Consolidated Financial Statements and Notes

Management's Report to Shareholders

To the Shareholders of Pason Systems Inc.,

The Consolidated Financial Statements are the responsibility of management and are prepared and presented in accordance with International Financial Reporting Standards (IFRS®) as issued by the International Accounting Standards Board. Financial statements will, by necessity, include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis so that the Consolidated Financial Statements are presented fairly in all material respects. Management has ensured that financial information contained elsewhere in this Annual Report is consistent with the Consolidated Financial Statements.

Management has also prepared the Management's Discussion and Analysis (MD&A). The MD&A is based on the Company's financial results prepared in accordance with IFRS. The MD&A compares the audited financial results for the years ended December 31, 2024 and 2023.

The Audit Committee of the Board of Directors, which is comprised of three independent directors, has reviewed the Consolidated Financial Statements, including the notes thereto, with management and the external auditors. The Audit Committee meets regularly with management and the independent auditors to satisfy itself that management's responsibilities are properly discharged, to review the Consolidated Financial Statements, and to recommend approval of the financial statements to the Board. The Board of Directors has approved the Consolidated Financial Statements on the recommendation of the Audit Committee.

Deloitte LLP, the independent auditors appointed by the shareholders at the last annual general meeting, have audited the Consolidated Financial Statements of Pason Systems Inc. in accordance with Canadian Generally Accepted Auditing Standards. The independent auditors have full and unrestricted access to the Audit Committee to discuss the audit and their related findings as to the integrity of the financial reporting process. The independent auditor's report outlines the scope of their examination and sets forth their opinion.

Jon Faber
President & Chief Executive Officer
Calgary, Alberta
February 27, 2025

Celine Boston
Chief Financial Officer

Independent Auditor's Report

To the Shareholders and Board of Directors of Pason Systems Inc.

Opinion

We have audited the consolidated financial statements of Pason Systems Inc., (the "Company"), which comprise the consolidated balance sheets as at December 31, 2024 and 2023, and the consolidated statements of operations, consolidated statements of other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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 judgement, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue — Refer to Note 3 to the financial statements

Key Audit Matter Description

The Company derives the majority of its revenue from the rental of instrumentation and data services to oil and gas companies and drilling contractors. This revenue consists of transaction-based fees made up of a significant volume of low-dollar transactions, sourced from multiple systems, databases, and other tools. The processing and recording of revenue is highly automated and is based on contractual terms with customers.

Given the Company's revenue transactions are highly automated, there are potential risks arising from the capture, processing and transfer of data accurately and completely between the various information technology (IT) systems. As such, auditing the Company's systems to process revenue transactions resulted in an increased extent of audit effort, which included the need to involve professionals with expertise in IT.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to the Company's systems to process revenue transactions included the following, among others:

- With the assistance of IT specialists:
- Evaluated the significant systems used to process revenue transactions and tested the effectiveness of general IT controls over each of these systems, including user access controls, change management controls, and IT operations controls;

- Evaluated the effectiveness of controls of the interfaces and automated controls in relation to the completeness and accuracy of transactions recorded and transferred across systems, from their initial capturing to their recording into the general ledger;
- Performed testing of system interfaces and automation within the relevant revenue streams and;
- Assessed service auditor reports at those service providers, on which the Company relies.
- Tested the reconciliation of revenues per the general ledger to revenues earned per the various revenue system applications to assess the completeness of the IT systems.
- Performed detail transaction testing by agreeing the amounts in the IT systems to recognized to source documents such as invoices and charge records.

Business Combination - Intangibles - Refer to Note 5 and 12 to the financial statements

The Company acquired the remaining outstanding shares of Intelligent Wellhead Services ("IWS"), a privately held oil and gas technology and service company, obtaining control over IWS effective January 1, 2024. The Company previously accounted for its investment in IWS as an equity investment. This acquisition has led to the Company owning 100% of the common shares of IWS. The Company recognized the assets acquired and the liabilities assumed at fair value, including intangible assets for customer relationships and technology ("intangible assets"). In determining the fair value of the intangible assets, management was required to make assumptions around probabilities associated with the financial projections of the acquired business, the timing of the future cash flows, and the appropriate discount rate.

While there are several estimates and assumptions that are required to determine the fair value of intangible assets, the estimates and assumptions with the highest degree of subjectivity are forecasted future revenues and discount rate. These estimates and assumptions required high degree of auditor judgement and an increased extent of audit effort, including the involvement of fair value specialists.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to forecasted future revenues and discount rate used to determine the fair value of the intangible assets included the following:

- Evaluated the reasonableness of forecasted future revenues by comparing the forecasts to:
- Historical results of the acquired business;
- Actual results of the acquired business post-acquisition;
- Underlying management analyses detailing growth plans; and
- Industry and peer data, as applicable.
- With the assistance of fair value specialists, evaluated the reasonableness of the discount rate by testing the source information underlying the determination of the discount rate and developing a range of independent estimates for the discount rate and compared to the discount rate selected by management.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

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, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS 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 these financial statements.

As part of an audit in accordance with Canadian GAAS, 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures

are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our 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 independent auditor’s report is Mr. Kyle Hawkins.

/s/ Deloitte LLP

Chartered Professional Accountants

Calgary, Alberta

February 27, 2025

Consolidated Balance Sheets

As at	Note*	December 31, 2024	December 31, 2023
(CDN 000s)		**($)**	($)
Assets			
Current			
Cash and cash equivalents	6	**77,197**	171,773
Short-term investments	7	**3,581**	—
Trade and other receivables	8	**90,876**	66,001
Prepaid expenses		**11,275**	11,587
Inventory	9	**20,782**	17,866
Income taxes recoverable	19	**976**	654
Total current assets		**204,687**	267,881
Non-current			
Property, plant and equipment	10	**194,806**	121,123
Investments	11	**2,985**	60,332
Intangible assets and goodwill	12	**212,134**	38,541
Total non-current assets		**409,925**	219,996
Total assets		**614,612**	487,877
Liabilities and equity			
Current			
Trade payables and accruals	13	**62,794**	41,648
Income taxes payable	19	**6,987**	861
Stock-based compensation liability	15	**6,864**	5,488
Lease liability		**2,168**	1,148
Obligation under put option	18	**5,291**	6,175
Total current liabilities		**84,104**	55,320
Non-current			
Deferred tax liability	19	**17,348**	11,462
Lease liability		**13,249**	11,843
Stock-based compensation liability	15	**4,238**	8,297
Total non-current liabilities		**34,835**	31,602
Equity			
Share capital	14	**167,801**	163,291
Share-based benefits reserve		**38,804**	37,101
Foreign currency translation reserve		**58,715**	43,162
Equity reserve		**(8,375)**	(8,375)
Retained earnings		**247,468**	172,879
Total equity attributable to equity holders of the Company		**504,413**	408,058
Non-controlling interest		**(8,740)**	(7,103)
Total equity		**495,673**	400,955
Total liabilities and equity		**614,612**	487,877

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

Approved by the Board of Directors

Ken Mullen
Director

Sophia Langlois
Director

Consolidated Statements of Operations

Years Ended December 31,	Note*	2024	2023
(CDN 000s, except per share data)		**($)**	($)
Revenue		**414,133**	369,309
Operating expenses (1)		**160,530**	130,013
Depreciation and amortization	10, 12	**52,179**	27,216
		212,709	157,229
Gross profit (1)		**201,424**	212,080
Other expenses			
Research and development		**51,180**	41,247
Selling, general, and administrative (1)		**41,590**	24,832
Stock-based compensation expense	15	**10,898**	11,718
Other (income) expenses	17	**(45,610)**	4,110
		58,058	81,907
Income before income taxes		**143,366**	130,173
Income tax provision	19	**23,657**	34,346
Net income		**119,709**	95,827
Net income (loss) attributable to:			
Shareholders of Pason		**121,504**	97,539
Non-controlling interest		**(1,795)**	(1,712)
Net income		**119,709**	95,827
Income per share	20		
Basic		**1.53**	1.21
Diluted		**1.52**	1.21

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

(1) Prior period figures have been reclassed to conform with current period presentation of financial information, as detailed in Note 2 of these Consolidated Financial Statements

Consolidated Statements of Other Comprehensive Income

Years Ended December 31,	Note*	2024	2023
(CDN 000s)		**($)**	($)
Net income		**119,709**	95,827
Items that may be reclassified subsequently to net income:			
Foreign currency translation adjustment	3	**15,711**	(14,196)
Other comprehensive income (loss)		**15,711**	(14,196)
Total comprehensive income		**135,420**	81,631
Total comprehensive income (loss) attributed to:			
Shareholders of Pason		**137,057**	83,215
Non-controlling interest		**(1,637)**	(1,584)
Total comprehensive income		**135,420**	81,631

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

Consolidated 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)		($)	($)	($)	($)	($)	($)	($)	($)
Balance at January 1, 2023		164,136	35,314	57,486	(8,375)	137,920	**386,481**	(5,519)	**380,962**
Net income (loss)		—	—	—	—	97,539	**97,539**	(1,712)	**95,827**
Dividends	14	—	—	—	—	(38,535)	**(38,535)**	—	**(38,535)**
Other comprehensive (loss) income		—	—	(14,324)	—	—	**(14,324)**	128	**(14,196)**
Exercise of stock options	14	3,549	(622)	—	—	—	**2,927**	—	**2,927**
Expense related to stock options		—	2,409	—	—	—	**2,409**	—	**2,409**
Shares cancelled under NCIB	14	(4,332)	—	—	—	(23,607)	**(27,939)**	—	**(27,939)**
Liability reversal for automatic share purchase plan commitment pursuant to NCIB	14	375	—	—	—	2,625	**3,000**	—	**3,000**
Liability for automatic share purchase plan commitment pursuant to NCIB	14	(437)	—	—	—	(3,063)	**(3,500)**	—	**(3,500)**
Balance at December 31, 2023		163,291	37,101	43,162	(8,375)	172,879	**408,058**	(7,103)	**400,955**
Net income (loss)		—	—	—	—	121,504	**121,504**	(1,795)	**119,709**
Dividends	14	—	—	—	—	(41,362)	**(41,362)**	—	**(41,362)**
Other comprehensive income		—	—	15,553	—	—	**15,553**	158	**15,711**
Exercise of stock options	14	5,454	(784)	—	—	—	**4,670**	—	**4,670**
Expense related to stock options		—	2,487	—	—	—	**2,487**	—	**2,487**
Shares cancelled under NCIB	14	(1,381)	—	—	—	(8,616)	**(9,997)**	—	**(9,997)**
Liability reversal for automatic share purchase plan commitment pursuant to NCIB	14	437	—	—	—	3,063	**3,500**	—	**3,500**
Balance at December 31, 2024		**167,801**	**38,804**	**58,715**	**(8,375)**	**247,468**	504,413	**(8,740)**	495,673

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

Consolidated Statements of Cash Flows

Years Ended December 31,	Note*	**2024**	2023
(CDN 000s)		**($)**	($)
Cash from (used in) operating activities			
Net income		**119,709**	95,827
Adjustment for non-cash items:			
Depreciation and amortization	10, 12	**52,179**	27,216
Stock-based compensation expense	15	**10,898**	11,718
Deferred income taxes	19	**(4,049)**	5,218
Put option revaluation	18	**(1,413)**	(149)
Net monetary gain		**—**	(2,617)
Gain on revaluation of previously held equity interest	14	**(50,830)**	—
Unrealized foreign exchange loss and other		**4,639**	17,259
Funds flow from operations		**131,133**	154,472
Movements in non-cash working capital items:			
(Increase) decreased in trade and other receivables		**(18,276)**	18,818
Decrease (increase) in prepaid expenses		**881**	(667)
Increase in income taxes payable / recoverable	19	**26,329**	24,724
Increase (decrease) in trade payables, accruals and stock-based compensation liability		**(2,500)**	(20,820)
(Increase) decrease in inventory	9	**(2,916)**	(2,225)
Effects of exchange rate changes		**9,064**	(12,855)
Cash generated from operating activities		**143,715**	161,447
Income tax paid		**(20,525)**	(26,414)
Net cash from operating activities		**123,190**	135,033
Cash flows from (used in) financing activities			
Proceeds from exercise of stock options	14	**4,670**	2,927
Payment of dividends	14	**(41,362)**	(38,535)
Repurchase and cancellation of shares under NCIB	14	**(9,997)**	(27,939)
Repayment of lease liability		**(3,417)**	(2,272)
Repayment of IWS external debt	5	**(13,261)**	—
Net cash used in financing activities		**(63,367)**	(65,819)
Cash flows (used in) from investing activities			
Equity investments		—	(15,440)
Acquisition of IWS, net of cash acquired	5	**(72,654)**	—
Settlement of stock-based compensation liability related to acquisition of IWS	5	**(10,454)**	—
Purchase of short-term investments	7	**(4,187)**	—
Maturity of short-term investments	7	**837**	40,377
Additions to property, plant and equipment	10	**(66,488)**	(39,809)
Development costs		**(5,446)**	(1,101)
Proceeds on disposal of property, plant and equipment		**2,722**	2,764
Changes in non-cash working capital		**86**	144
Net cash used in investing activities		**(155,584)**	(13,065)
Effect of exchange rate on cash and cash equivalents		**1,185**	(16,433)
Net increase (decrease) in cash and cash equivalents		**(94,576)**	39,716
Cash and cash equivalents, beginning		**171,773**	132,057
Cash and cash equivalents, ending	6	**77,197**	171,773

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

Notes to Consolidated Financial Statements

(CDN 000s, except per share data)

1. Description of Business

Pason Systems Inc. ("Pason" or the "Company") is a leading global provider of instrumentation and data management systems for oil and gas drilling. Through Intelligent Wellhead Systems ("IWS"), Pason also provides engineered controls, data acquisition, and software solutions for oil and gas completions operations. Through Energy Toolbase ("ETB"), the Company also provides products and services for the solar power and energy storage industry.

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 ETB.

2. Basis of Preparation

Statement of compliance

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS®) as issued by the International Accounting Standards Board.

The Consolidated Financial Statements were authorized for issue by the Board of Directors on February 27, 2025.

Basis of measurement

The Consolidated Financial Statements have been prepared on the historical cost basis except for certain assets, including financial instruments, that are measured at revalued amounts or fair values, as explained in the material accounting policies below.

Functional and presentation currency

These Consolidated Financial Statements are presented in Canadian dollars, which is the Company’s functional currency. Financial statements of the Company’s US and International subsidiaries have a functional currency different from Canadian dollars and are translated to Canadian dollars using the exchange rate in effect at the period end date for all assets and liabilities, and at average monthly year to date rates of exchange during the period for revenues and expenses. The functional currency of the Company's US operations is the US dollar. In the fourth quarter of 2023, there was a change in facts and circumstances associated with the Company's functional currency assessment for its Argentinian operations, and the functional currency was changed from the Peso to the US Dollar where the majority of business activities are denominated or tied to the US Dollar. Otherwise, the local currency in each country is considered to be the functional currency of each respective International subsidiary.

All changes resulting from these translation adjustments are recognized in other comprehensive income. All financial information presented in Canadian dollars has been rounded to the nearest thousand except for per share amounts.

Change in Presentation for Statements of Operations

Beginning in the first quarter of 2024, Pason has adjusted its Consolidated Statements of Operations presentation to include operating expense and selling, general and administrative expense categories. With recent changes in the business, particularly the IWS Acquisition on January 1, 2024, management believes this change more accurately reflects costs incurred of each nature, and will result in the Company's financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows. In accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors, the Company's prior period Statements of Operations have been adjusted to reflect this change in presentation.

The effects on Pason's prior year Statement of Operations for the year ended December 31, 2023 are as follows:

- Previously reported rental services of $124,234 for the year ended December 31, 2023 now includes $5,779 of expenses deemed to be operating in nature.
- Previously reported corporate services of $16,422 and local administration of $14,189 for the year ended December 31, 2023, less $5,779 in expenses deemed to be operating in nature, are now combined and referred to as Selling, general, and administrative expenses.

In addition, beginning in the first quarter of 2024, the Company is no longer reporting a disaggregation of revenue by product category, and now presents an aggregated revenue amount for each business unit. This new presentation aligns more closely with management's assessment of business unit performance and how the Company's customer contracts are structured.

Key Sources of estimation uncertainty

In the application of the Group’s material accounting policies, which are described in Note 3, management is required to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based upon historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Allowance for Doubtful Accounts

Amounts included in allowance for doubtful accounts reflect the expected credit losses for the Company's trade receivables. The Company determines the allowance amount based on management's best estimate of expected losses, considering actual loss history as well as current and projected economic and industry activity. Significant or unexpected changes in economic conditions could significantly impact the Company's future expected credit losses.

Depreciation of property, plant, and equipment, and amortization of intangible assets

When calculating depreciation of property, plant and equipment, and amortization of intangible assets, the Company estimates the useful lives and residual values of the related assets. The estimates made by management regarding the useful lives and residual values affect the carrying amounts of the property and equipment and intangible assets on the balance sheet and the related depreciation and amortization expenses recognized in the statement of operations. Assessing the reasonableness of the estimated useful lives of property and equipment and intangible assets requires judgment and is based on available information. The Company periodically, and at least annually, evaluates its depreciation and amortization methods and rates for consistency against those methods and rates used by its peers, or may revise initial estimates for changes in circumstances, such as technological advancements. A change in the estimated remaining useful life or the residual value will affect the depreciation or amortization expense prospectively.

Cash generating units (CGU)

For purposes of reviewing whether goodwill impairment exists, the Group has determined that the assets of each of its operating segments are an appropriate basis for its CGUs. The Company uses judgment in the determination of its CGUs.

Inventories

The Company evaluates its inventory to ensure it is carried at the lower of cost and net realizable value. Provisions are made against obsolete and damaged inventories and are expensed. These provisions are assessed at each reporting date for adequacy. Any reversal of a write-down of inventory arising from an increase in net realizable value will be recognized as a reduction in rental services in the period in which the reversal occurred.

Recoverable amounts of property and equipment, intangible assets, and goodwill

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. If not, 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 CGUs are compared to their recoverable amounts. The recoverable amount has been determined based on the greater of fair value less cost to dispose and value in use 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 CGUs' assets due in part to the necessity of making key assumptions about the future economic environment that the Company will operate in. The recoverable amount calculations use discounted cash flow projections, which require key assumptions, including future cash flows, projected growth, and applicable 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. 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.

Intangible assets and goodwill acquired in business combinations, and obligations under put option

Accounting for business combinations involves the allocation of the cost of an acquisition to the underlying net assets acquired based on estimated fair values. As part of this allocation process, the Company identifies and attributes values and estimated lives to identifiable intangible assets acquired. These determinations involve significant estimates and assumptions regarding cash flow projections, economic risk, and the weighted average cost of capital used by a market participant. These estimates and assumptions determine the amount allocated to identifiable separable intangible assets and goodwill, as well as the amortization period for identifiable intangible assets with finite lives. If future events or results differ adversely from these estimates and assumptions, the Company could record increased amortization or impairment charges. In conjunction with the ETB Inc. acquisition, the Company determines the obligation under the put option based upon certain assumptions and estimates which could differ significantly from actual results (Note 18).

Provisions and contingencies

The Company recognizes provisions based on an assessment of its obligations and available information. Any matters not included as provisions are uncertain in nature and cannot be reasonably estimated.

The Company makes assumptions to determine whether obligations exist and to estimate the amount of obligations that are believed to exist. In estimating the final outcome of litigation, assumptions are made about factors including experience with similar matters, past history, precedents, relevant financial, scientific, and other evidence and facts specific to the matter, all of which could differ significantly from actual results. This determines whether a provision or disclosure in the financial statements is needed.

Viability of new product development projects

New product development projects that meet the capitalization criteria are capitalized, and include the cost of materials and direct labour costs that are directly attributable to preparing the asset for its intended use. Subsequent changes in facts or circumstances could result in the balance of the related deferred costs being expensed in profit or loss. Results could differ due to changes in technology or if actual future economic benefit differs materially from what was expected.

Stock-based compensation

The fair value of stock options is calculated using a Black-Scholes option pricing model. There are a number of estimates used in the calculation, such as the estimated forfeiture rate, expected option life, and the future price volatility of the underlying security, which can vary from actual future events. The factors applied in the calculation are management’s best estimates based on historical information and forecasts.

The fair value of Performance Share Units ("PSUs") is calculated using management's best estimate of the Company's ability to achieve certain performance measures and objectives as set out by the Board of Directors, considering historical and expected performance. Changes in these estimates and future events could alter the calculation of the provision, and ultimate payout for such compensation.

Income taxes

The Company operates in multiple jurisdictions with complex legal and tax regulatory environments. In some cases, the Company has taken income tax positions that management believes are supportable and are intended to withstand challenge by tax authorities. Some of these positions are inherently uncertain and include those relating to transfer pricing matters and the interpretation of income tax laws applied to complex transactions as the tax positions taken by the Company rely on the exercise of judgment and it is frequently possible for there to be a range of legitimate and reasonable views.

The Company has adopted certain transfer pricing (TP) policies and methodologies to value inter-company transactions that occur in the normal course of business. The value placed on such transactions must meet certain guidelines that have been established by the tax authorities in the jurisdictions in which the Company operates. The Company believes that its TP methodologies are in accordance with such guidelines. The Company entered into a Bilateral Advanced Pricing Arrangement (APA) with the Canada Revenue Agency (CRA) and the Internal Revenue Service (IRS) (collectively, the Parties) covering the taxation years ended December 31, 2013, through to December 31, 2021. A new APA agreement effective January 1, 2022 is under review with the Parties. Consistent with the prior agreement, the purpose of this APA is for the Company to obtain agreement among the Parties on the TP methodology applied to the material inter-company transactions of the Company.

The calculation of deferred income taxes is based on a number of assumptions, including estimating the future periods in which temporary differences, tax losses, and other tax credits will reverse. Tax interpretations, regulations, and legislation in the various jurisdictions in which the Company and its subsidiaries operate are subject to change.

The estimation of deferred tax assets and liabilities includes uncertainty with respect to the reversal of temporary differences.

Deferred tax assets are recognized when it is probable that taxable income will be available against which the temporary differences or tax losses giving rise to the deferred tax asset can be used. This requires estimation of future taxable income and use of tax loss carry-forwards for a considerable period into the future. Income tax expense in future periods may be affected to the extent actual taxable income is not sufficient or available to use the temporary differences, giving rise to the deferred tax asset.

3. Material Accounting Policies

The material accounting policies set out below have been applied consistently to all years presented in these Consolidated Financial Statements.

These accounting policies have been applied consistently by the Group entities.

Business Combinations

For acquisitions, the Group measures goodwill as the fair value of the consideration transferred less the net recognized amount, at fair value, of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

Contingent consideration is measured at fair value at the acquisition date. Subsequent adjustments to the consideration are recognized against the cost of the acquisition only to the extent that they arise from new information obtained within the measurement period (maximum of 12 months from the acquisition date) about the fair value at the date of acquisition. All other subsequent adjustments to contingent consideration classified as an asset or liability are recognized in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Investments in Associates and Joint Ventures

The Company uses the equity method to account for its 50% interest in Rawabi Pason Company (Limited LCC) (Rawabi JV). Under the equity method, the investment is carried at cost and adjusted for post acquisition changes in the Company's share of net assets of the associate or joint venture.

Goodwill and other intangible assets that arose on the initial acquisition are included as part of the carrying amount and not recognized separately. The equity pick-up recognized is reduced by the amortization of such intangible assets.

Distributions received from an associate or joint venture reduce the carrying cost.

Inventory

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is determined on a standard cost basis and includes expenditures incurred in acquiring the inventories, and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Any inventory valuation write-downs are included in rental services on the Consolidated Statements of Operations in the period in which the write-down occurred.

Non-controlling interest

Non-controlling interest arises from business combinations in which the Company acquires less than 100% interest and is measured at either fair value or at the minority interest's proportionate share of the acquiree's identifiable assets. This decision is made on an acquisition-by-acquisition basis.

In 2019, the Company acquired 80% of Energy Toolbase Software Inc. (ETS Inc). As such, non-controlling interest representing 20% interest was valued using the minority interest's proportionate share of the acquiree's identifiable assets.

Non-controlling interest in the net income of the Company's non-wholly subsidiaries are included in net income, with minority interests presented as equity on the Consolidated Balance Sheets. The carrying amount of non-controlling interest is increased or decreased by the minority interest's share of subsequent changes in net income and comprehensive loss, as well as dividends or cash disbursements made to the minority interest even if the result is that non-controlling interest becomes a debit balance.

Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture, and telephones). For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability are comprised of:

(a) Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;

(b) Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

(c) The amount expected to be payable by the lessee under residual value guarantees; The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

(d) Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Both the current and non-current portion of the lease liability is presented as a separate line in the Consolidated Balance Sheets. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

(a) The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

(b) The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

(c) A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented within the property, plant, and equipment line in the Consolidated Balance Sheets. The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Property, Plant, and Equipment" policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the segment and category with which the expense arises.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Foreign currency

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from business combinations, are translated to Canadian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Canadian dollars at average exchange rates.

Gains and losses arising from the translation of the financial statements of foreign operations are included in the Consolidated Statements of Other Comprehensive Income in the period they relate to, and such differences have been accumulated in Foreign Currency Translation Reserve on the Consolidated Balance Sheets. Advances made to subsidiaries for which the settlement is not planned or anticipated in the foreseeable future are considered part of the net investment. Accordingly, unrealized gains and losses from these advances are recorded in the Consolidated Statements of Other Comprehensive Income.

Monetary assets and liabilities relating to foreign denominated transactions are initially recorded at the rate of exchange in effect at the transaction date. Gains and losses resulting from subsequent changes in foreign exchange rates are recorded in profit or loss for the period.

Property, plant, and equipment

(a) Recognition and measurement

Items of property, plant, and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Property, plant, and equipment include parts and raw materials awaiting assembly. These assets are recorded at cost and no depreciation is taken.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and any other costs directly attributable to bringing the assets to a working condition for their intended use and the costs of dismantling and removing the items.

When parts of an item of property, plant, and equipment have different useful lives, they are accounted for as separate items of property, plant, and equipment.

Proprietary software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

(b) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset less residual value which the Company has determined to be nominal.

Depreciation is recognized in profit or loss either on a straight-line or declining balance basis over the estimated useful lives of each part of an item of property, plant, and equipment. Land is not depreciated.

The estimated useful lives for the current and comparative year are as follows:

	Straight-Line	Declining Balance Rate
Rental equipment	—	20%
Other	3 years	—

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

Financial instruments

All financial instruments are measured at fair value upon initial recognition of the transaction. Measurement in subsequent periods is dependent on whether the instrument is classified as a “financial asset or financial liability at fair value through profit or loss”, “available-for-sale financial assets”, “held-to-maturity investments”, “loans and receivables”, or “other financial liabilities”. The Company derecognizes a financial asset when the contractual right to the cash flows from the asset expires, or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired. Financial assets and liabilities are offset and the net amount presented in the balance sheet 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.

The Company has the following non-derivative financial assets:

(a) Financial assets as fair value through profit or loss:

Cash and cash equivalents and short-term investments are held for trading within the fair value through profit or loss category. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in net income.

(b) Loans and receivables:

Trade and other receivables are held within the loans and receivables category (Note 7). Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at fair value plus any directly attributable transaction costs less any impairment losses. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

The Company has the following non-derivative financial liabilities:

(a) Non-derivative financial liabilities

Trade payables, accruals, provisions, and obligation under put option are held within the non-derivative financial liabilities category. 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 method.

Intangible assets

(a) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalized includes the cost of materials and direct labour costs that are directly attributable to preparing the asset for its intended use. Other development expenditures are recognized in profit or loss as incurred.

Capitalized development expenditures are measured at cost less accumulated amortization and accumulated impairment losses.

Capitalized development expenditures are amortized in the year in which the new products begin generating revenue. However, if at any time a product is deemed no longer commercially viable, the balance of the related deferred costs is expensed in profit or loss.

Investment tax credits are recorded only when received, as the timing and amounts are dependent upon the acceptance of the claim by the respective tax authorities, and are netted against the related development costs.

(b) Other intangible assets

Other intangible assets that are acquired by the Company have finite useful lives and are measured at cost less accumulated amortization and accumulated impairment losses.

Intangible assets are amortized when they are available for use on a straight-line basis over their estimated economic lives.

(c) Amortization

Amortization is calculated over the cost of the asset less residual value which the Company has determined to be nominal.

The estimated useful lives for intangible assets are as follows:

Customer relationships and technology	6 years
Non-compete agreements	5 years
Trademarks and software	3 years
Research and development costs	3 years
Patents	10 years

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

Share based compensation

Equity-settled share based compensation

(a) Stock option plan

The fair value of stock options granted is estimated at the grant date using the Black-Scholes option pricing model, which includes underlying assumptions related to the risk-free interest rate, average expected option life, estimated forfeitures, estimated volatility of the Company's shares and anticipated dividends.

Compensation expense associated with the option plan is recognized on a graded basis as stock-based compensation expense over the vesting period of the stock options with a corresponding increase in share based benefits reserve. Any consideration received on the exercise of stock options for common shares is credited to share capital.

Cash-settled share based compensation

(b) Restricted share unit (RSU) plan and Phantom stock full value (PSFV) plan

The Company has a RSU and a PSFV plan for qualified employees whereby holders receive a cash settlement based upon the number of outstanding units multiplied by the prevailing market price of the Company's common shares on the vesting date. A liability is accrued and adjusted each quarter based upon the number of vested units and the current market price of the Company's common shares.

Compensation expense for the plans is accrued on a graded basis over the respective three-year vesting period. Any changes in the fair value of the liability are recognized in profit or loss.

(c) Deferred share unit (DSU) plan

The Company has a DSU plan for directors of the Company. The DSUs are granted annually and represent rights to share values based on the number of DSUs issued. When a DSU holder ceases to be a member of the Board, the holder is entitled to receive a cash settlement based upon the number of outstanding DSUs multiplied by the prevailing market price of the Company's common shares on the redemption date. A DSU liability is accrued and adjusted each quarter on outstanding DSUs based upon the current market price of the Company's common shares.

Compensation expense for the DSU plan is accrued evenly over a one year period following grant. Any changes in the fair value of the liability are recognized in profit or loss.

(d) Performance share unit (PSU) plan

The Company has a PSU plan for Executive Officers of the Company. PSUs are a notional unit that entitle the holder to receive payment in cash upon vesting based upon the number of vested PSUs and a multiplier calculated based upon the achievement of certain performance measures and objectives specified by the Board of Directors. A PSU liability is accrued and adjusted each reporting period on vested PSUs based upon the expected fair value of the future obligation, with changes in fair value recognized in profit or loss.

Revenue

The Company applies the five-step model to arrangements that meet the definition of a contract, including when it is probable that the entity will collect the consideration it is entitled to in exchange for the goods or services it provides to the customer.

(a) identifies the contract(s) with a customer,

(b) identifies the performance obligations in the contract,

(c) determines the transaction price,

(d) allocate the transaction price to the performance obligations in the contract, and

(e) recognizes revenue when (or as) the entity satisfies a performance obligation.

Products and services for the Company are primarily comprised of specialized data management systems provided on a rental basis, servicing both the drilling and completions industries. For its Drilling and Completions business units, the Company satisfies its performance obligations and recognizes rental revenue during the reporting period based on completion of each rental day. Revenue is recognized in the Company's Solar and Energy Storage business unit by applying the same five step model outlined above. Project revenue associated with control systems is recognized upon delivery of the system, at which time the performance obligation in the contract has been deemed to have been met.

Deferred Revenue

In the normal course of business, the Company's Solar and Energy Storage business unit will record deferred revenue if payments are received from customers prior to delivery of control systems. Once the control system has been delivered and the Company's performance obligation has been met (as described above), recognition of deferred revenue occurs.

4. Changes in Accounting Standards

Standards and interpretations adopted in the year ended December 31, 2024

The Company has adopted the following amendments to IFRS Accounting Standards effective January 1, 2024, which did not have a material impact on the Company's Consolidated Financial Statements. Other amendments that are not expected to have a material impact to the Company have been excluded.

IAS 1 - Amendment, classification of liabilities as current or non-current

The amendment affects only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

IAS 1 - Amendment, non-current liabilities with covenants

These amendments aim to improve the information an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within twelve months after the reporting period.

Future Accounting Policy Changes

The following revision to IFRS Accounting Standards has been issued and is effective for financial years beginning on or after January 1, 2027. Other changes or amendments that are not expected to have a material impact to the Company have been excluded. The Company is currently assessing the impact of this accounting policy change on its Consolidated Financial Statements.

IFRS 18 - *Presentation and Disclosures in Financial Statements*

The revised standard replaces IAS 1, and carries forward unchanged requirements of IAS 1, and amends minor sections within IAS 33 Earnings per Share. Further, IFRS 18 introduces new requirements to provide disclosures on management-defined performance measures (MPMs) in the notes of the financial statements.

5. Business Combination

On December 5, 2023, Pason announced the exercise of a call option to purchase the remaining and outstanding shares of IWS not held by Pason for a total cash outflow of $88,241 (the “IWS Acquisition”), which was comprised of $77,787 paid in cash at close, and $10,454 paid subsequent to closing for the settlement of outstanding stock options held by IWS employees. The IWS Acquisition closed on January 1, 2024 and resulted in Pason obtaining control over IWS, rendering it a wholly-owned, consolidated subsidiary. The Company previously accounted for its investment in IWS as an equity investment.

IWS is an oil and gas technology and service company that provides engineered controls, data acquisition and software to automate workflows and processes at live well completions operations of the oil and gas industry. IWS has over 150 employees, with offices in Calgary, Alberta, Houston, Texas, Midland, Texas and Denver, Colorado.

IWS' financial results will be presented within a newly formed Completions operating segment for the Company. From January 1, 2024 to December 31, 2024, IWS contributed revenues of $52,587 and gross profit of $3,659 to the Company. For further details, refer to Note 16 of these Consolidated Financial Statements.

The following table summarizes the consideration transferred to acquire IWS and the amounts of identified assets acquired and liabilities assumed at the acquisition date:

Allocation of Total Consideration	
	($)
Current assets	15,491
Property, plant, and equipment	35,669
Intangible assets	52,495
Right of use asset	3,482
Goodwill	124,427
Total assets	**231,564**
Current liabilities	(10,951)
Lease liability	(3,482)
Stock-based compensation liability	(10,454)
Preferred share obligation due to Pason	(25,000)
Deferred tax liability	(8,136)
Other long-term debt	(13,179)
Total liabilities	**(71,202)**
Net assets acquired	**160,362**

Fair value of Total Consideration	
	($)
Cash paid at closing	77,787
Fair value of previously held equity interest	82,575
Fair value of Total Consideration	**160,362**

As a result of the Company obtaining control over IWS effective January 1, 2024, the Company's previously held interest in IWS was remeasured to fair value, resulting in a gain of $50,830 as a result of the derecognition of the $31,745 carrying value of Pason's previously held equity investment associated with IWS. This gain has been recognized in the line item "Other income" on the Consolidated Statements of Operations, and is also added back as a non-cash adjustment to the Company's Cash Flow from Operations for the year ended December 31, 2024.

The fair value of the previously held equity interest of $82,575 in IWS was calculated by applying the per share exercise price of Pason's call option to acquire all remaining outstanding common shares of IWS to Pason's existing common share investment.

The goodwill recognized as part of the IWS Acquisition is attributable to the workforce of the acquired business and the growth opportunities associated with the Company's acquisition of IWS. The goodwill is not deductible for tax purposes, and all of the $124,427 of goodwill was assigned to Pason's Completions segment. In connection with the IWS Acquisition, Pason incurred $400 in transaction costs, of which $31 was incurred in the year ended December 31, 2024. These costs are recorded within Other income on the Consolidated Statements of Operations.

6. Cash and Cash Equivalents

As at	December 31, 2024	December 31, 2023
	($)	($)
Cash	**58,600**	74,949
Cash equivalents	**18,597**	96,824
Cash and cash equivalents	**77,197**	171,773

As at December 31, 2024, the Company's cash equivalents are invested in money market funds with interest rates averaging 3.8% (2023: 4.5%).

7. Short-Term Investments

As at	December 31, 2024	December 31, 2023
	($)	($)
Short-term investments	**3,581**	—

In 2024, the Company invested in US Dollar denominated Central Bank of the Argentine Republic's (BCRA) Bond for the Recovery of a Free Argentina (BOPREAL) program. These bonds are classified as short-term investments within the Consolidated Balance Sheets with gains and losses due to foreign exchange revaluation recognized in other comprehensive income, and mark-to-market gains and losses recognized in other income.

8. Trade and Other Receivables

As at	December 31, 2024	December 31, 2023
	($)	($)
Trade receivables, net of allowances for doubtful accounts	**88,927**	63,005
Other receivables	**1,949**	2,996
Trade and other receivables	**90,876**	66,001

9. Inventory

Inventory is comprised of products and components which will be consumed through the Company’s field service presence or through equipment repairs related to the Drilling and Completions segments, as well as equipment associated with the sale of control systems in Pason's Solar and Energy Storage segment. For the year ended December 31, 2024, the cost of inventory expensed in operating expenses was $27,978 (2023: $20,247).

10. Property, Plant, and Equipment

	Materials	Rental equipment	Right of use assets	Other	Total
	($)	($)	($)	($)	($)
Property, plant and equipment					
Balance at January 1, 2023	5,967	436,257	10,849	19,527	472,600
Additions	6,015	28,593	10,907	4,051	49,566
Derecognition and disposals	—	(33,423)	(7,242)	(4,204)	(44,869)
Parts consumed	(2,067)	2,067	—	—	—
Hyperinflation	—	3,613	—	—	3,613
Effects of exchange rate changes	—	(2,787)	(36)	(8)	(2,831)
Balance at December 31, 2023	9,915	434,320	14,478	19,366	478,079
Additions	1,679	60,020	817	3,972	66,488
IWS Acquisition	7,426	28,243	3,482	—	39,151
Derecognition and disposals	—	(52,780)	(821)	—	(53,601)
Parts consumed	(3,083)	3,083	—	—	—
Effects of exchange rate changes	—	38,137	307	220	38,664
Balance at December 31, 2024	**15,937**	**511,023**	**18,263**	**23,558**	**568,781**
Accumulated Depreciation					
Balance at January 1, 2023	—	352,621	5,857	16,427	374,905
Depreciation	—	19,902	1,643	4,095	25,640
Derecognition and disposals	—	(33,423)	(5,261)	(3,201)	(41,885)
Hyperinflation	—	743	—	—	743
Effects of exchange rate changes	—	(2,420)	(21)	(6)	(2,447)
Balance at December 31, 2023	—	337,423	2,218	17,315	356,956
Depreciation	—	33,500	2,724	3,653	39,877
Derecognition and disposals	—	(52,780)	(821)	—	(53,601)
Effects of exchange rate changes	—	30,532	107	104	30,743
Balance at December 31, 2024	**—**	**348,675**	**4,228**	**21,072**	**373,975**
Carrying Amounts					
At December 31, 2023	9,915	96,897	12,260	2,051	121,123
At December 31, 2024	**15,937**	**162,348**	**14,035**	**2,486**	**194,806**

Other property, plant, and equipment includes computer equipment and leasehold improvements.

Derecognition of Assets

Included in the amounts recorded as derecognition and disposals in the above table are the costs and accumulated depreciation of fully depreciated assets that have been removed from the Company's books. In 2024, these amounts were $53,601 (2023: $33,423).

11. Investments

As at December 31, 2024, investments are comprised of the Company's 50% interest in Rawabi Pason Company ("Rawabi JV"). Rawabi JV is a provider of specialized data management systems for drilling rigs in the Kingdom of Saudi Arabia.

As at December 31, 2023, investments also included the Company's non-controlling investment in IWS. As noted under note 5 of these Consolidated Financial Statements, during the first quarter of 2024, Pason completed its acquisition of the remaining outstanding common shares of IWS not previously held by Pason. As such, effective January 1, 2024, the Company no longer equity accounts for its investment in IWS and now fully consolidates it as a wholly-owned subsidiary.

As at December 31, 2023, Pason held a majority ownership interest in IWS. However, another significant shareholder possessed substantive veto rights over IWS' relevant activities under the terms of the shareholders' agreement, and therefore, Pason did not have control of IWS as defined under IFRS 10 until the IWS Acquisition was completed on January 1, 2024.

During the twelve months ended December 31, 2023, IWS generated $45,818 in revenue. Further financial information on IWS' financial position as at December 31, 2023 is included in note 5 of these Consolidated Financial Statements in the Company's purchase price allocation for January 1, 2024.

A summary of the Company's equity investments is as follows:

	IWS	Rawabi JV	Total
	($)	($)	
Equity Investments			
Balance at January 1, 2023	44,875	2,964	**47,839**
Additional investment	15,440	—	**15,440**
Share of after tax income	(3,870)	1,305	**(2,565)**
Dividends	—	(1,005)	**(1,005)**
Amortization of intangibles	(772)	—	**(772)**
Other	1,072	323	**1,395**
Balance at December 31, 2023	56,745	3,587	**60,332**
Acquisitions (disposals) (note 5)	(56,745)	—	**(56,745)**
Share of after tax income	—	994	**994**
Dividends	—	(1,067)	**(1,067)**
Other	—	(529)	**(529)**
Balance at December 31, 2024	**—**	**2,985**	**2,985**

12. Intangible Assets and Goodwill

	Goodwill	Research & Development	Technology	Customer Relationships	Other	Total
	($)	($)	($)	($)	($)	($)
Intangible assets						
Balance at January 1, 2023	34,214	11,140	2,550	1,539	1,804	51,247
Internally developed	—	1,101	—	—	75	1,176
Effects of exchange rate	(656)	—	(60)	(37)	(21)	(774)
Balance at December 31, 2023	33,558	12,241	2,490	1,502	1,858	51,649
Internally developed	—	5,446	—	—	1,411	6,857
IWS Acquisition (Note 5)	124,427	—	30,094	22,401	—	176,922
Effects of exchange rate	2,876	7	219	133	121	3,356
Balance at December 31, 2024	**160,861**	**17,694**	**32,803**	**24,036**	**3,390**	**238,784**
Amortization						
Balance at January 1, 2023	—	8,012	1,361	821	1,435	11,629
Amortization	—	783	168	238	387	1,576
Effects of exchange rate	—	(21)	(32)	(21)	(23)	(97)
Balance at December 31, 2023	—	8,774	1,497	1,038	1,799	13,108
Amortization	—	2,570	5,515	3,944	273	12,302
Effects of exchange rate	—	76	713	386	65	1,240
Balance at December 31, 2024	**—**	**11,420**	**7,725**	**5,368**	**2,137**	**26,650**
Carrying amounts						
At December 31, 2023	33,558	3,467	993	464	59	38,541
At December 31, 2024	**160,861**	**6,274**	**25,078**	**18,668**	**1,253**	**212,134**

Impairment assessment

The Company assessed goodwill for impairment at December 31, 2024 as part of its annual reporting process. In doing so, the Company compared the aggregate recoverable amount of the assets included in the respective CGUs to their carrying amounts. The Company completed its annual assessment for goodwill impairment and determined that the recoverable amount for the Company's CGUs exceeded the carrying amounts, respectively.

For the December 31, 2024 goodwill impairment assessment, the Company's goodwill was allocated to the North American Drilling, International Drilling, Completions, and Solar and Energy Storage CGUs.

The recoverable amount has been determined based on the greater of fair value less cost to dispose and value in use 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 CGUs' assets due in part to the necessity of making key assumptions about the future economic environment that the Company will operate in. The recoverable amount calculations use discounted cash flow projections, which require key assumptions, including future cash flows, projected growth, and applicable 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.

Key assumptions are as follows:

	North American Drilling	International Drilling	Completions	Solar and Energy Storage
	(%)	(%)	(%)	(%)
Weighted average growth rate	1.0	1.0	26.4	17.1
Terminal growth rate	2.0	2.0	2.0	2.0
Pre-tax discount rate	15.0	15.0	21.4	30.8

For all operating segments, a 1% increase in discount rate and a 1% decrease in the weighted average growth rate would not cause the recoverable amount of goodwill to fall below the carrying value. If future events cause a significant change in the operating environment of these business units, resulting in key operating metrics differing from management's estimates, the Company could potentially experience future material impairment charges against goodwill.

13. Trade Payables and Accruals

As at December 31,	Note	2024	2023
		($)	($)
Trade payables		**19,311**	14,246
Deferred revenue		**12,862**	6,092
Non-trade payables and accrued expenses		**30,621**	16,312
Liability for automatic purchase plan (APP) commitment pursuant to NCIB	14	**—**	3,500
Trade payables and accruals		**62,794**	41,648

Deferred revenue consists of installment payments received in Company's Solar and Energy Storage segment for booked control system sales that have not yet been delivered.

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 23.

14. Share Capital

Common shares

Years Ended December 31,	2024		2023	
	($)	**(#)**	($)	(#)
Balance, beginning	**163,291**	**79,685,025**	164,136	81,526,954
Exercise of stock options	**5,454**	**402,240**	3,549	308,971
Shares repurchased and cancelled under NCIB	**(1,381)**	**(661,200)**	(4,332)	(2,150,900)
Reversal of prior period liability for APP commitment pursuant to NCIB	**437**	**—**	375	—
Liability for automatic share purchase plan commitment pursuant to NCIB	**—**	**—**	(437)	—
Balance, ending	**167,801**	**79,426,065**	163,291	79,685,025

At December 31, 2024, 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 at the discretion of the Board of Directors, 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.

Common share dividends

During 2024, the Company declared and paid dividends of $41,362 (2023: $38,535) or $0.52 per common share (2023: $0.48).

	Dividend Record Date	Dividend Payment Date	Per Common Share	Total
March	March 15	March 29	0.13	**10,332**
June	June 14	June 28	0.13	**10,346**
September	September 13	September 27	0.13	**10,351**
December	December 17	December 31	0.13	**10,333**
Total dividends declared			**0.52**	**41,362**

Normal Course Issuer Bid ("NCIB")

On December 17, 2024, the Company announced the renewal of its NCIB commencing on December 20, 2024, and expiring on December 19, 2025. Under the renewed NCIB, the Company may purchase for cancellation, as the Company considers advisable, up to a maximum of 7,135,070 common shares, which represents approximately 10% of the applicable public float at the time of renewal.

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 36,288 common shares. The Company may make one block purchase per calendar week which exceeds the daily purchase restriction.

For the year ended December 31, 2024, the Company repurchased 661,200 (2023 - 2,150,900) shares for cancellation for total cash consideration of $9,997 (2023 - $27,939). The total consideration is allocated between share capital and retained earnings.

15. Stock-Based Compensation

Stock option plan

The Group has a stock option plan that entitles qualified employees to purchase common shares in the Company. Options, which are issued at market price vest over three years and expire after five years. The Company's outstanding stock options can be summarized as follows:

Years Ended December 31,		**2024**		2023
	Share Options	**Weighted Average Exercise Price**	Share Options	Weighted Average Exercise Price
	(#)	**($)**	(#)	($)
Outstanding, beginning	**2,324,877**	**13.18**	2,665,121	14.31
Granted	**889,014**	**14.34**	698,977	14.40
Exercised	**(402,240)**	**11.61**	(308,971)	9.47
Expired or forfeited	**—**	**—**	(730,250)	19.40
Outstanding, ending	**2,811,651**	**13.77**	2,324,877	13.18
Exercisable, ending	**1,243,782**	**12.73**	1,007,768	11.60
Available for grant, ending	**2,748,174**		3,253,075	

The following table summarizes information about the stock options outstanding at December 31, 2024:

			Options Outstanding		**Options Exercisable**
Range of Exercise Prices	Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Exercisable (Vested)	Weighted Average Exercise Price
($)	(#)	(Years)	($)	(#)	($)
7.33 - 8.98	146,635	0.91	7.33	146,635	7.33
8.99 - 12.91	455,411	1.91	10.63	455,411	10.63
12.92 - 16.07	2,209,605	4.04	14.85	641,736	15.46
	2,811,651	2.29	13.77	1,243,782	12.73

All stock options are valued using the Black-Scholes option pricing model. Weighted average assumptions for options granted in the year are as follows:

Years Ended December 31,	**2024**	2023
Fair value of stock options ($)	**3.04**	3.31
Forfeiture rate (%)	**10.99**	11.14
Risk-free interest rate (%)	**2.95**	3.93
Expected option life (years)	**3.30**	3.30
Expected volatility (%)	**34.81**	35.00
Expected annual dividends per share (%)	**3.67**	3.33

Restricted share units plan

RSUs vest over three years and upon vesting will entitle the holder to a cash payment based upon the corresponding market value of the Company’s common shares.

The Company's outstanding RSUs can be summarized as follows:

Years Ended December 31,	**2024**	2023
	(#)	(#)
RSUs, beginning	**925,872**	955,318
Granted	**655,750**	504,520
Vested and paid	**(455,707)**	(515,062)
Forfeited	**(11,238)**	(18,904)
RSUs, ending	**1,114,677**	925,872

Deferred share units plan

DSUs are awarded annually to members of the Board of Directors and represent cash settled rights to share values based on the number of DSUs outstanding. DSUs are credited evenly following the year in which they are awarded. DSUs vest and are paid upon the retirement of the Director.

The Company's outstanding DSUs can be summarized as follows:

Years Ended December 31,	**2024**	2023
	(#)	(#)
DSUs, beginning	**443,634**	352,317
Credited	**80,168**	91,317
Redeemed and paid	**(118,306)**	—
DSUs, ending	**405,496**	443,634

Performance share units plan

The Company has a PSU plan for Executive Officers of the Company. PSUs are awarded annually and the number of PSUs awarded shall be equal to one PSU for each $1.00 of grant value determined by the Board of Directors on such date. Starting in 2021, PSUs awarded vest at the end of the third anniversary date. Upon vesting, PSUs entitle the holder to receive a cash payment calculated based upon the number of PSUs vested and a multiplier which is based on the achievement of certain performance measures and objectives specified by the Board of Directors. The applicable multiplier can range from zero percent to 200 percent.

The Company's outstanding PSUs can be summarized as follows:

Years Ended December 31,	2024	2023
	(#)	(#)
PSUs, beginning	**3,119,089**	3,019,574
Granted	**1,374,233**	1,081,640
Vested and paid	**(995,943)**	(982,125)
PSUs, ending	**3,497,379**	3,119,089

Stock-based compensation expense and liability

For the year ended December 31, 2024, the Company recorded $10,898 of stock-based compensation expense for its equity and cash settled plans (2023: $11,718). As at December 31, 2024, the Company held $6,864 in current stock-based compensation liability and $4,238 in non-current stock-based compensation liability for its cash settled plans (as at December 31, 2023: $5,488 and $8,297 respectively).

16. Operating Segments

Starting in the first quarter of 2024, the Company reports on four strategic business units: North American Drilling (Canada and the United States), International Drilling (Latin America, including Mexico, Offshore, the Eastern Hemisphere, and the Middle East) and Completions business units, all of which offer technology services to the oil and gas industry, and the Solar and Energy Storage business unit, which provides technology services to solar and energy storage developers.

Year Ended December 31, 2024	North American Drilling	International Drilling	Completions	Solar and Energy Storage	Total
	($)	($)	($)	($)	($)
Revenue	**283,264**	**60,252**	**52,587**	**18,030**	**414,133**
Operating expenses	**87,468**	**27,483**	**28,760**	**16,819**	**160,530**
Depreciation and amortization	**28,448**	**3,543**	**20,168**	**20**	**52,179**
Segment gross profit	**167,348**	**29,226**	**3,659**	**1,191**	**201,424**
Research and development					**51,180**
Selling, general, and administrative					**41,590**
Stock-based compensation					**10,898**
Other income					**(45,610)**
Income tax provision					**23,657**
Net income					**119,709**
Net income attributable to Pason					**121,504**
Capital expenditures	**41,536**	**2,564**	**27,834**	**—**	**71,934**
As at December 31, 2024					
Property plant and equipment	**119,965**	**16,043**	**56,112**	**2,686**	**194,806**
Intangible assets	**4,951**	**—**	**45,558**	**764**	**51,273**
Goodwill	**9,424**	**2,600**	**124,427**	**24,410**	**160,861**
Segment assets	**279,848**	**78,617**	**217,760**	**38,387**	**614,612**
Segment liabilities	**79,450**	**7,217**	**14,986**	**17,286**	**118,939**

Year Ended December 31, 2023	North American Drilling	International Drilling	Completions [1]	Solar and Energy Storage	Total
	($)	($)	($)	($)	($)
Revenue	289,763	63,824	—	15,722	369,309
Operating expenses (2)	87,346	27,503	—	15,164	130,013
Depreciation and amortization	23,623	3,573	—	20	27,216
Segment gross profit (loss) (2)	178,794	32,748	—	538	212,080
Research and development					41,247
Selling, general, and administrative (2)					24,832
Stock-based compensation					11,718
Other income					4,110
Income tax provision					34,346
Net income					95,827
Net income attributable to Pason					97,539
Capital expenditures	35,412	4,397	—	—	39,809
Property plant and equipment	101,471	18,417	—	1,235	121,123
Intangible assets	3,981	—	—	1,976	5,957
Goodwill	7,547	2,600	—	22,437	32,584
Segment assets	393,875	64,498	—	29,504	487,877
Segment liabilities	72,742	5,685	—	8,495	86,922

(1) The Completions segment includes results generated by IWS, which were not part of the Company's consolidated reporting group until January 1, 2024 following the IWS Acquisition, as detailed in Note 5 of these Consolidated Financial Statements

(2) Prior period figures have been reclassed to conform with current period presentation of financial information, as detailed in Note 2 of these Consolidated Financial Statements

17. Other (Income) Expenses

Years Ended December 31,	2024	2023
	($)	($)
Gain on previously held equity interest	(50,830)	—
Net interest income	(2,811)	(14,394)
Put option revaluation (Note 18)	(1,413)	(149)
Foreign exchange loss	3,841	16,758
Equity investment (income) loss	(994)	3,337
Other expenses	6,597	1,390
Net monetary gain	—	(2,832)
Total other (income) expense	**(45,610)**	4,110

Gain on previously held equity interest results from the Company obtaining control over IWS effective January 1, 2024 where the Company's previously held equity investment associated with IWS was remeasured to fair value, resulting in a gain of $50,830 on the derecognition of the $31,745 carrying value of this investment. Further information is outlined in Note 5 of these Consolidated Financial Statements.

Net interest income is primarily comprised of interest generated from the Company's invested cash and cash equivalents and will fluctuate as average cash balances and available yields fluctuate. Net interest income also includes implicit interest expense on the Company's lease liabilities.

Other expenses include transaction costs incurred on the common share acquisition of IWS, legal expenses incurred in connection with the Company's ongoing intellectual property litigation as disclosed in Note 27 of these Consolidated Financial Statements, as well as non-recurring severance related costs incurred in 2024.

The equity investment income results from the Company using the equity method of accounting to account for its investment in the Pason-Rawabi joint venture, and previously Intelligent Wellhead Systems prior to its consolidation as a wholly-owned subsidiary in the first quarter of 2024.

Foreign exchange loss represents net realized and unrealized foreign exchange gains and losses on the Company's cash and cash equivalents, and working capital held in foreign currencies.

18. Obligation Under Put Option

The put obligation is a contractual obligation whereby the non-controlling shareholders of ETB have a put option to exercise for cash their 20% shareholdings of ETB starting in 2023 with reference to the fair value of ETB shares at the date the put option can be exercised. This put option gives rise to a financial liability and is calculated at each annual reporting period using a discounted cash flow model of the estimated future cash flows of the obligation.

The significant unobservable inputs to determine the fair value of the obligation under put option as at December 31, 2024, include the weighted average growth rate, terminal value, and pre-tax discount rate used in the Company's impairment assessment, and are further disclosed in Note 12.

A summary of the obligation under put option is as follows:

As at December 31,	2024	2023
	($)	($)
Balance, beginning	6,175	6,474
Put option revaluation	(1,413)	(149)
Foreign exchange	529	(150)
Balance, ending	**5,291**	6,175

19. Income Tax

The Company's income tax provision is comprised of the following:

Years Ended December 31,	**2024**	2023
	($)	($)
Current tax expense	**27,706**	29.128
Deferred tax expense	**(4,049)**	5.218
Income tax provision	**23,657**	**34,346**

The provision for income taxes, including deferred taxes, reflects an effective income tax rate that differs from the actual combined Canadian federal and provincial statutory rates of 23% for both 2024 and 2023.

The Company's US subsidiaries (US Consolidated Group) were subject to federal and state statutory tax rates of approximately 25% for both 2024 and 2023.

A summary of these differences is as follows:

Years Ended December 31,	**2024**	2023
	($)	($)
Income before income taxes	**143,366**	130,173
Expected income tax at statutory rate	**32,974**	29,940
Increase (decrease) resulting from:		
Impact of not recognizing deferred tax assets on previous net operating losses	**(54)**	294
Non-taxable portion of gain on previously held equity interest	**(11,945)**	—
Non-deductible portion of stock-based compensation	**411**	420
Withholding and other taxes	**1,828**	934
Put option revaluation	**(325)**	(35)
Foreign and other tax rate differences	**2,555**	1,580
Prior years reassessments and adjustments	**(998)**	(551)
Equity pickup of non controlling entities	**(229)**	767
Hyperinflation	**—**	(649)
Non-taxable permanent differences of foreign exchange	**713**	1,725
Other items	**(1,273)**	(79)
Income tax provision	**23,657**	34,346

Deferred tax assets and liabilities are comprised of the following:

As at December 31,	**2024**	2023
	($)	($)
Loss carry-forwards	**16,152**	258
Inter-company transactions	**3,415**	3,132
Share-based payments	**2,597**	3,338
Property, plant and equipment	**(24,945)**	(14,860)
Intangible assets	**(15,497)**	(4,498)
Other	**930**	1,168
Deferred tax liability	**(17,348)**	(11,462)

Inter-company transactions represent amounts owing to the Company's Canadian subsidiary from the Company's US consolidated group that are not deductible for US tax purposes until paid.

As at December 31, 2024, the Company had $16,152 of operating loss carry-forwards in Canada and the United States that can be used to offset taxable income in future periods and reduce income taxes payable in those future periods. These loss carry-forwards will expire between 2039 and 2044.

The movement in deferred tax assets and liabilities is as follows:

As at	Inter-company transaction	Share-based payments	Other	Property, plant and equipment	Loss carry-forward	Intangible assets	Total
	($)	($)	($)	($)	($)	($)	($)
January 1, 2023	6,408	3,009	726	(12,768)	259	(4,142)	(6,508)
Recognized in income	(3,415)	329	364	(2,127)	—	(369)	(5,218)
Foreign exchange differences	139	—	78	35	(1)	13	264
December 31, 2023	3,132	3,338	1,168	(14,860)	258	(4,498)	(11,462)
IWS Acquisition	—	—	—	(4,600)	8,800	(12,336)	(8,136)
Recognized in income	128	(741)	(275)	(3,302)	6,848	1,391	4,049
Foreign exchange differences	155	—	37	(2,183)	246	(54)	(1,799)
December 31, 2024	**3,415**	**2,597**	**930**	**(24,945)**	**16,152**	**(15,497)**	**(17,348)**

Foreign exchange differences are recognized through foreign currency translation adjustment in the Statement of Other Comprehensive Income.

All deferred taxes are classified as non-current, irrespective of the classification of the underlying assets or liabilities to which they relate, or the expected reversal of the temporary difference. In addition, deferred tax assets and liabilities have been offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

20. 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:

Years Ended December 31,	**2024**	**2023**
	(#)	**(#)**
Issued common shares outstanding, beginning	**79,685,025**	81,526,954
Effect of NCIB and exercised options	**(104,779)**	(1,147,638)
Weighted average number of common shares (basic)	**79,580,246**	80,379,316

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:

Years Ended December 31,	2024	2023
	(#)	(#)
Weighted average number of common shares (basic)	79,580,246	80,611,237
Effect of share options	207,048	266,473
Weighted average number of common shares (diluted)	79,787,294	80,877,710

For the year ended December 31, 2024, 2,209,605 (2023 - 1,337,572) 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.

21. 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 as at December 31, 2024 include cash and cash equivalents, short-term investments, trade and other receivables, trade payables and accruals, stock-based compensation liability, and obligation under put option.

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 December 31, 2024	Level 1	Level 2	Level 3	**Total**
	($)	($)	($)	($)
Cash and cash equivalents	77,197	—	—	77,197
Short-term investments	3,581	—	—	3,581

22. Credit Facilities

As at December 31, 2024, the Company does not have any interest bearing debt outstanding, consistent with December 31, 2023. In connection with the IWS Acquisition effective January 1, 2024, Pason assumed outstanding debt on credit facilities and term loans held by IWS. In the first quarter of 2024, all assumed IWS outstanding debt balances were repaid and only one IWS credit facility remains in place: the ABL facility described below.

As at December 31, 2024, the Company has the following undrawn credit facilities in place:

Demand Facility

The Company has an undrawn $5,000 demand revolving credit facility (the "Demand Facility"), which is unchanged from December 31, 2023.

Interest on the Demand Facility is payable monthly on amounts drawn and is based on either the lender's prime rate, US Base rate loans, Bankers' Acceptance rates, plus applicable margins. The Demand Facility is available to the Company for working capital purposes, and amounts drawn against it are recorded as long-term debt. The Company can repay, without penalty, advances under the facility. The Demand Facility is secured by a general security agreement on the assets of the Company, Pason Systems Corp., and Pason Systems USA Corp.

The Company is subject to the following financial covenants under its Demand Facility:

- To maintain, on a consolidated basis, to be measured as at the end of each fiscal quarter, a ratio of debt to income before interest, taxes, depreciation and amortization, and impairment losses (EBITDA), calculated on a rolling four quarters basis for the fiscal quarter then ended and the immediately preceding three fiscal quarters of not greater than 1.50:1.
- To maintain an EBITDA for Pason Systems Corp. plus Pason Systems USA of not less than 80% of consolidated EBITDA.

Both covenants have been met throughout the reporting periods.

ABL Facility

The Company also has an undrawn asset based lending facility which was assumed through the IWS Acquisition (the "ABL Facility"). The ABL Facility allows the Company to borrow up to the lesser of $10,000, and a calculated amount based on eligible accounts receivable and cash outstanding at each reporting period. As at December 31, 2024, the available balance on the ABL Facility is $10,000.

Interest on the ABL Facility is payable monthly on amounts drawn and is based on the lender's prime rate plus applicable margins. The ABL Facility is available to the Company for working capital purposes, and amounts drawn against it are recorded as long-term debt. The Company can repay, without penalty, advances under the facility. The ABL facility is secured by a general security agreement on the assets of Intelligent Wellhead Systems Inc., Intelligent Wellhead Systems Corp and IWS USA Corp.

23. Financial Risk Management and Financial Instruments Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market and foreign exchange risk

This note presents information about the Group’s exposure to each of the above risks, the Group’s objectives, policies and processes for measuring and managing risk, and the Group’s approach to managing capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Credit risk

(a) Trade and other receivables

Credit risk refers to the possibility that a customer will fail to meet its contractual obligations. Credit risk arises from the Company's accounts receivable balances, which are predominantly with customers who explore for and develop oil and natural gas reserves. The Company has a process in place which assesses the creditworthiness of its customers as well as monitoring the age and balances outstanding on an ongoing basis. Payment terms with customers are 30 days from invoice date; however, industry practice can extend these terms.

The Group does not require collateral in respect of trade and other receivables.

The Group establishes an allowance for doubtful accounts that represents its estimate of expected losses in respect of trade receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective doubtful accounts allowance is determined based on historical data of payment statistics for similar financial assets.

(b) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

As at December 31,	**2024**	2023
	($)	($)
Trade and other receivables, net of allowance for doubtful accounts	**90,876**	66,001

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was:

As at December 31,	**2024**	2023
	($)	($)
North American Drilling	**51,604**	49,348
International Drilling	**22,433**	15,816
Completions	**12,136**	—
Solar and Energy Storage	**6,774**	837
	92,947	66,001

During the year ended December 31, 2024 and 2023, the Company did not have any customers that comprised greater than 10% of total revenue.

(c) Allowance for doubtful accounts

The aging of trade and other receivables at the reporting date was:

As at December 31,	**2024**		2023	
	Gross	**Allowance**	Gross	Allowance
	($)	**($)**	($)	($)
Current	**69,099**	**—**	51,124	—
31–60 days	**14,828**	**—**	11,096	—
61–90 days	**3,746**	**—**	2,577	—
Greater than 90 days	**5,274**	(2,071)	3,129	(1,925)
	92,947	**(2,071)**	67,926	(1,925)

The movement in the allowance for doubtful accounts in respect of trade and other receivables during the year was as follows:

As at December 31,	**2024**	2023
	($)	($)
Opening balance	**1,925**	1,661
Additional expected credit losses	**150**	405
Accounts collected, previously allowed for	**—**	(220)
Write-off of uncollectible accounts	**(105)**	28
Effects of exchange rate changes	**101**	51
Ending balance	**2,071**	1,925

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due. This is achieved through strong cash and working capital management.

Cash flow forecasting is performed in the operating entities of the Company and aggregated in head office, which monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs at all times. Such forecasting takes into consideration the Company's capital allocation plans and compliance with internal balance sheet ratio targets.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	As at December 31,						
	Carrying amount	Contractual cash flows	6 months or less	6–12 months	1–2 years	3–5 years	More than 5 years
	($)	($)	($)	($)	($)	($)	($)
Non-derivative liabilities:							
Trade payables and accruals	62,794	62,794	62,794	—	—	—	—
Cash settled stock-based compensation	11,102	11,102	962	5,902	1,461	121	2,656
Obligations under put option	5,291	5,291	5,291	—	—	—	—
	79,187	79,187	69,047	5,902	1,461	121	2,656

For cash settled stock-based compensation liabilities, the timing and amounts could differ significantly as a result of changes in the Company's share price, performance metrics for the PSU plan as determined by the Board of Directors, and the timing of Director retirements and associated DSU settlements.

Market and foreign exchange risk

The Company did not enter into any hedging arrangements during the years ended December 31, 2024 and 2023.

(a) Foreign currency risk

Foreign currency risk is the risk that the value of future cash flows will fluctuate as a result of changes in foreign currency exchange rates. The Company is exposed to foreign currency risk as it relates to working capital balances denominated in foreign currencies and on the translation of its foreign operations into the Canadian dollar reporting currency. The Company also has intercompany loans that are considered part of the net investment in foreign subsidiaries and foreign exchange gains and losses are recorded within the foreign currency translation reserve.

A strengthening of the Canadian dollar against the US dollar by 1% at December 31, 2024, would have decreased net income and equity for the year by $134 and $7,904, respectively. A weakening of the Canadian dollar at December 31, 2024 would have had the equal but opposite effect.

(b) Interest rate risk

The Company is exposed to changes in interest rates with respect to its credit facility. Management believes this risk to be minor given the small amounts historically drawn on the facility.

(c) Fair values versus carrying amounts

The carrying values of financial assets and liabilities approximate their fair value due to the short-term nature of these items.

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 at Fair Value			
	Level 1	Level 2	Level 3	**December 31, 2024**
	($)	($)	($)	**($)**
Cash and cash equivalents	**77,197**	—	—	**77,197**
Short-term investments	**3,581**	—	—	**3,581**
Total financial assets at fair value	**80,778**	—	—	**80,778**

(d) Capital risk

The Company's strategy is to carry a flexible capital base to maintain investor, market, and creditor confidence and to sustain future business development opportunities. The Company manages its capital structure based on ongoing changes in economic conditions and related risk characteristics of its underlying assets.

The Company considers its capital structure to include equity and working capital. To maintain or adjust the capital structure, the Company may, from time to time, issue or repurchase shares, adjust its dividend, or adjust its capital spending to manage its cash.

The Company's share capital is not subject to external restrictions; however, the Company’s committed demand credit facility includes financial covenants, with which the Company is compliant.

There were no changes in the Company’s approach to capital management during the year. The Company continues to maintain a conservative balance sheet with no interest bearing debt.

(e) Industry and seasonality risk

The most significant area of uncertainty for the Company is that the demand for the majority of its services is directly related to the strength of its customers’ capital expenditure programs. The level of capital programs is strongly affected by the level and stability of commodity prices, which can be extremely difficult to predict and beyond the control of the Company and its customers. During periods of uncertainty, oil and gas companies tend to bias their capital decisions on conservative outlooks for commodity prices.

In addition to the cyclical nature of its business, the Company is also subject to risks and uncertainties associated with weather and seasonality. The Company continues to react to unfavourable weather conditions and spring breakup, which limit well access in Canada, through future growth into geographic regions such as the United States and internationally, where these factors are less likely to influence activity.

(f) Commodity risk

Prices for crude oil and natural gas fluctuate in response to a number of factors beyond the Company's control. The factors that affect prices include, but are not limited to, the following: the actions of the Organization of Petroleum Exporting Countries, world economic conditions, government regulation, geopolitical stability in the Middle East and elsewhere, global supply and demand for crude oil and natural gas, the price of foreign imports, the availability of alternate fuel sources, and weather conditions. Any of these can reduce the cash flows of exploration and production companies, reduce the amount of drilling activity, and correspondingly reduce the demand for the Company's products and services.

24. Operating Commitments

Non-cancellable operating lease rentals and committed services are payable as follows:

As at December 31,	**2024**	2023
	($)	($)
Less than one year	**7,838**	3,180
Between one and three years	**10,827**	8,232
More than three years	**10,695**	13,409
Operating Commitments	**29,360**	24,821

Contractual obligations relate to minimum future payments required primarily for leases of certain facilities, along with commitments associated with ongoing repair costs of the company's equipment and technology. A portion of these future obligations have been recognized on the balance sheet as a leased asset and a corresponding liability, in accordance with IFRS 16, Leases.

25. Capital Commitments

At December 31, 2024, the Group has entered into contracts to purchase property, plant, and equipment for $19,585 (2023: $31,359), the majority of which relates to the purchase of rental assets in the normal course of business.

26. Related Party Transactions and Key Management Compensation

Transactions with key management personnel and directors

In addition to salaries and director fees, as applicable, the Group also provides compensation to executive officers and directors under the Group's long-term incentive plans (Note 14).

Executive management personnel and director compensation is comprised of:

Years Ended December 31,	2024	2023
	($)	($)
Compensation	3,752	3,965
Share-based payments	3,918	5,589
	7,670	9,554

These costs are included either in selling, general, and administrative or stock-based compensation expense in the Consolidated Statements of Operations.

Key management and directors of the Company control less than 1% of the voting shares of the Company. No balances are owing from any employees or directors as at December 31, 2024 or 2023.

27. Commitments & Contingencies

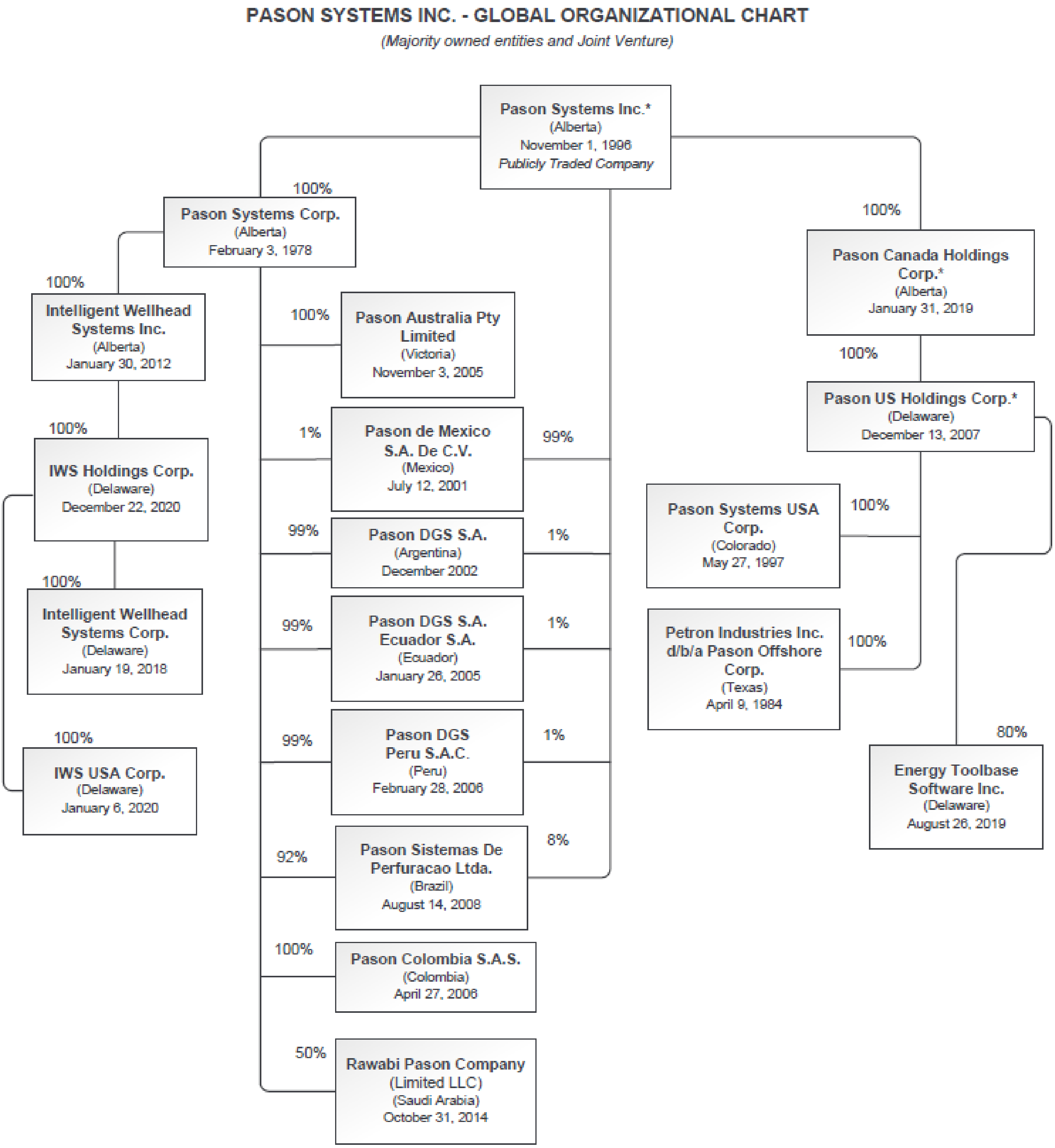
The Company is involved in litigation and disputes arising in the normal course of business. Management regularly evaluates the likelihood of potential liabilities being incurred and the amounts of such liabilities after careful examination of available information and discussions with its legal advisors.

In May of 2023, a competitor filed a patent infringement lawsuit against IWS in the District of Colorado alleging IWS' infringement of two patents relating to certain aspects of continuous hydraulic fracturing. Given the stage of the lawsuit, management is not currently able to estimate the extent of potential costs and losses related to this claim, if any. Consequently, no provision has been recorded in the Company's Consolidated Financial Statements related to this litigation. The Company does not currently believe the outcome of any pending or threatened proceedings related to this patent litigation is probable to result in IWS being required to pay any amounts which would have a material adverse impact on its financial position, results of operations, or liquidity.

28. Events After the Reporting Period

On February 27, 2025, the Company declared a quarterly dividend of $0.13 per share on the Company's common shares. The dividend will be paid on March 31, 2025 to shareholders of record at the close of business on March 17, 2025.

29. Organizational Structure



Corporate Information

Directors

Marcel Kessler[1]
Independent Business Advisor
British Columbia, Canada

Jon Faber
President & CEO
Pason Systems Inc.
Alberta, Canada

Laura Schwinn[4][7][8]
Independent Business Advisor
Maryland, USA

Ken Mullen[2][5]
Director
Melamaken Adventures Inc.
Alberta, Canada

Sophia Langlois[3][6]
Independent Business Advisor
Alberta, Canada

James Bowzer[3][5][7]
Independent Business Advisor
Colorado, USA

(1) Chair of the Board
(2) Audit Committee Chair
(3) Audit Committee Member
(4) HR and Compensation Committee Chair
(5) HR and Compensation Committee Member
(6) Corporate Governance and Nominations Committee Chair
(7) Corporate Governance and Nomination Committee Member
(8) Lead Director

Officers & Key Personnel

Jon Faber
President
& Chief Executive Officer

Celine Boston
Chief Financial Officer

Kevin Boston
Vice President, Commercial

Craig Bye
Vice President, R&D - Cloud Platforms and Applications

Natalie Fenez
Vice President, Legal & Corporate Secretary

Heather Hantos
Vice President, Human Resources

Bryce McLean
Vice President, Operations

Lars Olesen
Vice President, Product & Technology

Russell Smith
Vice President, International

Ryan Van Beurden
Vice President, Rig-site Research & Development

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Auditors

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Calgary, Alberta

Banker

Royal Bank of Canada
Calgary, Alberta

Registrar and Transfer Agent

Computershare Trust Company of Canada
Calgary, Alberta

Stock Trading

Toronto Stock Exchange
Trading Symbol: PSI.TO

Eligible Dividend Designation

Pursuant to the Canadian Income Tax Act, dividends paid by the Company to Canadian residents are considered to be “eligible” dividends.