

# Condensed Consolidated Interim Financial Statements and Notes

## Condensed Consolidated Interim Balance Sheets

As at	Note*	March 31, 2025	December 31, 2024
(CDN 000s) (unaudited)		(\$)	(\$)
<b>Assets</b>			
Current			
Cash and cash equivalents	5	84,372	77,197
Short-term investments	6	3,032	3,581
Trade and other receivables		90,689	90,876
Prepaid expenses		8,541	11,275
Inventory		19,649	20,782
Income taxes recoverable		202	976
<b>Total current assets</b>		<b>206,485</b>	<b>204,687</b>
Non-current			
Property, plant and equipment		198,484	194,806
Investments	8	3,216	2,985
Intangible assets and goodwill		210,624	212,134
<b>Total non-current assets</b>		<b>412,324</b>	<b>409,925</b>
<b>Total assets</b>		<b>618,809</b>	<b>614,612</b>
<b>Liabilities and equity</b>			
Current			
Trade payables and accruals		61,193	62,794
Income taxes payable		9,358	6,987
Stock-based compensation liability	12	6,427	6,864
Lease liability		2,163	2,168
Obligation under put option	9	5,286	5,291
<b>Total current liabilities</b>		<b>84,427</b>	<b>84,104</b>
Non-current			
Deferred tax liability		16,152	17,348
Lease liability		12,691	13,249
Stock-based compensation liability	12	6,215	4,238
<b>Total non-current liabilities</b>		<b>35,058</b>	<b>34,835</b>
<b>Equity</b>			
Share capital	11	166,730	167,801
Share-based benefits reserve		39,393	38,804
Foreign currency translation reserve		59,312	58,715
Equity reserve		(8,375)	(8,375)
Retained earnings		251,320	247,468
<b>Total equity attributable to equity holders of the Company</b>		<b>508,380</b>	<b>504,413</b>
Non-controlling interest		(9,056)	(8,740)
<b>Total equity</b>		<b>499,324</b>	<b>495,673</b>
<b>Total liabilities and equity</b>		<b>618,809</b>	<b>614,612</b>

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

## Condensed Consolidated Interim Statements of Operations

Three Months Ended March 31,	Note*	2025	2024
(CDN 000s, except per share data) (unaudited)		(\$)	(\$)
<b>Revenue</b>		<b>113,177</b>	104,759
Operating expenses		<b>43,923</b>	39,489
Depreciation and amortization		<b>14,184</b>	11,730
		<b>58,107</b>	51,219
<b>Gross profit</b>		<b>55,070</b>	53,540
<b>Other expenses</b>			
Research and development		<b>13,577</b>	13,108
Selling, general, and administrative		<b>10,695</b>	9,954
Stock-based compensation expense	12	<b>2,892</b>	3,011
Other expenses (income)	14	<b>46</b>	(50,713)
		<b>27,210</b>	(24,640)
<b>Income before income taxes</b>		<b>27,860</b>	78,180
Income tax provision		<b>8,214</b>	9,057
<b>Net income</b>		<b>19,646</b>	69,123
<b>Net income (loss) attributable to:</b>			
Shareholders of Pason		<b>20,009</b>	69,529
Non-controlling interest		<b>(363)</b>	(406)
<b>Net income</b>		<b>19,646</b>	69,123
<b>Income per share</b>	15		
Basic		<b>0.25</b>	0.87
Diluted		<b>0.25</b>	0.87

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## Condensed Consolidated Interim Statements of Other Comprehensive Income

Three Months Ended March 31,	Note*	2025	2024
(CDN 000s) (unaudited)		(\$)	(\$)
<b>Net income</b>		<b>19,646</b>	69,123
Items that may be reclassified subsequently to net income:			
Foreign currency translation adjustment		<b>644</b>	4,449
<b>Other comprehensive income (loss)</b>		<b>644</b>	4,449
<b>Total comprehensive income</b>		<b>20,290</b>	73,572
<b>Total comprehensive income (loss) attributed to:</b>			
Shareholders of Pason		<b>20,606</b>	73,948
Non-controlling interest		<b>(316)</b>	(376)
<b>Total comprehensive income</b>		<b>20,290</b>	73,572

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## Condensed Consolidated Interim Statements of Changes in Equity

	Note*	Share Capital	Share- Based Benefits Reserve	Foreign Currency Translation Reserve	Equity Reserve	Retained Earnings	Total Equity Attributable to Pason	Non- Controlling Interest	Total Equity
(CDN 000s) (unaudited)		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
<b>Balance at December 31, 2023</b>		163,291	37,101	43,162	(8,375)	172,879	<b>408,058</b>	(7,103)	<b>400,955</b>
Net income (loss)		—	—	—	—	69,529	<b>69,529</b>	(406)	<b>69,123</b>
Dividends	11	—	—	—	—	(10,332)	<b>(10,332)</b>	—	<b>(10,332)</b>
Other comprehensive income		—	—	4,419	—	—	<b>4,419</b>	30	<b>4,449</b>
Exercise of stock options	11	616	(101)	—	—	—	<b>515</b>	—	<b>515</b>
Expense related to stock options		—	575	—	—	—	<b>575</b>	—	<b>575</b>
Shares cancelled under NCIB	11	(489)	—	—	—	(2,804)	<b>(3,293)</b>	—	<b>(3,293)</b>
Liability reversal for automatic share purchase plan commitment pursuant to NCIB	11	437	—	—	—	3,063	<b>3,500</b>	—	<b>3,500</b>
Liability for automatic share purchase plan commitment pursuant to NCIB	11	(79)	—	—	—	(521)	<b>(600)</b>	—	<b>(600)</b>
<b>Balance at March 31, 2024</b>		163,776	37,575	47,581	(8,375)	231,814	<b>472,371</b>	(7,479)	<b>464,892</b>
Net income (loss)		—	—	—	—	51,975	<b>51,975</b>	(1,389)	<b>50,586</b>
Dividends		—	—	—	—	(31,030)	<b>(31,030)</b>	—	<b>(31,030)</b>
Other comprehensive income		—	—	11,134	—	—	<b>11,134</b>	128	<b>11,262</b>
Exercise of stock options	11	4,838	(683)	—	—	—	<b>4,155</b>	—	<b>4,155</b>
Expense related to stock options		—	1,912	—	—	—	<b>1,912</b>	—	<b>1,912</b>
Shares cancelled under NCIB	11	(892)	—	—	—	(5,812)	<b>(6,704)</b>	—	<b>(6,704)</b>
Liability for automatic share purchase plan commitment pursuant to NCIB	11	79	—	—	—	521	<b>600</b>	—	<b>600</b>
<b>Balance at December 31, 2024</b>		167,801	38,804	58,715	(8,375)	247,468	<b>504,413</b>	(8,740)	<b>495,673</b>
Net income (loss)		—	—	—	—	20,009	<b>20,009</b>	(363)	<b>19,646</b>
Dividends	11	—	—	—	—	(10,309)	<b>(10,309)</b>	—	<b>(10,309)</b>
Other comprehensive income		—	—	597	—	—	<b>597</b>	47	<b>644</b>
Exercise of stock options	11	81	(16)	—	—	—	<b>65</b>	—	<b>65</b>
Expense related to stock options		—	605	—	—	—	<b>605</b>	—	<b>605</b>
Shares cancelled under NCIB	11	(993)	—	—	—	(5,007)	<b>(6,000)</b>	—	<b>(6,000)</b>
Liability for automatic share purchase plan commitment pursuant to NCIB	11	(159)	—	—	—	(841)	<b>(1,000)</b>	—	<b>(1,000)</b>
<b>Balance at March 31, 2025</b>		<b>166,730</b>	<b>39,393</b>	<b>59,312</b>	<b>(8,375)</b>	<b>251,320</b>	<b>508,380</b>	<b>(9,056)</b>	<b>499,324</b>

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# Condensed Consolidated Interim Statements of Cash Flows

Three Months Ended March 31,	Note*	2025	2024
(CDN 000s) (unaudited)		(\$)	(\$)
<b>Cash from (used in) operating activities</b>			
Net income		19,646	69,123
Adjustment for non-cash items:			
Depreciation and amortization		14,184	11,730
Stock-based compensation expense	12	2,892	3,011
Deferred income taxes		(1,183)	1,539
Gain on revaluation of previously held equity interest	14	—	(50,830)
Unrealized foreign exchange loss and other		1,004	273
<b>Funds flow from operations</b>		<b>36,543</b>	<b>34,846</b>
Movements in non-cash working capital items:			
Decrease (increase) in trade and other receivables		187	(13,419)
Decrease (increase) in prepaid expenses		2,734	(2,611)
Increase in income taxes payable / recoverable		9,621	7,708
(Decrease) increase in trade payables, accruals and stock-based compensation liability		(3,905)	1,443
Decrease in inventory		1,133	1,042
Effects of exchange rate changes		105	3,847
<b>Cash generated from operating activities</b>		<b>46,418</b>	<b>32,856</b>
Income tax paid		(6,476)	(1,842)
<b>Net cash from operating activities</b>		<b>39,942</b>	<b>31,014</b>
<b>Cash flows (used in) from financing activities</b>			
Proceeds from exercise of stock options	11	65	515
Payment of dividends	11	(10,309)	(10,332)
Repurchase and cancellation of shares under NCIB	11	(6,000)	(3,293)
Repayment of lease liability		(558)	(767)
Repayment of IWS external debt	10	—	(13,261)
<b>Net cash (used in) from financing activities</b>		<b>(16,802)</b>	<b>(27,138)</b>
<b>Cash flows (used in) from investing activities</b>			
Acquisition of IWS, net of cash acquired	4	—	(72,654)
Settlement of stock-based compensation liability related to acquisition of IWS	4	—	(10,454)
Purchase of short-term investments	6	—	(4,187)
Maturity of short-term investments	6	513	—
Additions to property, plant and equipment		(15,749)	(18,629)
Development costs		(1,440)	(1,447)
Proceeds on disposal of property, plant and equipment		611	732
Changes in non-cash working capital		(130)	63
<b>Net cash (used in) from investing activities</b>		<b>(16,195)</b>	<b>(106,576)</b>
Effect of exchange rate on cash and cash equivalents		230	977
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>7,175</b>	<b>(101,723)</b>
<b>Cash and cash equivalents, beginning</b>		<b>77,197</b>	<b>171,773</b>
<b>Cash and cash equivalents, ending</b>	5	<b>84,372</b>	<b>70,050</b>

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

# Notes to Condensed Consolidated Interim 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 and OTC Markets Group under the symbol PSI and PSYTF, respectively. The Condensed Consolidated Interim 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 Condensed Consolidated Interim Financial Statements include the accounts of Pason Systems Inc., its wholly owned subsidiaries, and ETB.

## 2. Basis of Preparation

### Statement of compliance

These unaudited Condensed Consolidated Interim Financial Statements have been prepared in accordance with the requirements of International Accounting Standard ("IAS") 34, Interim Financial Reporting and include the accounts of Pason and its wholly owned subsidiaries. All significant intercompany balances and transactions including revenue and expenses have been eliminated. These unaudited Condensed Consolidated Interim Financial Statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended December 31, 2024.

These Condensed Consolidated Interim Financial Statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand except for per share amounts.

## 3. Accounting Policies

The selection and application of material accounting policies have been deemed appropriate. The Company's material accounting policies and their method of application have been applied on a basis consistent with that of the audited financial statements as at and for the year ended December 31, 2024.

### Future Accounting Standards:

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.

## 4. 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 \$16,013 and gross profit of \$1,622 to the Company. For further details, refer to Note 13 of these Condensed Consolidated Interim 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:

<b>Allocation of Total Consideration</b>	
	(\$)
Current assets	15,491
Property, plant, and equipment	35,669
Intangible assets	52,495
Right of use asset	3,482
Goodwill	124,427
<b>Total assets</b>	<b>231,564</b>
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)
<b>Total liabilities</b>	<b>(71,202)</b>
<b>Net assets acquired</b>	<b>160,362</b>
<b>Fair value of Total Consideration</b>	
	(\$)
Cash paid at closing	77,787
Fair value of previously held equity interest	82,575
<b>Fair value of Total Consideration</b>	<b>160,362</b>

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 Condensed Consolidated Interim Statements of Operations, and is also added back as a non-cash adjustment to the Company's Cash Flow from Operations for all relevant periods.

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 Condensed Consolidated Interim Statements of Operations.

## 5. Cash and Cash Equivalents

As at	March 31, 2025	December 31, 2024
	(\$)	(\$)
Cash	54,344	58,600
Cash equivalents	30,028	18,597
<b>Cash and cash equivalents</b>	<b>84,372</b>	<b>77,197</b>

As at March 31, 2025, the Company's cash equivalents are invested in money market funds with interest rates averaging 3.4% (2024: 3.8%).

## 6. Short-Term Investments

As at	March 31, 2025	December 31, 2024
	(\$)	(\$)
<b>Short-term investments</b>	<b>3,032</b>	<b>3,581</b>

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 Condensed Consolidated Interim 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.

## 7. Seasonality

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

By the fourth quarter, access to most areas in Canada becomes available when the ground freezes. Consequently, the performance of the Company may not be comparable quarter to consecutive quarter, but should be considered on the basis of results for the whole year, or by comparing results in a quarter with results in the corresponding quarter for the previous year.

## 8. Investments

As at March 31, 2025, 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.

## 9. 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 using a discounted cash flow model of the estimated future cash flows of the obligation.

## 10. Credit Facilities

As at March 31, 2025, the Company does not have any interest bearing debt outstanding, consistent with December 31, 2024. 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 March 31, 2025, 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, 2024.

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.

### **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 March 31, 2025, 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.



# 11. Share Capital

## Common shares

	Three Months Ended March 31, 2025		Year Ended December 31, 2024	
	(\$)	(#)	(\$)	(#)
<b>Balance, beginning</b>	<b>167,801</b>	<b>79,426,065</b>	163,291	79,685,025
Exercise of stock options	<b>81</b>	<b>7,010</b>	5,454	402,240
Shares repurchased and cancelled under NCIB	<b>(993)</b>	<b>(470,400)</b>	(1,381)	(661,200)
Reversal of prior period liability for APP commitment pursuant to NCIB	—	—	437	—
Liability for automatic share purchase plan commitment pursuant to NCIB	<b>(159)</b>	—	—	—
<b>Balance, ending</b>	<b>166,730</b>	<b>78,962,675</b>	167,801	79,426,065

At March 31, 2025, 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

For the three month period ended March 31, 2025, the Company declared and paid dividends of \$10,309 (first quarter of 2024; \$10,332) or \$0.13 per common share (first quarter of 2024: \$0.13).

### 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 three month period ended March 31, 2025, the Company repurchased 470,400 (first quarter of 2024 - 238,600) shares for cancellation for total cash consideration of \$6,000 (first quarter of 2024 - \$3,293). The total consideration is allocated between share capital and retained earnings.

## 12. 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:

	Three Months Ended March 31, 2025		Twelve Months Ended December 31, 2024	
	Share Options	Weighted Average Exercise Price	Share Options	Weighted Average Exercise Price
	(#)	(\$)	(#)	(\$)
<b>Outstanding, beginning</b>	<b>2,811,651</b>	<b>13.77</b>	2,324,877	13.18
Granted	—	—	889,014	14.34
Exercised	(7,010)	8.79	(402,240)	11.61
Expired or forfeited	(9,498)	14.34	—	—
<b>Outstanding, ending</b>	<b>2,795,143</b>	<b>13.78</b>	2,811,651	13.77
<b>Exercisable, ending</b>	<b>1,236,772</b>	<b>12.76</b>	1,243,782	12.73
<b>Available for grant, ending</b>	<b>2,732,244</b>		2,748,174	

### 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:

	Three Months Ended	Twelve Months Ended
	March 31, 2025	December 31, 2024
	(#)	(#)
<b>RSUs, beginning</b>	<b>1,114,677</b>	925,872
Granted	—	655,750
Vested and paid	—	(455,707)
Forfeited	(9,783)	(11,238)
<b>RSUs, ending</b>	<b>1,104,894</b>	1,114,677

### 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:

	Three Months Ended	Twelve Months Ended
	March 31, 2025	December 31, 2024
	(#)	(#)
<b>DSUs, beginning</b>	<b>405,496</b>	443,634
Credited	32,520	80,168
Redeemed and paid	(70,684)	(118,306)
<b>DSUs, ending</b>	<b>367,332</b>	405,496

### 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. 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:

	Three Months Ended March 31, 2025	Twelve Months Ended December 31, 2024
	(#)	(#)
<b>PSUs, beginning</b>	<b>3,497,379</b>	3,119,089
Granted	—	1,374,233
Vested and paid	—	(995,943)
<b>PSUs, ending</b>	<b>3,497,379</b>	3,497,379

### Stock-based compensation expense and liability

For the quarter ended March 31, 2025, the Company recorded \$2,892 of stock-based compensation expense for its equity and cash settled plans (first quarter of 2024: \$3,011). As at March 31, 2025, the Company held \$6,427 in current stock-based compensation liability and \$6,215 in non-current stock-based compensation liability for its cash settled plans (as at December 31, 2024: \$6,864 and \$4,238, respectively).

## 13. 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.

Three Months Ended March 31, 2025	North American Drilling	International Drilling	Completions	Solar and Energy Storage	Total
	(\$)	(\$)	(\$)	(\$)	(\$)
Revenue	75,772	13,989	16,013	7,403	113,177
Operating expenses	21,374	7,249	8,759	6,541	43,923
Depreciation and amortization	7,593	941	5,632	18	14,184
Segment gross profit	46,805	5,799	1,622	844	55,070
Research and development					13,577
Selling, general, and administrative					10,695
Stock-based compensation					2,892
Other expenses					46
Income tax provision					8,214
Net income					19,646
Net income attributable to Pason					20,009
Capital expenditures	9,550	649	6,990	—	17,189
<b>As at March 31, 2025</b>					
Property plant and equipment	120,055	15,747	59,760	2,922	198,484
Intangible assets	4,600	—	45,823	583	51,006
Goodwill	8,203	2,600	124,427	24,388	159,618
Segment assets	276,749	79,217	225,762	37,081	618,809
Segment liabilities	80,026	7,226	16,623	15,610	119,485
Three Months Ended March 31, 2024	North American Drilling	International Drilling	Completions	Solar and Energy Storage	Total
	(\$)	(\$)	(\$)	(\$)	(\$)
Revenue	73,604	14,632	12,785	3,738	104,759
Operating expenses	22,910	5,876	7,170	3,533	39,489
Depreciation and amortization	6,320	963	4,442	5	11,730
Segment gross profit (loss)	44,374	7,793	1,173	200	53,540
Research and development					13,108
Selling, general, and administrative					9,954
Stock-based compensation					3,011
Other income					(50,713)
Income tax provision					9,057
Net income					69,123
Net income attributable to Pason					69,529
Capital expenditures	13,103	690	6,283	—	20,076
<b>As at March 31, 2024</b>					
Property plant and equipment	109,694	18,539	44,235	1,222	173,690
Intangible assets	9,469	—	50,949	1,231	61,649
Goodwill	7,732	2,600	122,080	22,987	155,399
Segment assets	279,029	76,573	199,208	31,036	585,846
Segment liabilities	93,230	6,540	12,048	9,136	120,954

## 14. Other Expenses (Income)

Three Months Ended March 31,	2025	2024
	(\$)	(\$)
Gain on previously held equity interest	—	(50,830)
Net interest income	(512)	(1,411)
Foreign exchange (gain) loss	(170)	714
Equity investment (income)	(230)	(217)
Other expenses	958	1,031
<b>Total other expenses (income)</b>	<b>46</b>	<b>(50,713)</b>

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 4 of these Condensed Consolidated Interim 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 well as non-recurring severance related costs.

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.

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.

## 15. Income Per Share

### Basic income per share

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

Three Months Ended March 31,	2025	2024
	(#)	(#)
Issued common shares outstanding, beginning	78,962,675	79,685,025
Effect of NCIB and exercised options	349,838	(131,617)
<b>Weighted average number of common shares (basic)</b>	<b>79,312,513</b>	<b>79,553,408</b>

### Diluted income per share

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

Three Months Ended March 31,	2025	2024
	(#)	(#)
Weighted average number of common shares (basic)	79,312,513	79,553,408
Effect of share options	155,367	269,482
<b>Weighted average number of common shares (diluted)</b>	<b>79,467,880</b>	<b>79,822,890</b>

For the three month period ended March 31, 2025, 2,200,107 (2024 - 636,191) 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.

## **16. 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 Condensed Consolidated Interim 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.

## **17. Approval of Financial Statements**

These unaudited Condensed Consolidated Interim Financial Statements were approved by the Board of Directors on May 1, 2025.

## **18. Events After the Reporting Period**

On May 1, 2025, the Company declared a quarterly dividend of \$0.13 per share on the Company's common shares. The dividend will be paid on June 30, 2025 to shareholders of record at the close of business on June 16, 2025.

# Corporate Information

## Directors

### Marcel Kessler<sup>(1)</sup>

Independent Business Advisor  
British Columbia, Canada

### Jon Faber

President & CEO  
Pason Systems Inc.  
Alberta, Canada

### Laura Schwinn<sup>(4)(7)(8)</sup>

Independent Business Advisor  
Maryland, USA

### Ken Mullen<sup>(2)(5)</sup>

Director  
Melamaken Adventures Inc.  
Alberta, Canada

### Sophia Langlois<sup>(3)(6)</sup>

Independent Business Advisor  
Alberta, Canada

### James Bowzer<sup>(3)(5)(7)</sup>

Independent Business Advisor  
Colorado, USA

## 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

## Corporate Head Office

Pason Systems Inc.  
6130 Third Street SE  
Calgary, Alberta  
T2H 1K4  
T: 403-301-3400  
F: 403-301-3499  
InvestorRelations@pason.com  
www.pason.com

## Auditors

### Deloitte LLP

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

### OTC Markets Group

Trading Symbol: PSYTF

## Eligible Dividend Designation

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

(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