, Banker’s Acceptance rate, or at LIBOR, plus 100 to 350 basis points).

At December 31, 2021, the undrawn and accessible amount of the RCF, subject to financial covenants, was $124.6 million (December 31, 2020 – $124.7 million accessible) due to the Company’s $0.4 million letters of credit outstanding as at December 31, 2021.

As at December 31, 2021, the Company had available a $20.0 million (December 31, 2020 – $20.0 million) swing line facility with its lead bank, which is included within the $125.0 million borrowing capacity of the RCF described above. As at December 31, 2021, there was nil drawn on the swing line facility (December 31, 2020 – nil).

As at December 31, 2021, the Company had available a $10.0 million (December 31, 2020 – $10.0 million) Letter of Credit facility with its syndicate of banks included within the $125.0 million borrowing capacity of the RCF described above. As at December 31, 2021, Trican had $0.4 million in letters of credit outstanding (December 31, 2020 – $0.3 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, 2021, Senior Net Debt includes non-recourse debt of nil (December 31, 2020 - nil) and certain specified right-of-use lease liabilities of $1.6 million (December 31, 2020 - $3.5 million). As at December 31, 2021, the Leverage Ratio was 0.0x (December 31, 2020 – 0.0x).

	As at December 31,	
(Stated in thousands)	**2021**	2020
Senior Net Debt	**($27,491)**	($18,760)
Bank EBITDA	**99,692**	32,429
Leverage Ratio	**0.0x**	0.0x
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, 2021, the Interest Coverage Ratio was 71.2x (December 31, 2020 - 14.1x).

	As at December 31,	
(Stated in thousands)	**2021**	2020
Interest Expense	**$1,400**	$2,306
Bank EBITDA	**99,692**	32,429
Interest Coverage Ratio	**71.2x**	14.1x
Minimum Covenant Ratio	**>2.5x**	>2.5x

The Company is in compliance with its financial covenants at December 31, 2021.

NOTE 12 – 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, January 1, 2020	271,490,035	$989,044
Exercise of stock options	1,375,811	1,093
Reclassification from contributed surplus on exercise of options	—	478
Shares repurchased and cancelled under NCIB	(17,130,235)	(62,621)
Balance, December 31, 2020	255,735,611	$927,994
Exercise of stock options	**1,527,868**	**2,219**
Reclassification from contributed surplus on exercise of options	**—**	**1,162**
Shares repurchased and cancelled under NCIB	**(10,298,811)**	**(37,527)**
Balance, December 31, 2021	**246,964,668**	**$893,848**

Normal Course Issuer Bid

The Company completed its 2020-2021 Normal Course Issuer Bid ("NCIB") that commenced on October 5, 2020. Pursuant to the 2020-2021 NCIB, the Company purchased and cancelled 11,325,100 common shares, which is 56% of the maximum allowable number under the 2020-2021 bid, totaling 20,343,064 common shares, for a total consideration of $24.3 million, at a weighted average price per share of $2.14 before broker commission.

On October 1, 2021, the Company announced the renewal of its NCIB program, commencing October 5, 2021, to purchase up to 24.7 million of its common shares for cancellation before October 4, 2022. At December, 31, 2021, the Company has repurchased and cancelled 2,192,011 common shares under the 2021-2022 program.

All purchases are to be made at the prevailing market price at the time of purchase and are subject to a maximum daily purchase volume of 287,437 (being 25% of the average daily trading volume of the common shares traded on the Toronto Stock Exchange ("TSX") for the six calendar months ending August 31, 2021 of 1,149,750 common shares), except as otherwise permitted under the TSX NCIB rules. All common shares purchased under the NCIB are returned to treasury for cancellation.

Purchases for the years ended December 31, 2021 and 2020 are as follows:

	Year ended December 31,	
(Stated in thousands, except share and per share amounts)	**2021**	2020
Number of common shares repurchased and cancelled	**10,298,811**	17,130,235
Amounts charged to:		
Share capital[1]	**$37,527**	$62,621
Accumulated deficit	**(10,781)**	(44,062)
Share repurchase cost	**$26,746**	$18,559
Weighted average price per share	**$2.60**	$1.08

[1]Includes brokerage fees

NOTE 13 – PROFIT / (LOSS) PER SHARE

	Year ended December 31,	
(Stated in thousands, except share and per share amounts)	**2021**	2020
Basic weighted average number of common shares	**253,153,795**	263,829,916
Dilutive effect of stock options	**4,632,048**	—
Diluted weighted average number of common shares	**257,785,843**	263,829,916

	Year ended December 31,	
Attributable to owners of the Company	**2021**	2020
Profit / (loss) from continuing operations	**$12,058**	($227,646)
Per share – basic and diluted	**$0.05**	($0.86)
Profit / (loss) from discontinued operations	**$5,162**	($1,372)
Per share – basic and diluted	**$0.02**	($0.01)
Profit / (loss) for the period	**$17,220**	($229,018)
Per share – basic and diluted	**$0.07**	($0.87)

For the year ended December 31, 2021, 4.6 million options were included in the diluted weighted average number of ordinary shares calculation.

At December 31, 2021, no options were excluded from the diluted weighted-average number of ordinary shares calculation because their effect would have been anti-dilutive. At December 31, 2020, the options were in a loss position and the options had no anti-dilutive effect.

The average market value of the Company's shares for the purpose of calculating the dilutive effect of share options was based on quoted market prices for the year during which the options were outstanding.

NOTE 14 – SHARE-BASED PAYMENTS

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

Incentive Stock Option 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. In 2021, the Company determined that 1,953,600 stock options were likely to be 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 income for the year is $2.2 million (2020 - $2.1 million). The corresponding amount has also been recognized in contributed surplus.

The weighted average grant date fair value of options granted during the year ended December 31, 2021 has been estimated at $0.80 per option (year ended December 31, 2020 – $0.32) using the Black-Scholes option pricing model. Expected volatility is estimated by considering historic average share price volatility. The Company has applied the following assumptions in determining the fair value of options for grants.

	Year ended December 31,	
	2021	2020
Share price	**$1.96**	$0.79
Exercise price	**$1.96**	$0.79
Expected life (years)	**3.76**	3.91
Expected volatility	**57%**	54%
Risk-free interest rate	**0.7%**	0.5%
Dividend yield	**0.0%**	0.0%

The Company has reserved 23,461,643 common shares as at December 31, 2021, (December 31, 2020 – 24,294,883) for issuance under a stock option plan for officers and employees. 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, 2021, 13,283,182 options (December 31, 2020 – 15,478,648) were outstanding at exercise prices ranging from $0.57 to $4.57 per share with expiry dates ranging from 2022 to 2028.

The following table provides a summary of the status of the Company’s equity-settled stock option plan and changes during the years ended December 31, 2021 and 2020:

	Year ended December 31, 2021		Year ended December 31, 2020	
	Options	**Weighted average exercise price**	Options	Weighted average exercise price
Outstanding at the beginning of period	**15,478,648**	**$1.87**	12,652,860	$2.33
Granted	**2,843,900**	**1.96**	6,156,700	0.79
Exercised	**(1,493,202)**	**1.45**	(1,375,811)	0.79
Forfeited	**(1,592,564)**	**2.51**	(1,947,261)	2.25
Expired	**—**	**—**	(7,840)	0.82
Change in classification from equity-settled to cash-settled	**(1,953,600)**	**1.35**	—	—
Outstanding at the end of period	**13,283,182**	**$1.93**	15,478,648	$1.87
Exercisable at end of period	**6,995,401**	**$2.41**	6,716,770	$1.92

The weighted-average TSX traded share price for the year ended December 31, 2021, was $2.50 (December 31, 2020 – $0.98).

The following table summarizes information about equity-settled stock options outstanding at December 31, 2021:

			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	2,033,827	5.21	$0.57	747,855	$0.57
$1.01	to	$3.00	7,603,055	5.14	1.57	2,601,246	1.49
$3.01	to	$4.57	3,646,300	2.73	3.44	3,646,300	3.44
$0.57	to	$4.57	13,283,182	4.49	$1.93	6,995,401	$2.41

Deferred share unit plan

Under the terms of the deferred share unit plan, DSUs awarded will vest immediately and will be settled in cash in the amount equal to the closing price of the Company's common shares on the date the director specifies upon tendering their resignation from the Board, which in any event must be after the date on which the notice of redemption is filed with the Company and within the period from the Director's resignation date to December 15th of the first calendar year commencing after the Director's termination date. There were 1,155,031 DSUs outstanding at December 31, 2021 (2020 - 1,512,881).

Restricted share unit plan

Under the terms of the restricted share unit plan, the RSUs awarded will vest in three equal portions on the first, second and third anniversary of the grant date and will be settled in cash in the amount equal to the volume-weighted-average trading price for the twenty trading days preceding the particular vesting date of the award. The fair value of the RSUs 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. All officers and employees of the Company are eligible for participation in the plan. There were 187,867 RSUs outstanding at December 31, 2021 (2020 - 426,600).

Performance share unit plan

Under the terms of the performance share unit plan, grants awarded will vest on the third anniversary of the grant date if the Company meets certain financial targets, and expire otherwise. PSU grants will be settled in cash in the amount equal to the volume-weighted-average trading price for the five trading days preceding the vesting date of the Common Shares of the Company. The fair value of the PSUs 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 1,523,000 PSUs outstanding at December 31, 2021 (2020 - 1,034,500).

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, 2021:

(Units)	Deferred Share Units	Restricted Share Units	Performance Share Units	Stock Options Cash Settled
Balance, January 1, 2020	1,721,109	62,500	2,144,200	—
Granted	663,300	1,020,700	1,187,000	—
Redeemed for cash	(871,528)	(656,600)	(1,596,317)	—
Forfeited	—	—	(700,383)	—
Balance, December 31, 2020	1,512,881	426,600	1,034,500	—
Granted	**281,058**	**—**	**941,000**	**—**
Redeemed for cash	**(619,577)**	**(238,733)**	**(98,250)**	**—**
Forfeited	**(19,331)**	**—**	**(354,250)**	**—**
Change in classification from equity-settled to cash-settled	**—**	**—**	**—**	**1,953,600**
Balance at December 31, 2021	**1,155,031**	**187,867**	**1,523,000**	**1,953,600**
Vested at December 31, 2021	**1,155,031**	**—**	**—**	**1,953,600**

	Year ended December 31,	
(Stated in thousands)	**2021**	2020
Cash-settled share-based compensation expense		
Expense arising from DSUs	**$2,382**	$1,161
Expense arising from RSUs	**674**	834
Expense arising from PSUs	**1,269**	774
Expense arising from Stock Options	**176**	—
Total expense cash-settled share-based compensation	**$4,501**	$2,769
Equity-settled share-based compensation expense		
Stock options	**2,164**	2,140
Total expense related to share-based payments	**$6,665**	$4,909

For the year ended December 31, 2021, the closing share price used in the fair value calculation of the Company's cash-settled share-based compensation plans was $2.77 (December 31, 2020 - $1.68).

At December 31, 2021, $6.9 million of outstanding liabilities for cash-settled compensation plans (December 31, 2020 - $4.0 million) are included in trade and other payables and the long-term portion of $1.3 million (December 31, 2020 - nil) was included in share-based compensation liabilities on the consolidated statements of financial position.

NOTE 15 – COST OF SALES AND ADMINISTRATIVE EXPENSES

The Company classifies the consolidated statement of comprehensive profit / (loss) 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)	**2021**	2020
Personnel expenses	**$101,189**	$89,739
Personnel expenses – CEWS[1]	**(10,161)**	(16,234)
Direct costs	**344,679**	253,159
Direct costs – CERS[2]	**(822)**	(166)
Cost of sales	**$434,885**	$326,498
Cost of sales – depreciation and amortization	**84,305**	106,423
Total cost of sales	**$519,190**	$432,921

[1]Canadian Emergency Wage Subsidy
[2]Canadian Emergency Rent Subsidy

Administrative expenses	Year ended December 31,	
(Stated in thousands)	**2021**	2020
Personnel expenses	**$14,743**	$14,618
Personnel expenses – CEWS[1]	**(1,822)**	(3,240)
Personnel expenses – severance	**424**	17,145
Personnel expenses – cash-settled share-based compensation	**4,501**	2,769
Personnel expenses – equity-settled share-based compensation	**2,164**	2,140
General organizational expenses	**8,505**	9,960
General organizational expenses – CERS[2]	**(277)**	(105)
Administrative expenses	**$28,238**	$43,287
Administrative expenses – depreciation	**3,504**	4,957
Total administrative expenses	**$31,742**	$48,244

[1]Canadian Emergency Wage Subsidy
[2]Canadian Emergency Rent Subsidy

NOTE 16 – IMPAIRMENT ASSESSMENT

For the purposes of impairment testing, right of use assets, property and equipment, goodwill and intangible assets are allocated to the Company’s CGUs being Pressure Pumping Services and Cementing Services. 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, 2021, and therefore an impairment test was not required to be performed as at December 31, 2021.

As at March 31, 2020, the impact of COVID-19 and the crude oil production increases by members of the Organization of Petroleum Exporting Countries (OPEC), and certain other oil producing countries, caused an oversupply of crude oil that resulted in a significant decline in crude oil prices. These factors created significant uncertainty for the Company's customers' planned oil and natural gas activity levels. As a result, the Company performed an impairment test on its non-financial assets within the Pressure Pumping Services CGU and the Cementing Services CGU at March 31, 2020. Based on the results of the tests, an impairment charge of $131.0 million of goodwill impairment for the Pressure Pumping Services CGU and the Cementing Services CGU was recorded in the statement of comprehensive loss, within 'Impairment – non-financial assets', during 2020.

Pressure Pumping Services

The impairment test for the Pressure Pumping Services CGU used a value in use approach with the recoverable amount estimated based on significant assumptions including forecasted revenue growth rates, forecasted adjusted EBITDA and forecasted sustaining capital at March 31, 2020, at a pre-tax discount rate of 15.9%. The discount rate was estimated based on the Company’s weighted average cost of capital, adjusted for the Pressure Pumping Services CGU specific risks. The estimated recoverable amount was based on a 5-year model with forecasted revenue decreasing initially, and subsequently increasing, in correlation with forecasted oil and gas industry activity with a terminal growth rate of 2.0%. Forecasted adjusted EBITDA was based on historical adjusted EBITDA margins adjusted for anticipated revenue changes and cost structure. A terminal value thereafter was applied. Based on the analysis, the Company determined there was an impairment charge of goodwill within the Pressure Pumping Services CGU of $128.9 million as at March 31, 2020, as the recoverable amount for this CGU was lower than the respective carrying amount. The estimated value in use for the Pressure Pumping Services CGU was sensitive to a change in the following assumptions and estimates:

Assumptions	Percentage Change	Impact on Impairment
Forecasted revenue growth	Increase of 1%	Decrease of $28.9 million
Forecasted adjusted EBITDA	Increase of 1%	Decrease of $43.9 million
Forecasted sustaining capital	Increase of 1%	Increase of $51.2 million
Discount rate	Increase of 1%	Increase of $50.4 million

Cementing Services

The impairment test for the Cementing Services CGU used a value in use approach with the recoverable amount estimated based on significant assumptions including forecasted revenue growth rates, forecasted adjusted EBITDA, and forecasted sustaining capital at March 31, 2020, at a pre-tax discount rate of 15.9%. The discount rate was estimated based on the Company’s weighted average cost of capital, adjusted for the Cementing Services CGU specific risks. The estimated recoverable amount was based on a 5-year model with forecasted revenue decreasing initially, and subsequently increasing, in correlation with forecasted oil and gas industry activity with a terminal growth rate of 2.0%. Forecasted adjusted EBITDA was based on historical adjusted EBITDA margins adjusted for anticipated revenue changes and cost structure. A terminal value thereafter was applied. Based on the analysis, the Company determined there was an impairment charge of goodwill within the Cementing Services CGU of $2.1 million as at March 31, 2020, as the recoverable amount for this CGU was lower than the respective carrying amount. The estimated value in use for the Cementing Services CGU was sensitive to a change in the following assumptions and estimates:

Assumptions	Percentage Change	Impact on Impairment
Forecasted revenue growth	Increase of 1%	Decrease of $5.9 million
Forecasted adjusted EBITDA	Increase of 1%	Decrease of $6.8 million
Forecasted sustaining capital	Increase of 1%	Increase of $7.9 million
Discount rate	Increase of 1%	Increase of $7.8 million

The aggregate impairment charge recognized in the consolidated statement of comprehensive loss within 'Impairment - non-financial assets' for 2021, was nil (2020 – $163.4 million). The impairment charge in 2020, includes $131 million related to the impairment of goodwill (as described above) and $32.4 million of specific asset impairments related to non-financial assets with no expectation of returning to active cash generating use. The $32.4 million is comprised of $3.9 million related to assets held for sale, $25.2 million on property and equipment (see note 8) and $3.3 million on right-of-use assets (see note 7).

NOTE 17 - INCOME TAXES

Tax (recovery) / expense

	Year ended December 31,	
(Stated in thousands)	**2021**	2020
Current tax recovery		
Current year	**$—**	$—
Adjustment for prior years	**(1,683)**	(242)
	($1,683)	($242)
Deferred tax (recovery) / expense		
Current year	**$63**	($30,492)
Adjustment for prior years	**1,540**	(750)
	$1,603	($31,242)
Total tax recovery from continuing operations	**($80)**	($31,484)

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 / (loss) reflects an effective tax rate which differs from the expected statutory tax rate.

	Year ended December 31,	
(Stated in thousands)	**2021**	2020
Profit / (loss) before income taxes from continuing operations	**$11,978**	($259,130)
Combined federal and provincial statutory income tax rate	**23.80 %**	24.47 %
Expected tax (benefit) / expense	**2,851**	(63,409)
Statutory and other rate difference	**4**	(1,799)
Non-deductible expenses	**244**	76
Adjustments related to prior years	**(142)**	(2,086)
Change in unrecognized deferred tax assets	**(7,320)**	3,335
Stock-based compensation	**557**	524
Impairment of goodwill	**—**	30,375
Other	**3,726**	1,500
Total tax recovery from continuing operations	**($80)**	($31,484)

For the year ended December 31, 2021, the blended statutory tax rate was 23.80% (December 31, 2020 - 24.47%). The decrease from 2020 was due to a decrease in the Alberta provincial rate from 10% to 8% effective July 1, 2020.

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, 2021, the Company recognized a tax benefit of $41.6 million (December 31, 2020 - $40.9 million) relating to non-capital losses available to carry forward that are expected to be offset against future taxable profit.

The Company has not recognized a deferred tax asset in respect of net capital losses of $24.6 million (2020 - $23.6 million) and non-capital losses of $795.9 million (2020 - $816.2 million) as it is not probable at this time that it will have sufficient future capital gains or future taxable profits to utilize these net amounts, respectively. The unrecognized non-capital losses are predominantly losses incurred in the United States and expire between 2029 and 2036.

The expiry of non-capital losses are as follows:

	Year ended December 31,	
(Stated in thousands)	**2021**	2020
2035	**$—**	$9,488
2036	**79,530**	99,718
2037	**11,202**	22,253
2038	**28,225**	29,043
2039	**29,089**	31,570
2040	**26,721**	9,511
Total Canadian Federal	**$174,767**	$201,583
Total Foreign	**795,934**	792,541
Total non-capital losses	**$970,701**	$994,124

Movement in and Components of Deferred Tax Balances

(Stated in thousands)	January 1, 2020	Recognized in Continuing Profit or Loss	December 31, 2020	**Recognized in Continuing Profit or Loss**	**December 31, 2021**
Deferred tax assets					
Non-capital loss carryforward	$45,867	($12,638)	$33,229	**$588**	**$33,817**
Other	3,720	(496)	3,224	**936**	**4,160**
	$49,587	($13,134)	$36,453	**$1,524**	**$37,977**
Deferred tax liabilities					
Property and Equipment	($72,512)	$39,883	($32,629)	**($4,173)**	**($36,802)**
Other	(8,317)	4,493	(3,824)	**1,046**	**(2,778)**
	($80,829)	$44,376	($36,453)	**($3,127)**	**($39,580)**
Deferred tax liabilities (net)	($31,242)	$31,242	$—	**($1,603)**	**($1,603)**

NOTE 18 – 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 fair value of the RCF was determined by calculating future cash flows, including interest at current rates.

The table below analyzes financial instruments carried at amortized cost, by valuation method. The different levels 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).

December 31, 2021	Carrying amount	Fair value Level 2
Financial assets		
Other assets	**$—**	**$—**
Financial liabilities at amortized cost		
RCF	**$—**	**$—**

December 31, 2020	Carrying amount	Fair value Level 2
Financial assets		
Other assets	$2,104	$2,104
Financial liabilities at amortized cost		
RCF	$—	$—

Market Risk

Market risk is the risk that the fair value or future cash flows of financial assets or liabilities will fluctuate due to movements in market rates and is comprised of the following:

Interest Rate Risk

The impact of a one percent change in interest rates to the Company's floating rate debt would be nominal for the year ended December 31, 2021 (2020 - $0.2 million), based on the average debt balances for the year.

Foreign Exchange Rate Risk

As the Company operates primarily in Canada, fluctuations in exchange rates do not have a significant effect on operating results. The Company holds a limited amount of financial assets and liabilities denominated in U.S. dollars where fluctuations between the U.S. dollar/Canadian dollar can effect the fair value of future cash flows of these assets and liabilities. The impact of the foreign exchange fluctuations on these balances is not material.

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, 2021, one customer accounted for 35% of the Company's accounts receivable (2020 - one customer accounted for 32%) and one customer accounted for 31% of its revenue (2020 - one customers accounted for 25%).

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.

Payment terms with customers vary by contract; however, standard payment terms are 30 days from invoice date. Historically, industry practice allows for payment up to 70 days from invoice date. The Company considers its accounts receivable excluding doubtful accounts to be aged as follows:

	As at December 31,	
(Stated in thousands)	**2021**	2020
Current (0 - 30 days from invoice date)	**$50,572**	$40,619
31 - 60 days past due	**42,556**	27,756
60 - 90 days past due	**28,810**	9,797
Greater than 90 days past due	**7,316**	1,373
Total	**$129,254**	$79,545
Provision for doubtful accounts	**($1,461)**	($2,441)
Total trade and other receivables	**$127,793**	$77,104

Movement in provision

(Stated in thousands)	**2021**	2020
Provision for doubtful accounts at January 1	**$2,441**	$1,590
(Decrease) / Increase in provision	**(1,030)**	9,930
Recovery / (Write-off) of provision	**50**	(9,079)
Provision for doubtful accounts at December 31	**$1,461**	$2,441

Counterparties

Counterparties to financial instruments expose the Company to credit losses in the event of non-performance. Counterparties to cash transactions are limited to high credit-quality financial institutions. The Company does not anticipate non-performance that would materially impact the Company's financial statements.

Liquidity risk

Liquidity risk is the risk the Company will encounter difficulties in meeting its financial liability obligations. The Company manages its liquidity risk through cash and debt management, which includes monitoring forecasts of the

Company's cash and cash equivalents and borrowing facilities on the basis of projected cash flow. This is generally carried out at the consolidated level in accordance with practices and policies established by the Company.

As at December 31, 2021, the Company had accessible unused committed bank credit facilities in the amount of $124.6 million (2020 - $124.7 million), cash of $29.5 million (2020 - $22.6 million), trade and other receivables of $127.8 million (2020 - $77.1 million) for a total of $281.9 million (2020 - $224.4 million) available to fund the cash outflows relating to its financial liabilities. The Company believes it has sufficient funding through the use of these sources to meet foreseeable liquidity requirements.

The Company anticipates that its existing capital resources including availability under its RCF and cash flows from operations will be adequate to satisfy its liquidity requirements through fiscal 2022. If available liquidity is not sufficient to meet Trican's operating and debt servicing obligations as they come due, management's plans include reducing expenditures as necessary or pursuing alternative financing arrangements and additional asset sales. However, there is no assurance that, if required, the Company will be able to reduce expenditures or secure alternative financing arrangements to provide the required liquidity.

The timing of cash outflows relating to financial liabilities are outlined in the table below:

December 31, 2021 (Stated in thousands)	**Carrying Value**	**Less than 1 year**	**1 to 3 years**	**4 to 5 years**	**Greater than 5 years**	**Total**
Trade and other payables	$75,167	$75,167	$—	$—	$—	**$75,167**
RCF (including interest)	—	—	—	—	—	**—**
Lease liabilities - current	2,414	3,073	—	—	—	**3,073**
Lease liabilities - non-current	7,906	—	4,381	3,904	986	**9,271**
	$85,487	**$78,240**	**$4,381**	**$3,904**	**$986**	**$87,511**

NOTE 19 – 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 long-term debt 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.

As at December 31, the ratio of long-term debt to shareholders' equity was:

	As at December 31,	
(Stated in thousands, except ratios)	**2021**	2020
Loans and borrowings	**$—**	$—
Shareholders' equity	**489,400**	497,946
Total capitalization	**$489,400**	$497,946
Long-term debt to total capitalization	**N/A**	N/A

NOTE 20 – OTHER COMMITMENTS AND CONTINGENCIES

As at December 31, 2021, the Company has committed to capital expenditures of $23.5 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.

Other Commitments

The tax regulations and legislation in the various jurisdictions that the Company operates in, or has previously operated in, are continually changing. As a result, there are usually some tax matters under review. Management believes that it has adequately met, provided and/or recognized tax assets and liabilities based on the Company's interpretation of relevant tax legislation and regulations and likelihood of recovery and/or payment.

NOTE 21 – FINANCE COSTS

	Year ended December 31,	
(Stated in thousands)	**2021**	2020
Finance cost		
Interest on loans and borrowings	**$1,267**	$2,115
Interest on lease	**707**	1,192
Total finance cost	**$1,974**	$3,307

NOTE 22 – 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 14).

Key management personnel compensation comprised of:

	Year ended December 31,	
(Stated in thousands)	**2021**	2020
Salaries	**$2,190**	$1,747
Share-based awards	**1,662**	2,949
Option-based awards	**1,354**	1,457
Severance	**—**	5,170
All other compensation	**3,046**	2,105
Total	**$8,252**	$13,428

NOTE 23 – EMPLOYEE BENEFIT EXPENSE

(Stated in thousands)	Year ended December 31, 2021	2020
Wages and salaries	**$93,649**	$91,944
Severance	**424**	17,145
Employee benefits	**10,423**	12,580
Share based compensation	**4,352**	3,746
Total	**$108,848**	$125,415

NOTE 24 – RECAST OF PRIOR PERIOD AMOUNTS

The comparative figures for 2020 include an adjustment relating to an immaterial error regarding an understatement in the recognition of the CEWS program in 2020.

For the year ended December 31, 2020, the adjustment results in a decrease to Cost of sales – Other of $4.7 million and a decrease to Administrative expenses – Other of $1.0 million. As a result:

- the previously reported loss from continuing operations of $233.3 million, net loss of $234.7 million and comprehensive loss of $233.5 million each decrease by $5.7 million and are now reported as a loss from continuing operations of $227.6 million, net loss of $229.0 million and comprehensive loss of $227.8 million; and
- the previously reported loss from continuing operations and net loss per share of $0.88 and $0.89 will decreased by $0.02 to $0.86 and $0.87 for the year ended December 31, 2020.

The change in the Statement of Financial Position is an increase to Trade and other receivables of $5.7 million increasing the amount from the previously reported amount of $71.4 million to the restated amount of $77.1 million with a reduction to the Deficit of $5.7 million decreasing the amount from the previously reported amount of $525.9 million to the restated amount of $520.2 million at December 31, 2020.

There is no impact on the net cash flows from operating, investing or financing activities on the statement of cash flows for any of the aforementioned periods.

NOTE 25 – SUBSEQUENT EVENTS

Normal Course Issuer Bid

For the period from January 1, 2022 to February 23, 2022, the Company repurchased an additional 694,800 common shares at a weighted average price per share of $3.13 pursuant to its NCIB.

Sale of Property

Subsequent to December 31, 2021, the Company entered into a property sale for proceeds of $7.2 million, subject to customary closing adjustments.

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 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.
2900, 645 - 7th Avenue S.W.
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 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