Management's Discussion and Analysis

The following management's discussion and analysis ("MD&A") has been prepared by management as of August 6, 2025, and is a review of the financial condition and results of operations of Pason Systems Inc. ("Pason" or the "Company") based on International Financial Reporting Standards ("IFRS") and should be read in conjunction with the unaudited Condensed Consolidated Interim Financial Statements and related notes for the three and six months ended June 30, 2025 and 2024, the Consolidated Financial Statements for the twelve months ended December 31, 2024 and 2023, and Pason's Annual Information Form dated March 14, 2025.

The Company uses certain non-GAAP measures to provide readers with additional information regarding the Company's operating performance, ability to generate funds to finance its operations, fund its research and development, capital expenditure program, and return capital to shareholders through dividends and share repurchases. These non-GAAP measures are defined under Non-GAAP Financial Measures.

Certain information regarding the Company contained herein may constitute forward-looking statements under applicable securities laws. Such statements are subject to known or unknown risks and uncertainties that may cause actual results to differ materially from those anticipated or implied in the forward-looking statements. For further information, please refer to Forward Looking Information.

All financial measures presented in this report are expressed in Canadian dollars unless otherwise indicated.

Company Profile

Pason is a leading global provider of specialized data management systems for oil and gas drilling. Pason's solutions, which include data acquisition, wellsite reporting, automation, remote communications, web-based information management, and data analytics enable collaboration between the drilling rig and the office. Pason services major oil and gas basins with a local presence in the following countries: United States, Canada, Argentina, Australia, Brazil, Colombia, Dubai, Ecuador, Mexico, Peru and Saudi Arabia. The Company has an over 40-year track record of distinctive technology and service capabilities offering end-to-end data management solutions enabling secure access to critical drilling operations information and decision making in real time.

Effective January 1, 2024, Pason purchased all remaining and outstanding shares of Intelligent Wellhead Systems Inc. ("IWS"). Through IWS, Pason also provides engineered controls, data acquisition, and software, to automate workflows and processes for oil and gas well completions operations, improving wellsite safety and efficiency.

Through Energy Toolbase ("ETB"), the Company also provides products and services for the solar power and energy storage industry. ETB's solutions enable project developers to model, control, and monitor economics and performance of solar energy and storage projects.

For a complete description of services provided by the Company, please refer to the headings 'General Development of the Business' and 'General Description of Business' in Pason's Annual Information Form dated March 14, 2025.

Highlights

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	**2025**	2024	Change
(000s, except per share data)	**($)**	($)	(%)	**($)**	($)	(%)
Revenue	**96,416**	95,856	1	**209,593**	200,615	4
Adjusted EBITDA [1]	**31,574**	33,135	(5)	**76,786**	75,560	2
As a % of revenue	**32.7**	34.6	(190) bps	**36.6**	37.7	(110) bps
Funds flow from operations	**26,484**	28,044	(6)	**63,027**	62,890	—
Per share – basic	**0.34**	0.35	(3)	**0.80**	0.79	1
Per share – diluted	**0.34**	0.35	(3)	**0.80**	0.78	3
Cash from operating activities	**20,231**	25,976	(22)	**60,173**	56,990	6
Net capital expenditures [2]	**14,955**	17,945	(17)	**31,663**	37,226	(15)
Free cash flow [1]	**5,276**	8,031	(34)	**28,510**	19,764	44
Cash dividends declared (per share)	**0.13**	0.13	—	**0.52**	0.26	100
Net income	**12,008**	10,284	17	**31,654**	79,407	(60)
Net income attributable to Pason	**12,648**	10,890	16	**32,657**	80,419	(59)
Per share – basic	**0.16**	0.14	14	**0.41**	1.01	(59)
Per share – diluted	**0.16**	0.14	14	**0.41**	1.00	(59)

(1) Non-GAAP financial measures are defined under Non-GAAP Financial Measures

(2) Includes additions to property, plant, and equipment and development costs, net of proceeds on disposal from Pason's Condensed Consolidated Interim Statements of Cash Flows

As at	**June 30, 2025**	December 31, 2024	Change
(000s)	**($)**	($)	(%)
Cash and cash equivalents	**67,072**	77,197	(13)
Short-term investments	**2,266**	3,581	(37)
Total Cash [1]	**69,338**	80,778	(14)
Working capital	**104,806**	120,583	(13)
Total interest bearing debt	**—**	—	—
Shares outstanding end of period (#)	**78,208,721**	79,426,065	(2)

(1) Total Cash is defined as total cash and cash equivalents and short-term investments from Pason's Condensed Consolidated Interim Balance Sheets

Pason's 2025 second quarter results demonstrate challenging industry conditions within drilling and completions segments, and the Company's resilience and ability to outperform in this environment. Pason generated $96.4 million in revenue in the second quarter of 2025, representing an increase from the prior year comparative period, notwithstanding decreases in North American drilling and completions activity.

Despite a 5% decline in industry activity levels in North America year over year, the Company's North American Drilling segment generated revenue in the second quarter of 2025 of $62.5 million, only a 2% decrease from the $63.8 million generated in the same period in 2024. Revenue per Industry Day increased by 3% to $1,026 in the second quarter of 2025 compared to the second quarter of 2024. The Company's International Drilling segment generated $13.6 million in revenue in the second quarter of 2025, compared to $15.3 million in the second quarter of 2024 primarily as a result of challenging industry conditions within its Argentinian operations. The Company's Completions segment generated $15.3 million in revenue in the second quarter of 2025, a 12% increase from the comparative period in 2024. Finally, the Company's Solar and Energy Storage segment generated $5.0 million of revenue, a 58% increase from the level seen in 2024.

With this revenue, Pason generated $31.6 million in Adjusted EBITDA, or 32.7% of revenue in the second quarter of 2025, compared to $33.1 million or 34.6% of revenue in the second quarter of 2024. A comparison of Adjusted EBITDA margins reflects higher levels of revenue generated by the Company's Completions and Solar and Energy Storage segments at lower margins given the investments made for the current stage of growth of those segments.

The Company recorded net income attributable to Pason of $12.6 million ($0.16 per share) in the second quarter of 2025, compared to net income attributable to Pason of $10.9 million ($0.14 per share) recorded in the corresponding period in 2024, reflecting lower Adjusted EBITDA year over year more than offset by lower levels of stock based compensation expense.

Pason's balance sheet remains strong, with no interest bearing debt, and $69.3 million in Total Cash as at June 30, 2025, compared to $80.8 million as at December 31, 2024. Pason generated cash from operating activities of $20.2 million in the second quarter of 2025, compared to $26.0 million in the second quarter of 2024, which reflects lower Adjusted EBITDA year over year and higher working capital investments.

Pason invested $15.0 million in net capital expenditures during the second quarter of 2025, a decrease from $17.9 million in the second quarter of 2024. Net capital expenditures in Q2 2025 includes investments associated with supporting the continued growth of the Company's pressure control automation technology offering for the completions segment, the ongoing refresh of Pason's drilling related technology platform and continued investments in the new Pason Mud Analyzer. Resulting Free Cash Flow in the second quarter of 2025 was $5.3 million, compared to $8.0 million in the same period in 2024.

In the second quarter of 2025, Pason returned $20.2 million to shareholders through the Company's quarterly dividend of $10.2 million and $10.0 million in share repurchases.

President’s Message

Pason’s financial and operating results for the second quarter of 2025 reflected the strength of our competitive position in the face of slowing industry conditions. Consolidated revenue increased 1% to $96.4 million from the second quarter of 2024, despite lower levels of industry activity in both drilling and completions.

Our North American drilling segment delivered revenue of $62.5 million in the quarter, down 2% from the prior year despite a 5% decrease in industry activity, driven by 3% year-over-year growth in Revenue per Industry Day to $1,026.

International drilling revenue decreased 11% from 2024 levels in the quarter, primarily due to lower activity levels in Argentina as a result of a change in a large customer’s operational focus away from conventional wells to more unconventional drilling. While we anticipate this transition to result in lower levels of activity in the short term, we expect to benefit from higher levels of product adoption on unconventional drilling programs over time.

Completions segment revenue increased 12% from the prior year in the second quarter, significantly outpacing a 25% decline in the number of active frac spreads in the US in the period. The average number of IWS jobs increased 14% year over year, while Revenue per IWS Day was relatively unchanged from the prior year at $5,069 in the quarter.

In our Solar and Energy Storage segment, second quarter revenue of $5.0 million was up 58% from the comparative period of 2024, driven by increased deliveries of control systems. Quarterly revenue for the Solar and Energy Storage segment will fluctuate with the timing of control system deliveries.

Adjusted EBITDA for the quarter of $31.6 million was 5% lower than the second quarter of 2024, with margins declining slightly as a result of a greater contribution of revenue from our Completions and Solar and Energy Storage segments, where segment margins are lower owing to their current stage of growth and development.

For the first six months of 2025, net capital expenditures totaled $31.7 million, down 15% from the same period of 2024. Free cash flow totaled $28.5 million in the first half of 2025, up 44% from the first half of 2024. Net income attributable to Pason for the six month period totaled $32.7 million. Over the same period, we returned $36.5 million to shareholders, including $20.5 million through our regular dividend and $16.0 million through share repurchases.

Our capital allocation priorities remain unchanged. Our highest expected returns on capital come from the investments we are making to generate additional free cash flow in our existing businesses. Our experience through previous cycles has been that maintaining investments focused on service quality and technology development through periods of uncertainty provides the greatest opportunity to expand competitive gaps. We see opportunities for greater adoption of data-driven technologies over time in both drilling and completions, and we intend to ensure our product and service offerings continue to evolve to ensure we can capitalize on those opportunities. With industry activity slowing in 2025, we anticipate capital expenditures will be lower than the $65 million originally planned and we currently expect our 2025 capital program to total between $55 and $60 million for the year.

In the current environment of uncertainty and market volatility, we favour maintaining flexibility in our shareholder returns. This involves maintaining our regular quarterly dividend at $0.13 per share and deploying additional capital beyond the requirements of our organic investments and regular dividends to share repurchases.

Macroeconomic factors continue to dominate the outlook for industry activity through the remainder of 2025. Ongoing negotiations of international trade deals, geopolitical conflicts, and the unwinding of voluntary production cuts by OPEC+ oil producers are contributing to significant uncertainty in economic forecasts. In light of this uncertainty, while commodity prices have been relatively steady, oil and gas producers have lowered their well construction activity while looking for greater clarity on the outlook.

Technology continues to play an important role in helping customers achieve greater efficiencies in drilling and completions operations, and Pason is well positioned to provide the data, technologies and services to support those efforts. Our priorities in navigating the current environment of uncertainty are centered on expanding our service and technology advantages, maintaining a strong balance sheet, and returning capital to shareholders in a disciplined manner.

Jon Faber
President and Chief Executive Officer
August 6, 2025

Discussion of Operations

Overall Performance

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	**2025**	2024	Change
(000s)	**($)**	($)	(%)	**($)**	($)	(%)
Revenue	**96,416**	95,856	1	**209,593**	200,615	4
Operating expenses	**41,572**	40,161	4	**85,495**	79,650	7
Depreciation and amortization	**13,901**	12,901	8	**28,085**	24,631	14
	55,473	53,062	5	**113,580**	104,281	9
Gross profit	**40,943**	42,794	(4)	**96,013**	96,334	—
Other expenses						
Research and development	**13,861**	12,579	10	**27,438**	25,687	7
Selling, general, and administrative	**9,650**	10,222	(6)	**20,345**	20,176	1
Stock-based compensation expense	**1,929**	4,634	(58)	**4,821**	7,645	(37)
Other expense (income)	**(950)**	(973)	(2)	**(904)**	(51,686)	(98)
	24,490	26,462	(7)	**51,700**	1,822	2,738
Income before income taxes	**16,453**	16,332	1	**44,313**	94,512	(53)
Income tax provision	**4,445**	6,048	(27)	**12,659**	15,105	(16)
Net income	**12,008**	10,284	17	**31,654**	79,407	(60)
Net income (loss) attributable to:						
Shareholders of Pason	**12,648**	10,890	16	**32,657**	80,419	(59)
Non-controlling interest	**(640)**	(606)	6	**(1,003)**	(1,012)	(1)
Net income	**12,008**	10,284	17	**31,654**	79,407	(60)
Income per share						
Basic	**0.16**	0.14	14	**0.41**	1.01	(59)
Diluted	**0.16**	0.14	14	**0.41**	1.00	(59)
Adjusted EBITDA [(1)]	**31,574**	33,135	(5)	**76,786**	75,560	2

(1) Non-GAAP financial measures are defined under Non-GAAP Financial Measures

North American Drilling

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	**2025**	2024	Change
(000s)	**($)**	($)	(%)	**($)**	($)	(%)
Revenue	**62,479**	63,765	(2)	**138,251**	137,369	1
Operating expenses	**21,476**	22,912	(6)	**42,850**	45,822	(6)
Depreciation and amortization	**6,971**	6,746	3	**14,564**	13,066	11
Segment gross profit	**34,032**	34,107	—	**80,837**	78,481	3

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	**2025**	2024	Change
	($)	($)	(%)	**($)**	($)	(%)
Revenue per Industry Day [(1)]	**1,026**	993	3	**1,048**	998	5

(1) Non-GAAP financial measures are defined under Non-GAAP Financial Measures

Pason's North American Drilling operations generated $62.5 million in revenue in the second quarter of 2025 while industry conditions continued to be challenging. Industry activity in North America was 5% lower in the second quarter of 2025 compared to the second quarter of 2024, driven by a reduction in both US and Canadian land rig counts. However, during that time, Pason grew Revenue per Industry Day by 3% to $1,026 for the three months ended June 30, 2025. As a result, improvements in Revenue per Industry Day partially offset the decline in industry activity, and revenue decreased only 2% year over year, from $63.8 million in the second quarter of 2024 to $62.5 million in the second quarter of 2025.

As certain regions within the North American segment experience fluctuations in activity levels due to seasonality, Pason expects Revenue per Industry Day to similarly fluctuate with the relative revenue levels associated within the North American regions. Pason's Revenue per Industry Day will also be impacted by changes in foreign exchange between the Canadian dollar and US dollar.

Operating expenses for the North American drilling segment are mostly fixed in nature and consist primarily of the Company's field service and support presence, supplies consumed in the field, repairs and maintenance on Pason's hardware platform, and bandwidth costs associated with connectivity and data capture at drilling rigs. While a stronger US dollar year over year negatively impacted US dollar sourced operating expenses in the second quarter of 2025, this increase was offset by lower levels of repairs. As a result, operating expenses for the segment decreased by 6% in the second quarter of 2025 over the 2024 comparative period.

Resulting segment gross profit was $34.0 million during the second quarter of 2025 compared to $34.1 million in the comparative period of 2024 as a result of the aforementioned factors.

Despite a year-to-date decrease in North American industry activity of 4% from the prior year comparative, the North American drilling segment generated year-to-date revenue of $138.3 million and segment gross profit of $80.8 million, reflecting increases of 1% and 3%, respectively when compared to the prior year. These results demonstrate the Company's operating leverage and ability to outpace industry activity.

International Drilling

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	**2025**	2024	Change
(000s)	**($)**	($)	(%)	**($)**	($)	(%)
Revenue	**13,614**	15,284	(11)	**27,603**	29,916	(8)
Operating expenses	**6,575**	6,889	(5)	**13,824**	12,765	8
Depreciation and amortization	**665**	1,104	(40)	**1,606**	2,067	(22)
Segment gross profit	**6,374**	7,291	(13)	**12,173**	15,084	(19)

Revenue in 2025 in the International Drilling segment has been impacted by lower levels of activity within the Company's Argentinian operations resulting from a change in a large customer's operational focus away from conventional wells toward more unconventional drilling, leading to a reduction in active rigs pending results from this shift. As a result, the International Drilling business unit generated $13.6 million of revenue and $6.4 million in gross profit in the second quarter of 2025. Further, year-to-date revenue was $27.6 million and segment gross profit was $12.2 million for the segment. Both quarterly and year to date results reflect decreases from the respective prior year comparatives as a result of the aforementioned industry conditions in Argentina over the segment's mostly fixed cost base.

Completions

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	**2025**	2024	Change
(000s)	**($)**	($)	(%)	**($)**	($)	(%)
Revenue	**15,345**	13,666	12	**31,358**	26,451	19
Operating expenses	**7,989**	7,196	11	**16,748**	14,366	17
Depreciation and amortization	**6,176**	5,046	22	**11,808**	9,488	24
Segment gross profit	**1,180**	1,424	(17)	**2,802**	2,597	8

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	**2025**	2024	Change
	($)	($)	(%)	**($)**	($)	(%)
IWS Active Jobs [(1)]	**33**	29	14	**33**	29	14
Revenue per IWS Day [(1)]	**5,069**	5,103	(1)	**5,274**	5,065	4

(1) Non-GAAP financial measures are defined under Non-GAAP Financial Measures

Industry conditions for completions activity in North America continued to be challenging in the second quarter of 2025 with active frac spreads in the US declining by 25% from the prior year comparative period. Against this backdrop, the Company's Completions segment generated $15.3 million of revenue, which represents a 12% increase from $13.7 million generated in the second quarter of 2024. This revenue is primarily comprised of the rental of technologies which aid customers with valve management and automation efforts during completions operations. During the second quarter of 2025, the business unit averaged 33 IWS Active Jobs, up from both 29 IWS Active Jobs in the second quarter of 2024 and 32 in the first quarter of 2025, while revenue per IWS day of $5,069 decreased slightly from $5,103 in Q2 2024. As the Completions segment grows its customer base, Revenue per IWS Day will fluctuate depending on the mix of technology adopted amongst those existing customers.

Operating expenses for the Completions segment are primarily comprised of the Company's field service and support presence, supplies consumed in the field, repairs and maintenance on the Company's hardware platform, and bandwidth costs associated with connectivity and data capture in completions operations. In the second quarter of 2025, the Completions business unit incurred operating expenses of $8.0 million, compared to $7.2 million in the second quarter of 2024 as the business unit makes investments in support of growing revenue levels. Further, IWS' operating expenses were negatively

impacted by a stronger US dollar in the second quarter of 2025 compared to the 2024 comparative period. Depreciation and amortization for the Completions segment was $6.2 million in the second quarter of 2025 and represents depreciation expense on IWS' growing hardware platform, along with $2.2 million in amortization expense associated with intangible assets acquired through the IWS Acquisition.

As a result of the aforementioned factors, gross profit was $1.2 million in the second quarter of 2025 compared to $1.4 million in the comparable period of 2024.

Year-to-date the Completions segment generated revenue of $31.4 million and segment gross profit of $2.8 million, reflecting increases in both from the prior year comparatives despite lower industry activity.

Solar and Energy Storage

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	**2025**	2024	Change
(000s)	**($)**	($)	(%)	**($)**	($)	(%)
Revenue	**4,978**	3,141	58	**12,381**	6,879	80
Operating expenses	**5,532**	3,164	75	**12,073**	6,697	80
Depreciation and amortization	**89**	5	nmf	**107**	10	nmf
Segment gross (loss) profit	**(643)**	(28)	nmf	**201**	172	17

The Solar and Energy Storage business unit generated $5.0 million in revenue during the second quarter of 2025, a 58% increase from the second quarter of 2024, with increased deliveries of control systems. Quarterly revenue for the Solar and Energy Storage business unit will fluctuate with the timing of control system project deliveries.

Operating expenses were $5.5 million during the second quarter of 2025, which includes the cost of goods sold on control systems revenue. Resulting segment gross loss was $0.6 million in the second quarter of 2025 compared to $nil in the comparable period in 2024.

Year-to-date, revenue of $12.4 million and segment gross profit of $0.2 million both represent increases over the prior year comparative period, primarily due to increased control system sales.

The Solar and Energy Storage business unit incurred the following research and development costs, which are included in research and development in the Company's Condensed Consolidated Interim Statements of Operations. Consistent with the Company's other reporting segments, research and development costs are excluded from the segment gross loss table above. These research and development costs were impacted by a stronger US dollar in the second quarter of 2025.

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	**2025**	2024	Change
(000s)	**($)**	($)	(%)	**($)**	($)	(%)
Research and development	**1,610**	1,643	(2)	**3,211**	2,931	10

Research and Development

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	**2025**	2024	Change
(000s)	**($)**	($)	(%)	**($)**	($)	(%)
Research and development expenses	**13,861**	12,579	10	**27,438**	25,687	7

The Company's research and development costs include expenditures on research and development activities, as well as ongoing support for IT and technology platforms. Second quarter research and development increased by $1.3 million from the comparative 2024 period, primarily due to the Company's

inflation related compensation adjustment for its organization effective January 1, 2025, along with ongoing investments in building out the Company's new technology offerings.

Pason continues to assess investments in research and development in the context of defending its leading competitive position in servicing the global drilling industry, growing its market presence within both the completions and the solar and energy storage end markets, and future revenue growth opportunities within each segment.

Selling, General and Administrative Expenses

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	**2025**	2024	Change
(000s)	**($)**	($)	(%)	**($)**	($)	(%)
Selling, general, and administrative	**9,650**	10,222	(6)	**20,345**	20,176	1

Selling, general and administrative expenses for the Company are mostly fixed in nature and decreased by $0.6 million from the comparative 2024 period.

Stock-Based Compensation

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	**2025**	2024	Change
(000s)	**($)**	($)	(%)	**($)**	($)	(%)
Stock-based compensation expense	**1,929**	4,634	(58)	**4,821**	7,645	(37)

The Company records stock-based compensation expense (recovery) for its stock option plan, restricted share units plan ("RSU"), deferred share units plan ("DSU"), and performance share units plan ("PSU"). Pason's stock option plan qualifies employees to purchase common shares in the Company at a predetermined exercise price. Pason's RSU and DSU plans are cash settled and linked to the Company's share price performance. The Company's PSU plan is also cash settled and is linked to several performance measures, including relative share price performance. As such, the Company records a current and non-current stock-based compensation liability at the end of each reporting period reflecting the mark to market of its cash settled plans. As at June 30, 2025, the Company held $7.0 million in current stock-based compensation liability and $6.9 million in non-current stock-based compensation liability for its cash settled plans (as at December 31, 2024: $6.9 million and $4.2 million, respectively).

The Company's stock-based compensation expense in each of the periods in the table above reflects the ongoing vesting of outstanding awards as well as the change in the Company's share price performance and the associated impact on the Company's stock-based compensation liability.

Other Income

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	**2025**	2024	Change
(000s)	**($)**	($)	(%)	**($)**	($)	(%)
Gain on previously held equity interest	**—**	—	—	**—**	(50,830)	nmf
Net interest income	**(804)**	(522)	54	**(1,316)**	(1,993)	(34)
Foreign exchange (gain) loss	**(1,174)**	(1,202)	(2)	**(1,344)**	(488)	175
Equity investment income	**(241)**	(241)	—	**(471)**	(458)	3
Other expenses	**1,269**	992	28	**2,227**	2,083	7
Total other income	**(950)**	(973)	(2)	**(904)**	(51,686)	nmf

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 $50.8 million on the derecognition of the $31.7 million carrying value of this investment.

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

Equity investment income results from the Company using the equity method of accounting to account for its investment in the Pason-Rawabi joint venture.

Other expenses include legal expenses incurred in connection with the Company's ongoing intellectual property litigation, as well as non-recurring severance related costs incurred in the respective periods.

Income Tax Provision

During the second quarter of 2025, the Company recorded an income tax expense of $4.4 million, compared to an income tax expense of $6.0 million during the comparative period in 2024. The decrease primarily reflects a difference in mix of taxable income across the jurisdictions in which the Company operates.

Pason has historically relied on an Advanced Pricing Arrangement (APA) jointly agreed upon by the Canada Revenue Agency (CRA) and the U.S. Internal Revenue Service (IRS) to govern the transfer pricing of intercompany transactions between Pason’s corporate entities in Canada and the US. The Company’s previous APA expired on December 31, 2021, and Pason has been working with the CRA and IRS to finalize a new APA since that time.

Equity Investments

As at June 30, 2025, the Company holds $2.6 million (as at December 31, 2024: $3.0 million) on its Condensed Consolidated Interim Balance Sheets relating to the carrying value of a 50% interest in Rawabi Pason Company ("Rawabi JV"), which is accounted for using the equity method.

Put Obligation

As at June 30, 2025, the Company holds a $5.0 million obligation under a put option on its Condensed Consolidated Interim Balance Sheets (December 31, 2024: $5.3 million). 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.

Summary of Quarterly Results

Three Months Ended	Jun 30, 2023	Sep 30, 2023	Dec 31, 2023	Mar 31, 2024	Jun 30, 2024	Sep 30, 2024	Dec 31, 2024	Mar 31, 2025	**Jun 30, 2025**
(000s, except per share data)	($)	($)	($)	($)	($)	($)	($)	($)	($)
North American Drilling	67,318	72,163	70,507	73,604	63,765	74,141	71,754	75,772	**62,479**
International Drilling	14,980	15,313	17,941	14,632	15,284	15,327	15,009	13,989	**13,614**
Completions [2]	—	—	—	12,785	13,666	12,512	13,624	16,013	**15,345**
Solar and Energy Storage	2,393	5,618	4,847	3,738	3,141	3,909	7,242	7,403	**4,978**
Revenue	84,691	93,094	93,295	104,759	95,856	105,889	107,629	113,177	**96,416**
Adjusted EBITDA [1]	37,887	42,281	38,888	42,425	33,135	44,148	42,119	45,212	**31,574**
As a % of revenue	44.7	45.4	41.7	40.5	34.6	41.7	39.1	39.9	**32.7**
Funds flow from operations	33,111	40,233	37,455	34,846	28,044	36,119	32,124	36,543	**26,484**
Per share – basic	0.41	0.50	0.47	0.44	0.35	0.45	0.40	0.46	**0.34**
Per share – diluted	0.41	0.50	0.47	0.44	0.35	0.45	0.40	0.46	**0.34**
Cash from operating activities	29,658	31,698	27,412	31,014	25,976	30,375	35,825	39,942	**20,231**
Free cash flow [1]	17,988	25,016	19,317	11,733	8,031	16,654	17,646	23,234	**5,276**
Net income	24,962	27,399	8,012	69,123	10,284	23,717	16,585	19,646	**12,008**
Net income attributable to Pason	25,470	27,732	8,495	69,529	10,890	24,158	16,927	20,009	**12,648**
Per share – basic	0.32	0.35	0.11	0.87	0.14	0.30	0.21	0.25	**0.16**
Per share – diluted	0.32	0.35	0.11	0.87	0.14	0.30	0.21	0.25	**0.16**

(1) Non-GAAP financial measures are defined in Non-GAAP Financial Measures section

(2) 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

Pason's quarterly financial results vary quarter to quarter due in part to the seasonality of the oil and gas industry in the North American business unit, which is somewhat offset by the less seasonal nature of the International, Completions, and Solar and Energy Storage business units. The first quarter is generally the strongest quarter for the North American business unit 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, therefore, do not permit the movement of heavy equipment. Activity generally increases in the third quarter, depending on the year, as ground conditions have often improved 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.

The overall seasonality of the Company's operations has, and will continue to become less pronounced as a result of market share growth internationally and in the US, along with increased diversification of operations with the Company's Completions and Solar and Energy Storage business units.

Q2 2025 vs Q1 2025

Consolidated revenue was $96.4 million in the second quarter of 2025, a 15% decrease over consolidated revenue of $113.2 million in the first quarter of 2025, driven primarily by decreased revenue within the Company's North American Drilling segment.

Revenue in the North American Drilling business unit decreased from $75.8 million in the first quarter of 2025 to $62.5 million in the second quarter of 2025 due to the effect of the seasonal slowdown in Canadian drilling activity coupled with lower US industry activity. Revenue per Industry Day in the second quarter of 2025 was $1,026, a 4% decrease from $1,067 in the first quarter of 2025, and reflects a lower percentage of Canadian drilling activity given the seasonal slowdown experienced in the region, along with significant depreciation of the US dollar versus the Canadian dollar quarter over quarter. As certain regions within the North American segment experience fluctuations in activity levels due to seasonality,

Pason expects Revenue per Industry Day to similarly fluctuate with the relative revenue levels associated within the North American regions.

The International business unit reported revenue of $13.6 million in the second quarter of 2025, down slightly from $14.0 million in the first quarter of 2025 as the Company faced lower levels of activity in its Argentinian subsidiary, due to a large customer's operational focus shifting away from conventional wells toward more unconventional drilling.

Despite a 6% decline in industry activity levels, Pason's Completions segment generated $15.3 million of revenue in the second quarter of 2025, only a 4% decrease from the $16.0 million in the first quarter of 2025. As the majority of the Company's Completions segment revenue is US dollar sourced, second quarter revenue was negatively affected by the weakening US dollar in comparison to the first quarter. The Completions segment continues to add new customers and expand existing customer adoption. IWS Active Jobs increased from 32 jobs in the first quarter of 2025 to 33 jobs in the second quarter, while Revenue per IWS day decreased 8% during that time due to job mix and unfavorable changes in foreign exchange. Revenue per IWS Day will fluctuate depending on the mix of technology adopted amongst those existing customers. Further, Revenue per IWS Day will also fluctuate depending on the US dollar versus the Canadian dollar.

The Solar and Energy Storage business unit generated $5.0 million of revenue in the second quarter of 2025 compared to revenue of $7.4 million in the first quarter of 2025, with the decrease driven primarily by decreased control system sales. Quarterly revenue for this business unit will fluctuate with timing of delivery of control system projects.

Overall Company Adjusted EBITDA was $31.6 million in the second quarter of 2025, or 32.7% of revenue, compared to $45.2 million in the first quarter of 2025, or 39.9% of revenue, primarily reflecting the effect of the seasonal slowdown in Canadian drilling activity couple with lower US industry activity over the Company's mostly fixed cost base.

The Company recorded net income attributable to Pason in the second quarter of 2025 of $12.6 million ($0.16 per share) compared to net income attributable to Pason of $20.0 million ($0.25 per share) in the first quarter of 2025. The decrease quarter over quarter is primarily driven by lower Adjusted EBITDA offset by lower stock based compensation expense in the first quarter which reflects changes in the Company's share price.

Cash from operating activities decreased from $39.9 million in the first quarter of 2025 to $20.2 million in the second quarter of 2025 driven primarily due to lower levels of Adjusted EBITDA. Similarly, Free Cash Flow in Q2 2025 was $5.3 million compared to $23.2 million in Q1 2025.

Liquidity and Capital Resources

As at	June 30, 2025	December 31, 2024	Change
(000s)	**($)**	($)	(%)
Cash and cash equivalents	**67,072**	77,197	(13)
Short-term investments	**2,266**	3,581	(37)
Total Cash [(1)]	**69,338**	80,778	(14)
Working capital	**104,806**	120,583	(13)
Total assets	**577,096**	614,612	(6)
Total interest bearing debt	**—**	—	—

(1) Total Cash is defined as cash and cash equivalents and short-term investments from Pason's Condensed Consolidated Interim Balance Sheets

As at June 30, 2025, Pason's balance sheet remains strong with no interest bearing debt and $69.3 million in Total Cash (December 31, 2024: $80.8 million). Included in Total Cash is $2.3 million of

short-term investments, which represents USD denominated Central Bank of the Argentine Republic's Bond for the Recovery of a Free Argentina program.

As at June 30, 2025, Pason has $104.8 million in working capital, a 13% decrease from $120.6 million, which reflects a lower Total Cash balance and the impact of a weaker US dollar versus Canadian dollar as at June 30, 2025 in comparison to as at December 31, 2024 on US dollar working capital balances.

Credit Facilities

As at June 30, 2025, the Company does not have any interest bearing debt outstanding, consistent with December 31, 2024.

As at June 30, 2025, the Company has the following undrawn credit facilities in place:

Demand Facility

The Company has an undrawn $5.0 million 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 $10.0 million, and a calculated amount based on eligible accounts receivable and cash outstanding at each reporting period. As at June 30, 2025, the available balance on the ABL Facility is $9.5 million.

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.

Cash Flow Statement Summary

	Three Months Ended June 30,			**Six Months Ended June 30,**		
	2025	2024	Change	**2025**	2024	Change
(000s)	**($)**	($)	(%)	**($)**	($)	(%)
Funds flow from operations	**26,484**	28,044	(6)	**63,027**	62,890	—
Cash from operating activities	**20,231**	25,976	(22)	**60,173**	56,990	6
Cash used in financing activities	**(19,911)**	(10,498)	90	**(36,713)**	(37,636)	(2)
Cash used in investing activities	**(14,459)**	(17,945)	(19)	**(30,654)**	(124,521)	(75)
Net capital expenditures [(1)]	**14,955**	17,945	(17)	**31,663**	37,226	(15)
As a % of funds flow [(2)]	**56.5 %**	64.0 %	(750) bps	**50.2 %**	59.2 %	(900) bps

(1) Includes additions to property, plant, and equipment, proceeds on disposals, changes in non-cash working capital, and development costs from Pason's Condensed Consolidated Interim Statements of Cash Flows.

(2) Defined within Supplementary Financial Measures under Non-GAAP Financial Measures

Cash from operating activities

Funds flow from operations of $26.5 million in the second quarter of 2025 represents a 6% decrease from $28.0 million generated in the 2024 comparative period primarily due to lower levels of Adjusted EBITDA. Further impacting this decrease, the Company had higher levels of investments in working capital, primarily due to revenue recognition on projects within the Company's Solar and Energy Storage segment which were previously held within deferred revenue along with the cash impact of unfavorable changes in foreign exchange on working capital. As a result, cash from operating activities of $20.2 million in the second quarter of 2025 compared to $26.0 million generated in the comparative 2024 period.

Cash used in financing activities

Cash used in financing activities was $19.9 million during the second quarter of 2025, compared to $10.5 million during the comparative quarter of 2024. The increase in cash used in financing activities is primarily due to more activity on the Company's NCIB program in the second quarter of 2025 as further outlined below. Cash used in financing activities in the current quarter is primarily comprised of the Company's quarterly dividend and repurchases under its Normal Course Issuer Bid:

Dividend

During the three month period ended June 30, 2025, the Company paid dividends to holders of common shares totaling $10.2 million, or $0.13 per share (Q2 2024 - $10.4 million, or $0.13 per share).

On August 6, 2025, the Company declared a quarterly dividend of $0.13 per share on the Company’s common shares. The dividend will be paid on September 29, 2025 to shareholders of record at the close of business on September 15, 2025.

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 June 30, 2025, the Company repurchased 827,500 (second quarter of 2024 - 151,900) shares for cancellation for total cash consideration of $10.0 million (second quarter of 2024 - $2.7 million).

For the six month period ended June 30, 2025, the Company repurchased 1,297,900 (2024 - 419,100) shares for cancellation for total cash consideration of $16.0 million (2024 - $6.0 million).

Pason continues to assess capital allocation on an ongoing basis taking into account, among other considerations, the Company’s financial position, operating results, and industry outlook. Pason will continue to balance the Company's commitment to shareholder returns while preserving financial strength to support long-term success.

Cash used in investing activities

Cash used in investing activities was $14.5 million during the second quarter of 2025, compared to $17.9 million during the comparative quarter of 2024. The decrease in cash used for investing activities is due to the decrease in net capital expenditures.

During the second quarter of 2025, Pason invested $15.0 million in net capital expenditures, a decrease from $17.9 million in the second quarter of 2024 as the Company executes on its 2025 capital budget. Net capital expenditures in the current quarter includes investments associated with supporting the continued growth of the Company's pressure control automation technology offering for the completions segment and the ongoing refresh of Pason's drilling related technology platform and continued investments in the new Pason Mud Analyzer.

Commitments and Contingencies

As at June 30, 2025	Less than 1 year	1–3 years	Thereafter	**Total**
(000s)	($)	($)	($)	**($)**
Leases and other operating contracts	5,343	11,102	9,444	**25,889**
Capital commitments	22,809	—	—	**22,809**
Total contractual obligations	28,152	11,102	9,444	**48,698**

Leases and other operating contracts relate primarily to minimum future lease payments for facility leases, commitments associated with ongoing repair costs of the Company's equipment and technology, and commitments to purchase hardware associated with ETB's control system sales offering. A portion of these commitments have been recognized on the balance sheet as a leased asset with a corresponding liability, in accordance with IFRS 16, Leases.

Capital commitments relate to contracts to purchase property, plant and equipment in the normal course of business.

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.

Disclosure of Outstanding Share and Options Data

As at June 30, 2025, there were 78,208,721 common shares and 2,707,228 options issued and outstanding. As at August 6, 2025, there were 78,054,521 common shares and 2,706,228 options issued and outstanding.

Additional IFRS Measures

In its Condensed Consolidated Interim Financial Statements, the Company uses certain additional IFRS measures. Management believes these measures provide useful supplemental information to readers.

Funds flow from operations

Management believes that funds flow from operations, as reported in the Condensed Consolidated Interim Statements of Cash Flows, is a useful additional measure as it represents the cash generated during the period, regardless of the timing of collection of receivables and payment of payables. Funds flow from operations represents the cash flow from continuing operations, excluding non-cash items. Funds flow from operations is defined as net income adjusted for depreciation and amortization expense, stock-based compensation expense, deferred taxes, and other non-cash items impacting operations.

Cash from operating activities

Cash from operating activities is defined as funds flow from operations adjusted for changes in working capital items.

Non-GAAP Financial Measures

A non-GAAP financial measure has the definition set out in National Instrument 52-112 "Non-GAAP and Other Financial Measures Disclosure".

The following non-GAAP measures may not be comparable to measures used by other companies. Management believes these non-GAAP measures provide readers with additional information regarding the Company's operating performance, and ability to generate funds to finance its operations, fund its research and development and capital expenditure program, and return capital to shareholders through dividends or share repurchases.

EBITDA and Adjusted EBITDA

EBITDA is defined as net income before interest income and expense, income taxes, stock-based compensation expense, and depreciation and amortization expense. Adjusted EBITDA is defined as EBITDA, adjusted for foreign exchange, impairment of property, plant, and equipment, restructuring costs, net monetary adjustments, government wage assistance, revaluation of put obligation, gain or loss on mark-to-market of short-term investments, gain on previously held equity interest and other items, which the Company does not consider to be in the normal course of continuing operations.

Management believes that EBITDA and Adjusted EBITDA are useful supplemental measures as they provide an indication of the results generated by the Company's principal business activities prior to the consideration of how these results are taxed in multiple jurisdictions, how the results are impacted by foreign exchange or how the results are impacted by the Company's accounting policies for equity-based compensation plans.

Reconcile Net Income to EBITDA

Three Months Ended	Sep 30, 2023	Dec 31, 2023	Mar 31, 2024	Jun 30, 2024	Sep 30, 2024	Dec 31, 2024	Mar 31, 2025	**Jun 30, 2025**
(000s)	($)	($)	($)	($)	($)	($)	($)	($)
Net income	27,399	8,012	69,123	10,284	23,717	16,585	19,646	**12,008**
Add:								
Income taxes	7,356	6,710	9,057	6,048	6,148	2,404	8,214	**4,445**
Depreciation and amortization	6,988	7,797	11,730	12,901	13,659	13,889	14,184	**13,901**
Stock-based compensation	5,082	4,732	3,011	4,634	(117)	3,370	2,892	**1,929**
Net interest (income)	(3,858)	(5,082)	(1,411)	(522)	(803)	(218)	(512)	**(804)**
EBITDA	42,967	22,169	91,510	33,345	42,604	36,030	44,424	**31,479**

Reconcile EBITDA to Adjusted EBITDA

Three Months Ended	Sep 30, 2023	Dec 31, 2023	Mar 31, 2024	Jun 30, 2024	Sep 30, 2024	Dec 31, 2024	Mar 31, 2025	**Jun 30, 2025**
(000s)	($)	($)	($)	($)	($)	($)	($)	**($)**
EBITDA	42,967	22,169	91,510	33,345	42,604	36,030	44,424	**31,479**
Add:								
Foreign exchange loss (gain)	681	14,247	714	(1,202)	(1,245)	5,574	(170)	**(1,174)**
Put option revaluation	—	(149)	—	—	—	(1,413)	—	**—**
Net monetary gain	(1,477)	—	—	—	—	—	—	**—**
Gain on previously held equity interest	—	—	(50,830)	—	—	—	—	**—**
Other	110	2,621	1,031	992	2,789	1,928	958	**1,269**
Adjusted EBITDA	42,281	38,888	42,425	33,135	44,148	42,119	45,212	**31,574**

Free cash flow

Free cash flow is defined as cash from operating activities plus proceeds on disposal of property, plant, and equipment, less capital expenditures (including changes to non-cash working capital associated with capital expenditures), and deferred development costs. This metric provides a key measure on the Company's ability to generate cash from its principal business activities after funding capital expenditure programs, and provides an indication of the amount of cash available to finance, among other items, the Company's dividend and other investment opportunities.

Reconcile cash from operating activities to free cash flow

Three Months Ended	Sep 30, 2023	Dec 31, 2023	Mar 31, 2024	Jun 30, 2024	Sep 30, 2024	Dec 31, 2024	Mar 31, 2025	**Jun 30, 2025**
(000s)	($)	($)	($)	($)	($)	($)	($)	**($)**
Cash from operating activities	31,698	27,412	31,014	25,976	30,375	35,825	39,942	**20,231**
Less:								
Net additions to property, plant and equipment	(6,474)	(7,720)	(17,834)	(16,695)	(12,444)	(16,707)	(15,268)	**(13,562)**
Deferred development costs	(208)	(375)	(1,447)	(1,250)	(1,277)	(1,472)	(1,440)	**(1,393)**
Free cash flow	25,016	19,317	11,733	8,031	16,654	17,646	23,234	**5,276**

Supplementary Financial Measures

A supplementary financial measure: (a) is, or is intended to be, disclosed on a periodic basis to depict the historical or expected future financial performance, financial position or cash flow of the Company; (b) is not presented in the financial statements of the Company; (c) is not a non-GAAP financial measure; and (d) is not a non-GAAP ratio. Supplementary financial measures found within this MD&A are as follows:

Revenue per Industry Day

Revenue per Industry Day is defined as the total revenue generated from the North American Drilling segment over all active drilling rig days in the North American market. This metric provides a key measure of the North American Drilling segment's ability to evaluate and manage product adoption, pricing, and market share penetration. Drilling rig days are calculated by using accepted industry sources.

IWS Active Jobs

IWS Active Jobs represents the average number of jobs per day that IWS is generating revenue on through the rental of its technology offering to customers during the reporting period. This metric provides a key measure of IWS' market penetration.

Revenue per IWS Day

Revenue per IWS Day is defined as the total revenue generated by the Completions segment over all IWS active days during the reporting period. IWS active days are calculated by using IWS Active Jobs in the reporting period. This metric provides a key measure of IWS' ability to evaluate and manage product adoption and pricing.

Adjusted EBITDA as a percentage of revenue

Calculated as adjusted EBITDA divided by revenue.

Net capital expenditures as a percentage of funds flow from operations

Calculated as net capital expenditures divided by funds flow from operations.

Total Cash

Calculated as the sum of cash and cash equivalents, and short-term investments from the Company's Consolidated Balance Sheets. The Company's short term-investments are comprised of US dollar bonds.

Critical Accounting Estimates

The preparation of the Company's Condensed Consolidated Interim Financial Statements requires that certain estimates and judgements be made with respect to the reported amounts of revenue and expenses and the carrying value of assets and liabilities. These estimates are based on historical experience and management’s judgements based on information available as at the financial statement date, and, as a result, the estimates used by management involve uncertainty and may change as additional experience is acquired. As such, actual results may differ significantly from estimates made within the Condensed Consolidated Interim Financial Statements for the three and six months ended June 30, 2025.

Material Accounting Policies

The Company's material accounting policies have been disclosed within Note 3 of Pason's Consolidated Financial Statements for the year ended December 31, 2024.

Internal Control over Financial Reporting

There were no changes in the design of the Company's internal controls over financial reporting during the three and six months ended June 30, 2025, that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Risks and Uncertainties

The following information is a summary of certain risk factors relating to Pason. This section does not describe all risks applicable to the Company, its industry or its business, and is intended only as a summary of certain material risks. Investors should also consider the other risks described throughout this AIF and the Company’s other public disclosure documents on file with the Canadian securities regulatory authorities available on SEDAR+ (www.sedarplus.ca). Additional risks and uncertainties not currently known to Pason, or that Pason currently considers remote or immaterial, may also impair the operations of the Company. Should any such risks actually occur, Pason’s business, financial condition, operating results or price and liquidity of Pason’s securities could be materially harmed.

Commodity Prices and Drilling Activity Levels

Pason derives most of its revenue from the rental of instrumentation and data services to Operators and Contractors in Canada, the US, Australia, Latin America and the Middle East during drilling and completions activities. The success of the Company’s business depends on the level of industry activity for oil and natural gas exploration and development in the markets in which Pason operates. The level of

oil and natural gas industry activity has seen significant volatility in recent years and is influenced by numerous factors over which the Company has no control. One of the primary factors is prevailing oil and natural gas commodity prices, which fluctuate in response to factors beyond Pason's control. Such factors could include, but may not be limited to: global supply and demand for crude oil and natural gas; the cost of exploring for, producing and delivering oil and natural gas; pipeline availability and the capacity of other oil and natural gas transportation and processing systems; the actions of the Organization of Petroleum Exporting Countries and other major petroleum exporting countries; global political, military, regulatory, economic and social conditions; government regulation; political stability in the Middle East and elsewhere; the price of foreign imports; the availability of alternate fuel sources; and prevailing weather conditions.

Global macroeconomic and geopolitical conditions have been challenging in recent years, leading to commodity price volatility. Beginning in 2022, central banks increased interest rates to address high prevailing levels of inflation and concerns around economic recession. In addition, Operators and Contractors have experienced supply chain bottlenecks and equipment availability challenges. More recently, the state of certain international markets has also added to the uncertainty surrounding commodity prices. The People's Republic of China has faced economic challenges, such as a weakening real estate market and reduced consumer spending. The actions that may be taken by the Chinese government to combat a potential economic slowdown remain to be seen. The effect such macroeconomic and geopolitical uncertainties could have on commodity prices may become even more pronounced if tariffs are imposed by the US on North American and international trade (as further described under the heading Potential Impact of Tariffs, below).

In addition, there has been significant geopolitical instability with ongoing conflict between Russia and the Ukraine, and in the Middle East. While prevailing levels of inflation have recently come down in North America, and central banks have begun lowering interest rates, there remains significant geopolitical uncertainty.

On April 2, 2025, the US Administration announced extensive global trade policies affecting more than 100 countries globally. In response, certain countries have announced a series of retaliatory tariff policies. The uncertainty associated with the potential severity and duration of these tariffs has created significant pressure on global oil prices in recent months.

These aforementioned factors could continue to put pressure on commodity prices, adversely impacting the level of drilling and completions activity in the regions in which Pason operates, which could have a materially adverse effect on Pason's business, financial condition, results of operations and cash flows. Pason does not have any operations or revenue generated in Russia, the Ukraine or Israel. However, ongoing conflict may negatively impact commodity price volatility and global financial conditions, which could have an indirect adverse effect on Pason's business and financial condition.

Seasonal Factors

Drilling and completions activity in Canada is seasonal due to weather that limits access to wellsites in the spring and summer, making the first and last quarters of each year the peak level of demand for Pason's services due to the higher level of activity. The length of the drilling season can be shortened due to warmer winter weather or rainy seasons. Pason can offset some of this risk, although not eliminate it, through continued growth in the US and internationally, where drilling and completions activity is less seasonal.

Business Transactions

Pason completed the IWS Acquisition on January 1, 2024. Achieving the benefits of acquisitions depends in part on the acquired business performing as expected, successfully consolidating functions, retaining key employees and customer relationships, and integrating operations and procedures in a timely and efficient manner. Business transactions may expose Pason to additional risks, including: difficulties in integrating administrative, financial reporting, operational and information systems and managing newly-acquired operations; difficulties in maintaining uniform standards, controls, procedures and policies

through all of the Company's operations; entry into markets in which Pason has little or no direct prior experience; difficulties in retaining key employees of the acquired operations; disruptions to Pason's ongoing business; and diversion of management time and resources. Any of the foregoing could adversely affect the Corporation's financial condition and results of operations.

Credit and Liquidity

Pason is exposed to credit risk to the extent that its customers, operating primarily in the oil and natural gas industry, may experience financial difficulty and be unable to meet their obligations. During times of depressed oil and gas markets, or wider economic uncertainty, customers may experience financial constraints. Further, many of our customers require reasonable access to credit facilities and debt capital markets to finance their oil and natural gas drilling and completions activity. If the availability of credit to our customers is reduced, they may reduce their drilling and completions expenditures, reducing the demand for the Company's products and services. While Pason monitors its exposure to credit risk and has a large customer base, which minimizes Pason's risk exposure to the financial concerns of any single customer, lack of payment from multiple clients may have a material adverse effect on the Company's financial condition.

Customers

Pason has a large customer base, consisting of both Operators and Contractors, and no single customer accounted for more than 10% of the consolidated revenues of the Company this fiscal year. Notwithstanding, the loss of one or more major customers, further consolidation in the industry, or a reduction in the amount of business Pason conducts with any of its major customers, could have a significant impact on Pason's revenue if not offset by obtaining new customers or increasing the amount of business it conducts with existing customers. Given its stage of development, the Completions Segment is more sensitive to customer mix and changes in the activity of specific customers than the Drilling Segments, where our financial results are more strongly correlated to overall industry activity given our substantial market share.

Competition

Pason's main source of competition for its Drilling Segments remains the instrumentation divisions of large US service companies. Potential actions taken by competitors, such as pricing changes and new products and technologies, could affect the Company's leading market share or competitive position in the drilling sector. Pason's main source of competition for its Completions Segment includes valve manufactures and small to mid-sized service companies. Potential actions taken by these competitors, such as improved integration within the greater completions process and the development of new digital monitoring and reporting products, could affect the Company's market share and competitive position in the completions sector. In addition, while the Company continues to make investments in R&D and capital expenditures to provide innovative technologies for customers, management cannot reasonably predict whether these investments will result in increased levels of product adoption, market share or pricing. These factors could materially affect our business, financial condition, results of operations and cash flows.

Qualified Personnel and Access to Talent

Due to the specialized and technical nature of Pason's business, Pason is highly dependent on attracting and retaining qualified, key employees, which involves compensating them appropriately. The shift to remote work in some roles, particularly since the start of the COVID-19 pandemic, has expanded the job market beyond traditional geographic boundaries. Employers must now compete for talent not only locally, but within a greater global market. Due to high levels of competition for qualified personnel, there can be no assurance that qualified personnel will be attracted or retained to meet the growth needs of the business. Further, Pason does not carry "key person" insurance on any of its key employees. In addition, Pason's ability to meet activity levels and customer demand for the Company's products and services will depend on the ability to attract qualified personnel as needed, which may be more difficult in periods of rapidly accelerated growth in activity levels.

The inability to recruit or retain skilled personnel or their inability to perform their duties could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows. To mitigate these risks, Pason has a dedicated HR department in each significant business segment that is focused on proactive recruiting and retention initiatives.

Intellectual Property

Pason relies on innovative technologies and products to maintain its competitive position in the market. Pason employs trademarks, patents, contracts, and other measures to protect the Company's intellectual property, trade secrets and confidential information. Pason also believes that the rapid pace of technological change in the industry, technical expertise, knowledge, and innovative skills, combined with an ability to rapidly develop, produce, enhance, and market products, provides protection in maintaining a competitive position.

Despite these precautions, it may be possible for third parties to attempt to infringe the Company's intellectual property and Pason could incur substantial costs to protect and enforce its intellectual property rights. Moreover, from time to time third parties may assert patent, trademark, copyright and other intellectual property rights to technologies that are important to the Company. In such an event, the Company may be required to incur significant costs in litigating a resolution to the asserted claim. There can be no assurance that such a resolution would not require that the Company pay damages or obtain a license of a third party's proprietary rights in order to continue to provide its products as currently offered, or, if such a license is required, that it will be available on terms acceptable to the Company.

Cyber Security

The Company takes measures and makes meaningful investments to protect the security and integrity of its IT infrastructure and data, however, there is a risk that these measures may not fully protect against a potential security breach, which could have a negative impact on the Company's ability to operate or its reputation. Natural disasters, energy blackouts, operating malfunction, viruses or malware, cyber security attacks, theft, computer or telecommunication errors, human error, internal or external misconduct or other unknown disruptive events could result in the temporary or permanent loss of any or all parts of the IT infrastructure or data. There is a risk the data and other electronic information stored in Pason's IT infrastructure could be accessed, publicly disclosed, lost, or stolen. Such occurrences could negatively affect Pason's business and financial performance in the form of loss of revenue, increased operational costs, reputational damage or litigation.

Technology

Pason's ability to meet customer demands may be influenced by advances and changes in technology. To the extent that Pason is not reasonably able keep up with changes in technology, demand for its services may be hindered. In addition, while the Company continues to make investments in R&D and capital expenditures to provide innovative technologies for customers, management cannot reasonably predict whether these investments will result in increased levels of product adoption, market share or pricing. These factors could materially affect our business, financial condition, results of operations and cash flows.

Availability of Raw Materials, Parts, or Finished Products

Pason purchases many materials, components and finished products in connection with its operations. Some of the components and finished products are obtained from a single source or a limited group of suppliers. While Pason makes it a priority to maintain and enhance these strategic relationships, there can be no assurance that these relationships will continue and reliance on these suppliers involves risks, including price increases, inferior component quality, unilateral termination, and a potential inability to obtain an adequate supply of required components or finished products in a timely manner. While Pason has long standing relationships with recognized and reputable suppliers, it does not have long-term contracts with all of its suppliers, and the partial or complete loss of certain of these sources could have a negative impact on the Company's operations and could damage customer relationships. Further, a

significant increase in the price of one or more of these components could have a negative impact on Pason's cost structure.

The Company's ability to provide services to its customers is also dependent upon the ongoing refresh of existing hardware within its technology offering, which requires purchases of materials, components and finished products. While Pason has a dedicated procurement team that proactively manages required equipment and hardware needs, the availability and supply of these items may be impacted in periods of high or recovering activity levels, such as those seen recently. Supply chain disruptions may result in timing delays on expected deliveries for certain components of the Company's product offering and may impact the Company's cost structure and ability to meet rising activity levels.

Potential Impact of Tariffs

Pason sources, manufactures and repairs products within both Canada and the US for use across its entire operations. The potential imposition of US tariffs on Canadian imports could adversely impact our business by increasing costs of raw materials and finished products, reducing profitability, and affecting our supply chain. These tariffs may also create pricing pressures that cannot be fully passed on to customers. Additionally, potential retaliatory tariffs imposed by Canada could further impact our costs and limit access to key markets, increasing financial and operational challenges. Further, the imposition of tariffs could have similar adverse affects on Pason's customers, which could result in decreased customer profitability and a reduction in overall industry activity, ultimately impacting the demand for Pason's products and services.

Finally, the continuation and potential escalation of global tariffs stemming from the US Administration's announcements on April 2, 2025, could negatively affect fossil fuel demand and lead to a decline in commodity prices. In response, Pason's customers could reduce their capital expenditure programs, resulting in decreased drilling and completions activity, which in turn could negatively impact the Company's operating results and cash flows.

Pason is actively monitoring trade developments and assessing mitigation strategies such as supply chain diversification and cost management. However, the extent and duration of any tariffs remain uncertain, and there is no assurance that our efforts will fully offset the potential adverse effects.

Geopolitical Risk

Assets outside of Canada and the US may be adversely affected by changes in governmental policy, social instability, or other political or economic developments beyond Pason's control, including expropriation of property, exchange rate fluctuations, and restrictions on repatriation of cash. The Company has mitigated these risks where practical and warranted. Most of Pason's revenues are generated in Canada and the US, which limits exposure to risks and uncertainties in foreign countries. Pason does not have any operations or revenue generated in Russia, the Ukraine or Israel. The Company's Argentinian subsidiary is currently operating in a highly inflationary economy, and Pason's operating results in the country are being impacted by a weakening Argentina peso relative to the Canadian dollar. Pason is also unable to predict the actions that may be taken by the Argentinean government in connection with such hyper-inflation, such as monetary reforms or policy changes, which could also impact the Company's financial position as a result of its operations in Argentina.

Foreign Exchange Risk

The Company operates internationally and is primarily exposed to exchange risk relative to the US dollar. The Canadian operations are exposed to currency risk on US denominated financial assets and liabilities with fluctuations in the rate recognized as foreign exchange gains or losses in the consolidated financial statements. The Company's self-sustaining foreign subsidiaries expose the Company to exchange rate risk on the translation of their financial assets and liabilities to Canadian dollars for public reporting purposes. Adjustments arising when translating the foreign subsidiaries into Canadian dollars are reflected in the consolidated financial statements as unrealized foreign currency translation adjustments.

The Company does not employ any financial instruments to manage foreign exchange risk at this time. Most of the Company's activities are conducted in Canada and the US, where local revenue is earned against local expenses, and the Company is therefore naturally hedged.

Safety Performance

Pason has programs in place to address compliance with prevailing safety and regulatory standards. The Company's safety managers oversee policy development, maintenance, and operational monitoring. Poor safety performance may result in lower demand for Pason's services. Standards for accident prevention in the oil and natural gas industry are governed by company safety policies and procedures, accepted industry safety practices, customer specific safety requirements, and health and safety legislation. Safety is a key factor for customers when selecting an oilfield service provider. Any decline in Pason's safety performance could result in lower demand for services, thereby adversely affecting revenues, cash flows, and earnings. Pason is subject to various health and safety laws, regulations, legislation, and guidelines, which can impose material liability, increase costs or lead to lower demand for services.

Climate Related Risks

Regulatory and Policy Risks

There is an increasing trend in public and government support of climate change initiatives across the regions in which Pason operates. Governmental authorities are strengthening existing environmental regulations and introducing new climate change measures, such as emission caps, reduction targets, taxes and penalties, efficiency standards, and alternative energy incentives and mandates. In addition, concerns about climate change have resulted in many environmental activists and members of the public opposing the continued exploitation and development of fossil fuels. Pason is not a large-scale emitter of greenhouse gases or other emissions and does not anticipate the impact of these regulations to be material to its operations; however, present and future environmental regulations and other developments could have a material impact on Pason's client base, which is primarily comprised of Operators and Contractors. While it is not possible at this time to predict how such regulations or developments would impact the Company's business, any future environmental requirements could result in reduced demand for hydrocarbons, as well as increased capital expenditures, operating costs and project delays for our customers, which in turn could have a material adverse effect on the business, financial condition, results of operations, and prospects for the Company.

Physical Risks

There is a presumption that climate change will result in increased frequency and severity of extreme weather events as well as longer-term changes in climate patterns. As a result, the physical impacts of such increasingly volatile weather conditions may have an adverse effect on the operations of the Company. These include more frequent and extreme weather events, natural disasters such as flooding and forest fires, shifts in temperature and precipitation, and changing sea levels, which could cause damage to key corporate assets. Climate change may have similar impacts on the Company's major customers, reducing demand for Pason's products and services, and may also impact suppliers, which could result in shortages in certain consumables and the supply of products that are required to maintain the Company's operations. While the Company takes such risks into consideration and implements mitigation strategies to address, where possible, the risks associated with the impacts of extreme weather events, the frequency and severity of such events can vary widely and cannot be predicted. This uncertainty, in turn, could have a material adverse effect on the Company's ability to operate in certain jurisdictions and its projections, business operations and financial condition.

Pason maintains a corporate insurance program consistent with industry practice that protects the Company from liabilities due to environmental accidents and disruptions and has operational and emergency response procedures and safety and environmental programs in place to reduce potential loss exposure.

Alternative Energies Risk

The focus of governments, businesses and consumers on transitioning to a low-carbon economy was accelerated by the COVID-19 pandemic, resulting in increased policies and initiatives designed to shift resources and investment away from fossil fuels towards low carbon energy sources. This shift, combined with technological advances and cost declines in alternative energy sources, could reduce consumer demand for, and result in a reduction in the global economy's reliance on, oil and natural gas; which in turn could decrease demand for the Company's products and services. While Pason believes energy supply and demand fundamentals continue to support hydrocarbon resources forming a meaningful component of ongoing energy supply, the Company considers opportunities to diversify its business to mitigate this risk. This includes exploring new opportunities to apply the Company's expertise in instrumentation and data services to markets beyond of oil and gas, such as recent investments made in supporting ETB in the solar energy and storage market. However, there is no guarantee that Pason would be successful in these ventures should there be a significant reduction in global demand for oil and gas.

Investor Sentiment

Investor sentiment towards the oil and natural gas industry has evolved in recent years and some institutional investors have announced that they are no longer willing to fund or invest in companies in the oil and natural gas industry or are reducing such investment over time. While Pason believes it operates its business sustainably, the Company's ability to access capital and the price and liquidity of its securities may be adversely impacted by investors' perceptions of the sector in which it generates the majority of its revenue.

Public Health Crises

As seen in recent years, the occurrence of a future global pandemic could expose the Company to a number of risks, including but not limited to: material declines in revenue and cash flows due to reduced demand for oil and gas associated products and services, increased risk of non-payment of accounts receivable, potential for impairment charges on long-term assets, and additional reorganization costs, if deemed required in the context of Pason's ongoing efforts to manage its cost structure.

Insurance

Pason's operations are subject to risks inherent in the oil and natural gas services industry, such as hardware or software defects, malfunctions and failures, human error, and natural disasters. These risks could expose Pason to substantial liability for personal injury, loss of life, business interruption, property damage, pollution, and other liabilities. Pason carries prudent levels of insurance to protect the Company against these unforeseen events, subject to appropriate deductibles and the availability of coverage. An annual review of insurance coverage is completed to assess the risk of loss and risk mitigation alternatives.

Extreme weather conditions, natural occurrences, and terrorist activity have strained insurance markets leading to substantial increases in insurance costs and limitations on coverage. It is anticipated that the Company will continue to maintain appropriate insurance coverage, but there can be no assurance that such insurance coverage will be available on commercially reasonable terms or on terms as favourable as Pason's current arrangements. The occurrence of a significant event outside of the scope of coverage of Pason's insurance policies could also have a material adverse effect on the results of the organization.

Payment of Future Cash Dividends

The decision to pay dividends and the amount paid is at the discretion of the Board, which regularly reviews the Company's financial position, operating results, and industry outlook, all of which could impact Pason's dividend policy. The amount of cash available for future dividends will be dependent on a number of factors including, but not limited to, the Company's ability to generate cash flow in excess of its operating and investment needs, its overall financial position, and its capital allocation priorities.

Taxation

Pason and its subsidiaries are subject to income and other forms of taxation in the various jurisdictions in which they operate. Pason structures its operations in a tax efficient manner in compliance with all prevailing tax regimes. Any adverse change to existing taxation measures, policies or regulations, the introduction of new taxation measures, policies or regulations, and/or the cancellation or amendment of existing (or the introduction of new) transfer pricing arrangements between tax authorities in any of the jurisdictions in which Pason operates could have a negative impact on its business, operating results, or financial condition. The management of Pason believes that the Company's provision for income taxes is adequate and in accordance with both generally accepted accounting principles and appropriate regulations, including advance agreements between various jurisdictions in which the Company operates. However, the tax filing positions of the Company, as well as any agreements between jurisdictions in which the Company operates, are subject to review and audit by tax authorities who may challenge, and possibly succeed in challenging, management's interpretation of the applicable tax legislation.

Litigation and Legal Claims

Pason may be involved in various claims and litigation arising in the normal course of business. The Company does not currently believe that the outcome of any pending or threatened proceedings related to these or other matters, or the amounts which the Company may be required to pay by reason thereof, would individually or in the aggregate have a material adverse impact on its day-to-day business operations, however, the outcome of these matters is uncertain and there can be no assurance that such matters will be resolved in Pason's favour. In addition, future legal proceedings could be filed against the Company, the outcome of which is also uncertain and could have a material adverse effect on the Company.

SEDAR+

Additional information relating to the Company, including the Company's most recent Annual Information Form can be accessed on the Company's website at www.pason.com and on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval ("SEDAR+") at www.sedarplus.ca.

Forward Looking Information

Certain statements contained herein constitute "forward-looking statements" and/or "forward-looking information" under applicable securities laws (collectively referred to as "forward-looking statements"). Forward-looking statements can generally be identified by the words "anticipate", "expect", "believe", "may", "could", "should", "will", "estimate", "project", "intend", "plan", "outlook", "forecast" or expressions of a similar nature suggesting a future outcome or outlook.

Without limiting the foregoing, this document includes, but is not limited to, the following forward-looking statements: the Company's growth strategy and related schedules; divergence in activity levels between the geographic regions in which we operate; demand fluctuations for our products and services; the Company's ability to increase or maintain market share; projected future value, forecast operating and financial results; planned capital expenditures; expected product performance and adoption, including the timing, growth and profitability thereof; potential dividends and dividend growth strategy; future use and development of technology; our financial ability to meet long-term commitments not included in liabilities; the collectability of accounts receivable; the application of critical accounting estimates and judgements; treatment under governmental regulatory and taxation regimes; and projected increasing shareholder value.

These forward-looking statements reflect the current views of Pason with respect to future events and operating performance as of the date of this document. They are subject to known and unknown risks, uncertainties, assumptions, and other factors that could cause actual results to be materially different from results that are expressed or implied by such forward-looking statements.

Although we believe that these forward-looking statements are reasonable based on the information available on the date such statements are made and processes used to prepare the information, such statements are not guarantees of future performance and readers are cautioned against placing undue reliance on forward-looking

statements. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties and other factors, which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Such risks and uncertainties include, but are not limited to: the state of the economy; volatility in industry activity levels and resulting customer expenditures on exploration and production activities; customer demand for existing and new products; the industry shift towards more efficient drilling and completions activity and technology to assist in that efficiency; the impact of competition; the loss of key customers; the loss of key personnel; cybersecurity risks; reliance on proprietary technology and ability to protect the Company's proprietary technologies; changes to government regulations (including those related to safety, environmental, or taxation); the impact of extreme weather events and seasonality on our suppliers and on customer operations; and war, terrorism, pandemics, social or political unrest that disrupts global markets.

These risks, uncertainties and assumptions include but are not limited to those discussed in Pason's Annual Information Form for the year ended December 31, 2024, under the heading, "Risk and Uncertainty," in our management's discussion and analysis for the year ended December 31, 2024, and in our other filings with Canadian securities regulators. These documents are on file with the Canadian securities regulatory authorities and may be accessed through the SEDAR+ website (www.sedarplus.ca) or through Pason's website (www.pason.com).

Forward-looking statements contained in this document are expressly qualified by this cautionary statement. Except to the extent required by applicable law, Pason assumes no obligation to publicly update or revise any forward-looking statements made in this document or otherwise, whether as a result of new information, future events or otherwise.

Corporate Information

Directors

Marcel Kessler[1]
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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

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

(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

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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.