

Condensed Consolidated Interim Financial Statements and Notes

Condensed Consolidated Interim Balance Sheets

As at	Note*	June 30, 2020	December 31, 2019
(CDN 000s) (unaudited)		(\$)	(\$)
Assets			
Current			
Cash and cash equivalents	5,11	176,486	161,016
Trade and other receivables		24,854	59,716
Income taxes recoverable - other	6	15,304	15,304
Prepaid expenses		1,805	3,621
Income taxes recoverable		3,017	2,382
Total current assets		221,466	242,039
Non-current			
Property, plant and equipment		111,041	118,522
Investments		26,186	26,265
Intangible assets and goodwill		48,694	51,015
Total non-current assets		185,921	195,802
Total assets		407,387	437,841
Liabilities and equity			
Current			
Trade payables and accruals		18,800	34,420
Income taxes payable		5,722	3,133
Stock-based compensation liability	7	2,513	2,442
Lease liability	8	2,380	3,275
Investment - put option		10,000	15,000
Total current liabilities		39,415	58,270
Non-current			
Deferred tax liabilities		8,513	8,566
Lease liability	8	5,024	11,532
Stock-based compensation liability	7	4,131	3,479
Obligation under put option		10,010	9,540
Total non-current liabilities		27,678	33,117
Equity			
Share capital	7	166,561	166,701
Share-based benefits reserve		31,869	30,863
Foreign currency translation reserve		70,067	57,830
Equity reserve		(8,375)	(8,375)
Retained earnings		81,231	99,806
Total equity attributable to equity holders of the Company		341,353	346,825
Non-controlling interest		(1,059)	(371)
Total equity		340,294	346,454
Total liabilities and equity		407,387	437,841

*The Notes are an integral part of these Consolidated Financial Statements.

Condensed Consolidated Interim Statements of Operations

		Three Months Ended June 30,		Six Months Ended June 30,	
	Note*	2020	2019	2020	2019
(CDN 000s, except per share data) (unaudited)		(\$)	(\$)	(\$)	(\$)
Revenue		26,848	72,894	100,810	155,037
Operating expenses					
Rental services		15,554	27,264	40,335	54,058
Local administration		2,255	3,399	6,628	6,710
Depreciation and amortization		8,612	9,978	19,026	20,200
		26,421	40,641	65,989	80,968
Gross profit		427	32,253	34,821	74,069
Other expenses					
Research and development		6,737	7,661	14,799	15,405
Corporate services		2,827	3,895	6,512	7,548
Stock-based compensation expense	7	1,868	3,089	1,746	6,913
Other (income) expenses	8	(5,134)	4,894	(5,940)	5,052
		6,298	19,539	17,117	34,918
(Loss) income before income taxes		(5,871)	12,714	17,704	39,151
Income tax provision		(1,072)	3,469	5,951	10,862
Net (loss) income		(4,799)	9,245	11,753	28,289
Net (loss) income attributable to:					
Shareholders of Pason		(4,487)	9,245	12,432	28,289
Non-controlling interest		(312)	—	(679)	—
Net (loss) income		(4,799)	9,245	11,753	28,289
(Loss) income per share	9				
Basic		(0.05)	0.11	0.15	0.33
Diluted		(0.05)	0.11	0.15	0.33

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Condensed Consolidated Interim Statements of Other Comprehensive Income

		Three Months Ended June 30,		Six Months Ended June 30,	
	Note*	2020	2019	2020	2019
(CDN 000s) (unaudited)		(\$)	(\$)	(\$)	(\$)
Net (loss) income		(4,799)	9,245	11,753	28,289
Items that may be reclassified subsequently to net income:					
Tax recovery on net investment in foreign operations related to an inter-company financing		—	9,690	—	10,481
Foreign currency translation adjustment		(11,660)	(5,567)	12,228	(13,093)
Other comprehensive (loss) gain		(11,660)	4,123	12,228	(2,612)
Total comprehensive (loss) income		(16,459)	13,368	23,981	25,677
Total comprehensive (loss) income attributed to:					
Shareholders of Pason		(16,178)	13,368	24,669	25,677
Non-controlling interest		(281)	—	(688)	—
Total comprehensive (loss) income		(16,459)	13,368	23,981	25,677

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Condensed Consolidated Interim Statements of Changes in Equity

	Note*	Share Capital	Share- Based Benefits Reserve	Foreign Currency Translation Reserve	Equity Reserve	Retained Earnings	Total Equity Attributable to Pason	Non- Controlling Interest	Total Equity
(CDN 000s) (unaudited)		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Balance at January 1, 2019		164,723	27,287	63,574	—	130,493	386,077	—	386,077
Net income		—	—	—	—	28,289	28,289	—	28,289
Dividends	7	—	—	—	—	(30,856)	(30,856)	—	(30,856)
Other comprehensive loss		—	—	(2,612)	—	—	(2,612)	—	(2,612)
Exercise of stock options	7	3,706	(579)	—	—	—	3,127	—	3,127
Expense related to vesting of options		—	2,081	—	—	—	2,081	—	2,081
Shares cancelled under NCIB	7	(1,100)	—	—	—	(10,019)	(11,119)	—	(11,119)
Liability reversal for automatic share purchase plan commitment pursuant to NCIB	7	423	—	—	—	3,656	4,079	—	4,079
Liability for automatic share purchase plan commitment pursuant to NCIB	7	(202)	—	—	—	(1,798)	(2,000)	—	(2,000)
Balance at June 30, 2019		167,550	28,789	60,962	—	119,765	377,066	—	377,066
Net income		—	—	—	—	25,823	25,823	(309)	25,514
Dividends		—	—	—	—	(32,244)	(32,244)	—	(32,244)
Prior years business acquisition		1,250	—	—	—	—	1,250	—	1,250
Acquisition		—	—	—	(8,375)	—	(8,375)	(62)	(8,437)
Other comprehensive income		—	—	(3,132)	—	—	(3,132)	—	(3,132)
Exercise of stock options		284	(45)	—	—	—	239	—	239
Expense relating to vesting of options		—	2,119	—	—	—	2,119	—	2,119
Shares cancelled under NCIB		(1,853)	—	—	—	(11,068)	(12,921)	—	(12,921)
Liability for automatic share purchase plan commitment pursuant to NCIB	7	(530)	—	—	—	(2,470)	(3,000)	—	(3,000)
Balance at December 31, 2019		166,701	30,863	57,830	(8,375)	99,806	346,825	(371)	346,454
Net income		—	—	—	—	12,432	12,432	(679)	11,753
Dividends	7	—	—	—	—	(32,064)	(32,064)	—	(32,064)
Other comprehensive income		—	—	12,237	—	—	12,237	(9)	12,228
Expense related to vesting of options		—	1,006	—	—	—	1,006	—	1,006
Shares cancelled under NCIB	7	(872)	—	—	—	(3,211)	(4,083)	—	(4,083)
Liability reversal for automatic share purchase plan commitment pursuant to NCIB	7	732	—	—	—	4,268	5,000	—	5,000
Balance at June 30, 2020		166,561	31,869	70,067	(8,375)	81,231	341,353	(1,059)	340,294

*The Notes are an integral part of these Consolidated Financial Statements.

Condensed Consolidated Interim Statements of Cash Flows

		Three Months Ended June 30,		Six Months Ended June 30,	
	Note*	2020	2019	2020	2019
(CDN 000s) (unaudited)		(\$)	(\$)	(\$)	(\$)
Cash from (used in) operating activities					
Net (loss) income		(4,799)	9,245	11,753	28,289
Adjustment for non-cash items:					
Depreciation and amortization		8,612	9,978	19,026	20,200
Stock-based compensation	7	1,868	3,089	1,746	6,913
Deferred income taxes		(285)	(1,356)	(278)	1,419
Derecognition of onerous lease	8	(5,757)	—	(5,757)	—
Derecognition of lease receivable	8	—	4,289	—	4,289
Hyperinflationary adjustment		(287)	—	(731)	—
Unrealized foreign exchange loss and other		782	(1,451)	1,097	(1,417)
Funds flow from operations		134	23,794	26,856	59,693
Movements in non-cash working capital items:					
Decrease in trade and other receivables		36,301	13,353	35,941	4,099
Decrease in prepaid expenses		770	742	1,869	1,021
(Decrease) increase in income taxes		(2,208)	(2,302)	4,423	1,223
(Decrease) increase in trade payables, accruals and stock-based compensation liability		(3,679)	834	(11,142)	(6,164)
Effects of exchange rate changes		(640)	1,661	(143)	1,588
Cash generated from operating activities		30,678	38,082	57,804	61,460
Income tax paid	6	(725)	(144)	(2,258)	(15,080)
Net cash from operating activities		29,953	37,938	55,546	46,380
Cash flows from (used in) financing activities					
Proceeds from issuance of common shares	7	—	1,114	—	3,127
Payment of dividends	7	(16,038)	(15,417)	(32,064)	(30,856)
Repurchase and cancellation of shares under NCIB	7	(263)	(9,097)	(4,083)	(11,119)
Repayment of lease liability		(658)	(382)	(1,243)	(1,053)
Net cash used in financing activities		(16,959)	(23,782)	(37,390)	(39,901)
Cash flows (used in) from investing activities					
Payment on investment - put option		—	—	(5,000)	—
Additions to property, plant and equipment		(1,378)	(4,335)	(4,044)	(14,084)
Development costs		579	119	157	(449)
Proceeds on disposal of investment and property, plant and equipment		393	508	807	618
Changes in non-cash working capital		341	(1,683)	357	467
Net cash used in investing activities		(65)	(5,391)	(7,723)	(13,448)
Effect of exchange rate on cash and cash equivalents		(6,773)	(3,563)	5,037	(7,736)
Net increase (decrease) in cash and cash equivalents		6,156	5,202	15,470	(14,705)
Cash and cash equivalents, beginning of period		170,330	183,931	161,016	203,838
Cash and cash equivalents, end of period	5	176,486	189,133	176,486	189,133

*The Notes are an integral part of these Consolidated Financial Statements.

Notes to Condensed Consolidated Interim Financial Statements

(\$CDN 000s, except per share data)

1. Description of Business

Pason Systems Inc. (the "Company") is a leading global provider of instrumentation and data management systems for drilling rigs.

The Company headquarters are located at 6130 Third Street SE, Calgary, Alberta, Canada. The Company is a publicly traded company listed on the Toronto Stock Exchange under the symbol PSI. The Consolidated Financial Statements of the Company are comprised of the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The accompanying Consolidated Financial Statements include the accounts of Pason Systems Inc., its wholly owned subsidiaries, and Energy Toolbase Software Inc.

2. Basis of Preparation

Statement of compliance

These unaudited Condensed Consolidated Interim Financial Statements have been prepared in accordance with the requirements of International Accounting Standard ("IAS") 34, Interim Financial Reporting and include the accounts of Pason and its wholly owned subsidiaries. All significant intercompany balances and transactions including revenue and expenses have been eliminated. These unaudited Condensed Consolidated Interim Financial Statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Consolidated Financial Statements of the Company as at and for the year ended December 31, 2019.

Key Sources of Estimation Uncertainty

At each reporting period, management assesses whether there are indicators of impairment of the Company's property and equipment, intangible assets, and goodwill. If an indication of impairment exists, the property and equipment, intangible assets, and goodwill are tested for impairment. Goodwill is tested for impairment at least annually. In order to determine if impairment exists and to measure the potential impairment charge, the carrying amounts of the Company's cash generating units (CGU) are compared to their recoverable amounts, which is the greater of fair value less costs to sell and value in use (VIU). An impairment charge is recognized to the extent the carrying amount exceeds the recoverable amount. VIU is calculated as the present value of the expected future cash flows specific to each CGU. In calculating VIU, significant judgment is required in making assumptions with respect to discount rates, the market outlook, and future net cash flows associated with the CGU. Any changes in these assumptions will have an impact on the measurement of the recoverable amount and could result in adjustments to impairment charges already recorded.

The COVID-19 pandemic has had a significant negative impact on the demand for fossil fuels and this combined with an over-supply of oil has led to a decline in oil prices. As a result, the Company's customers have reduced their capital expenditure programs which has led to a precipitous fall in the active rig count in all major markets the Company operates in, which has had a significant impact on the Company's revenue. As a result of the challenges facing the industry, the Company anticipates a deterioration of its operating results for the foreseeable future.

At June 30, 2020, management calculated the recoverable amount determined based on the value in use in each of the CGUs using cash flow budgets approved by management. There is a degree of uncertainty with respect to the estimates of the recoverable amounts of the CGU's assets due in part to the necessity of making key assumptions about the future economic environment that the Company will operate in. The value in use calculations use discounted cash flow projections, which require key assumptions, including future cash flows, projected growth, and pre-tax discount rates. The Company considers a range of reasonable possibilities to use for these key assumptions and decides upon the amounts to use that represent management's best estimates. The Company concluded that there was no impairment on any of its CGU's.

At June 30, 2020, the Company also performed an impairment test for goodwill and concluded that there was no impairment.

3. Significant Accounting Policies

Adoption of new standard

IFRS 3, Business combinations

Amendments to IFRS 3, Business Combinations, assist in determining whether a transaction should be accounted for as a business combination or an asset acquisition. It amends the definition of a business to include an input and a substantive process that together significantly contribute to the ability to create goods and services provided to customers, generating investment and other income, and it excludes returns in the form of lower costs and other economic benefits. The amendments will be applied prospectively to new transactions.

IAS 28, Investments in associates and joint ventures

Indicates that long-term interests in an associate or joint venture, such as long-term loans, should be accounted for using IFRS 9, Financial instruments.

IAS 12/IFRIC 23, Income taxes

Clarified that IAS 12 applies to accounting for uncertain tax positions. The IFRIC includes guidance to deal with uncertainty of tax treatments.

4. Seasonality

Pason's quarterly financial results vary quarter to quarter due in part to the seasonality of the oil and gas service industry in Canada, which is somewhat offset by the less seasonal nature of US and International operations. The first quarter is generally the strongest quarter for the Company due to strong activity in Canada, where location access is best during the winter. The second quarter is typically the slowest due to spring break-up in Canada, when many areas are not accessible due to ground conditions, and, which, do not permit the movement of heavy equipment. Activity generally increases in the third quarter, depending on the year, as ground conditions often improve and location access becomes available; however, a rainy summer can have a significant adverse effect on drilling activity. By the fourth quarter, access to most areas in Canada becomes available when the ground freezes. Consequently, the performance of the Company may not be comparable quarter to consecutive quarter, but should be considered on the basis of results for the whole year, or by comparing results in a quarter with results in the corresponding quarter for the previous year.

5. Cash and Cash Equivalents

As at	June 30, 2020	December 31, 2019
(unaudited)	(\$)	(\$)
Cash	48,602	56,539
Cash equivalents	127,884	104,477
Cash and cash equivalents	176,486	161,016

Cash equivalents are made up of cash invested in money market funds with interest rates of approximately 1.00% and maturities from 1–30 days.

6. Income Tax

During the first quarter of 2019, the Company paid withholding tax owing to the Canada Revenue Agency (CRA) of \$15,304 as part of the Bilateral Advanced Pricing Arrangement entered into with the CRA and the Internal Revenue Service (IRS). The Company has recorded an amount under current income tax recoverable - other which represents a corresponding amount owing from the IRS. Management has been in contact with the IRS and the processing of the refund has been delayed due to the previous government shutdown combined with the administrative burden at the IRS related to the COVID-19 pandemic.

7. Share Capital

Common shares

	Six Months Ended June 30, 2020		Year Ended December 31, 2019	
(unaudited)	(\$)	(#)	(\$)	(#)
Balance, beginning of period	166,701	84,538	164,723	85,783
Exercise of stock options	—	—	3,990	198
Previous business acquisition	—	—	1,250	95
Shares repurchased and cancelled under NCIB	(872)	(442)	(2,953)	(1,538)
Prior period liability for automatic share purchase plan commitment pursuant to NCIB	732	—	423	—
Liability for automatic share purchase plan commitment pursuant to NCIB	—	—	(732)	—
Balance, end of period	166,561	84,096	166,701	84,538

At June 30, 2020, the Company was authorized to issue an unlimited number of common shares and an unlimited number of preferred shares, issuable in series.

The holders of common shares are entitled to receive dividends, as declared, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Stock option plan

The Group has a stock option plan that entitles qualified employees to purchase shares in the Company. Options, which are issued at market price, vest over three years and expire after five years.

At June 30, 2020, 4,767 (2019: 5,202) stock options were outstanding for common shares at exercise prices ranging from \$12.90 to \$20.62 per share, expiring between 2020 and 2024 as follows:

	Six Months Ended June 30, 2020		Six Months Ended June 30, 2019	
	Share Options	Weighted Average Exercise Price	Share Options	Weighted Average Exercise Price
(unaudited)	(#)	(\$)	(#)	(\$)
Outstanding, beginning of period	5,111	17.87	5,534	20.00
Granted	—	—	40	18.85
Equity settled	—	—	(184)	17.02
Expired or forfeited	(344)	18.27	(188)	22.75
Outstanding, end of period	4,767	17.84	5,202	20.00
Exercisable, end of period	2,868	18.46	2,546	21.17
Available for grant, end of period	1,120		775	

Stock-based compensation expense and liability

The stock option, restricted share unit (RSU), deferred share unit (DSU), and performance share unit (PSU) plans expense can be summarized as follows:

Expense

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
(unaudited)	(\$)	(\$)	(\$)	(\$)
Stock options	353	1,009	1,006	2,082
RSUs	781	602	806	1,600
DSUs (recovery)	378	93	(652)	414
PSUs	356	1,312	586	2,671
Deferred compensation expense	—	73	—	146
Stock-based compensation	1,868	3,089	1,746	6,913

Liability

As at	June 30, 2020	December 31, 2019
(unaudited)	(\$)	(\$)
RSUs	490	739
PSUs	2,023	1,703
Current portion of stock-based compensation liability	2,513	2,442
RSUs	1,748	710
DSUs	1,576	2,228
PSUs	807	541
Non-current portion of stock-based compensation liability	4,131	3,479
Total stock-based compensation liability	6,644	5,921

Common share dividends

During the first half of 2020, the Company declared and paid dividends of \$32,064 (2019: \$30,856) or \$0.38 per common share (2019: \$0.36).

Normal Course Issuer Bid (NCIB)

In 2019, the Company renewed the expiring NCIB, which commenced on December 18, 2019 and expires on December 17, 2020. Under the new NCIB, the Company may purchase for cancellation, from time to time, as the Company considers advisable, up to a maximum of 6,777 common shares, which represent 10% of the public float.

The actual number of common shares that may be purchased for cancellation and the timing of any such purchases will be determined by the Company, subject to a maximum daily purchase limitation

of 44 common shares. The Company may make one block purchase per calendar week which exceeds the daily purchase restriction.

During the first half of 2020, the Company purchased 442 common shares for cancellation (2019: 573), for a total cash consideration of \$4,083 (2019: \$11,119). The total consideration is allocated between share capital and retained earnings.

Under an automatic purchase plan (APP) with an independent broker, the Company recorded a liability of \$5,000 at December 31, 2019 for share repurchases that could take place during its internal blackout period. The total accrual is included in the Consolidated Balance Sheets under trade payables and accruals. No APP was entered into at June 30, 2020.

As at	June 30, 2020	December 31, 2019
(unaudited)	(\$)	(\$)
Amounts charged to:		
Share capital	—	732
Retained earnings	—	4,268
Liability for automatic share purchase plan commitment	—	5,000

8. Other (Income) Expenses

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
(unaudited)	(\$)	(\$)	(\$)	(\$)
Derecognition of onerous lease	(5,757)	—	(5,757)	—
Government wage assistance	(4,363)	—	(4,363)	—
Reorganization costs	5,554	—	5,554	—
Derecognition of lease receivable	—	4,289	—	4,289
Foreign exchange (gain) loss	79	553	32	654
Net interest expense - lease liabilities	68	108	246	245
Interest income - short term investments	(406)	(283)	(982)	(468)
Net monetary gain	(396)	—	(815)	—
Equity loss (income)	323	(66)	79	(224)
Other	(236)	293	66	556
Other (income) expenses	(5,134)	4,894	(5,940)	5,052

During the second quarter of 2020, the Company entered into an agreement to terminate the lease at its previous US head office in Golden, Colorado. As a result, a recovery of \$5,757 was recorded, which is comprised of the derecognition of the previous recorded onerous lease liability, offset by a termination payment.

During the second quarter of 2020, as a result of the decline in revenue of the Canadian business unit, the Company was eligible for the Canada Emergency Wage Subsidy (CEWS) program. As a result, a CEWS benefit of \$4,363 was recorded as government wage assistance.

During the second quarter of 2020, the Company initiated staff reduction initiatives to address the anticipated prolonged downturn in oil and gas drilling activity in all of its markets. Accordingly, the Company recorded reorganization expense of \$5,554, which is comprised of termination and other staff related costs.

During the second quarter of 2019, the Company was notified that the tenant that was leasing the Company's previous office space in Colorado, USA filed for Chapter 7 bankruptcy. As a result, the Company derecognized the lease receivable and reported \$4,289 in other expenses.

Net monetary gain is as a result of applying hyperinflation accounting to the Company's Argentinian subsidiary.

9. Income Per Share

Basic income per share

The calculation of basic income per share is based on the following weighted average number of common shares:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
(unaudited)	(#)	(#)	(#)	(#)
Issued common shares outstanding, beginning of period	84,096	85,801	84,538	85,783
Effect of NCIB and exercised options	—	(151)	(271)	(60)
Weighted average number of common shares outstanding for the period	84,096	85,650	84,267	85,723

Diluted income per share

The calculation of diluted income per share is based on a weighted average number of common shares outstanding after adjustment for the effects of all potential dilutive common shares calculated as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
(unaudited)	(#)	(#)	(#)	(#)
Weighted average number of common shares (basic)	84,096	85,650	84,267	85,723
Effect of share options	—	294	—	327
Weighted average number of common shares (diluted)	84,096	85,944	84,267	86,050

All of the Company's Options are excluded from the above calculation as their effect would have been anti-dilutive. The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices during the period.

10. Operating Segments

The Company operates in three geographic segments: Canada, the United States, and International (Latin America, Offshore, the Eastern Hemisphere, and the Middle East). The three geographic segments are considered strategic business units. The strategic business units offer the same services, but are managed separately. For each of the strategic business units, the Group's senior management reviews internal management reports on a monthly basis.

Performance is measured based on gross profit as included in the internal management reports. Segment gross profit is used to measure performance, as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis. Intra-company balances and transactions are eliminated.

The following table represents a disaggregation of revenue from contracts with customers along with the reportable segment for each category:

Three Months Ended June 30, 2020	Canada	United States	International	Total
(unaudited)	(\$)	(\$)	(\$)	(\$)
Revenue				
Drilling Data	982	11,672	1,439	14,093
Mud Management and Safety	589	6,344	1,287	8,220
Communications	176	714	47	937
Drilling Intelligence	223	913	74	1,210
Analytics and Other	720	1,477	191	2,388
Total Revenue	2,690	21,120	3,038	26,848
Rental services and local administration	2,828	11,610	3,371	17,809
Depreciation and amortization	3,268	4,344	1,000	8,612
Segment gross (loss) profit	(3,406)	5,166	(1,333)	427
Research and development				6,737
Corporate services				2,827
Stock-based compensation				1,868
Other (income)				(5,134)
Income tax provision				(1,072)
Net loss				(4,799)
Net loss attributable to Pason				(4,487)
Capital expenditures	452	347	—	799
As at June 30, 2020				
Property plant and equipment	37,684	59,673	13,684	111,041
Intangible assets	12,011	1,928	—	13,939
Goodwill	1,259	30,896	2,600	34,755
Segment assets	99,927	255,897	51,563	407,387
Segment liabilities	36,374	26,240	4,479	67,093

Three Months Ended June 30, 2019	Canada	United States	International	Total
(unaudited)	(\$)	(\$)	(\$)	(\$)
Revenue				
Drilling Data	3,642	29,242	6,385	39,269
Mud Management and Safety	2,296	17,038	1,808	21,142
Communications	1,060	3,101	421	4,582
Drilling Intelligence	1,179	3,128	281	4,588
Analytics and Other	1,038	1,122	1,153	3,313
Total Revenue	9,215	53,631	10,048	72,894
Rental services and local administration	4,873	20,250	5,540	30,663
Depreciation and amortization	3,824	5,062	1,092	9,978
Segment gross profit	518	28,319	3,416	32,253
Research and development				7,661
Corporate services				3,895
Stock-based compensation				3,089
Other expenses				4,894
Income tax provision				3,469
Net income				9,245
Net income attributable to Pason				9,245
Capital expenditures	592	2,390	1,234	4,216
As at June 30, 2019				
Property plant and equipment	41,013	67,824	15,039	123,876
Intangible assets	17,089	—	—	17,089
Goodwill	1,259	7,468	2,600	11,327
Segment assets	106,984	276,687	53,575	437,246
Segment liabilities	28,337	25,623	6,220	60,180

Six Months Ended June 30, 2020	Canada	United States	International	Total
(unaudited)	(\$)	(\$)	(\$)	(\$)
Revenue				
Drilling Data	9,439	36,382	6,943	52,764
Mud Management and Safety	5,670	20,427	3,520	29,617
Communications	2,531	2,988	496	6,015
Drilling Intelligence	3,200	3,030	375	6,605
Analytics and Other	1,576	3,280	953	5,809
Total Revenue	22,416	66,107	12,287	100,810
Rental services and local administration	8,647	29,662	8,654	46,963
Depreciation and amortization	8,064	8,923	2,039	19,026
Segment gross profit	5,705	27,522	1,594	34,821
Research and development				14,799
Corporate services				6,512
Stock-based compensation				1,746
Other (income)				(5,940)
Income tax provision				5,951
Net income				11,753
Net income attributable to Pason				12,432
Capital expenditures	2,506	1,031	350	3,887
As at June 30, 2020				
Property plant and equipment	37,684	59,673	13,684	111,041
Intangible assets	12,011	1,928	—	13,939
Goodwill	1,259	30,896	2,600	34,755
Segment assets	99,927	255,897	51,563	407,387
Segment liabilities	36,374	26,240	4,479	67,093
Six Months Ended June 30, 2019				
(unaudited)	(\$)	(\$)	(\$)	(\$)
Revenue				
Drilling Data	11,734	58,418	12,370	82,522
Mud Management and Safety	6,979	34,255	3,582	44,816
Communications	3,352	6,330	857	10,539
Drilling Intelligence	3,669	6,280	612	10,561
Analytics and Other	1,994	2,813	1,792	6,599
Total Revenue	27,728	108,096	19,213	155,037
Rental services and local administration	10,582	39,340	10,846	60,768
Depreciation and amortization	8,379	9,836	1,985	20,200
Segment gross profit	8,767	58,920	6,382	74,069
Research and development				15,405
Corporate services				7,548
Stock-based compensation				6,913
Other expenses				5,052
Income tax provision				10,862
Net income				28,289
Net income attributable to Pason				28,289
Capital expenditures	1,496	11,172	1,865	14,533
As at June 30, 2019				
Property plant and equipment	41,013	67,824	15,039	123,876
Intangible assets	17,089	—	—	17,089
Goodwill	1,259	7,468	2,600	11,327
Segment assets	106,984	276,687	53,575	437,246
Segment liabilities	28,337	25,623	6,220	60,180

11. Financial Instruments

The carrying values of the financial assets and liabilities approximate their fair value due to the short-term nature of these items. The Company's financial instruments include cash and cash equivalents, short-term investments, trade and other receivables, trade payables and accruals, and stock-based compensation liability.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values.

The three levels of the fair value hierarchy are as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly.
- Level 3 - Inputs that are not based on observable market data.

Financial Assets and Liabilities at Fair Value				
As at June 30, 2020	Level 1	Level 2	Level 3	Total
(unaudited)	(\$)	(\$)	(\$)	(\$)
Cash and cash equivalents	176,486	—	—	176,486

12. Approval of Financial Statements

The unaudited Condensed Consolidated Interim Financial Statements were approved by the Board of Directors on August 6, 2020.

13. Events After the Reporting Period

On August 6, 2020, the Company announced a quarterly dividend of \$0.05 per share on the Company's common shares. The dividend will be paid on September 30, 2020 to shareholders of record at the close of business on September 16, 2020.