Condensed Consolidated Interim Financial Statements and Notes

Condensed Consolidated Interim Balance Sheets

As at	Note*	June 30, 2025	December 31, 2024
(CDN 000s) (unaudited)		($)	($)
Assets			
Current			
Cash and cash equivalents	4	**67,072**	77,197
Short-term investments	5	**2,266**	3,581
Trade and other receivables		**75,212**	90,876
Prepaid expenses		**6,930**	11,275
Inventory		**18,970**	20,782
Income taxes recoverable		**1,237**	976
Total current assets		**171,687**	204,687
Non-current			
Property, plant and equipment		**195,534**	194,806
Investments	7	**2,557**	2,985
Intangible assets and goodwill		**207,318**	212,134
Total non-current assets		**405,409**	409,925
Total assets		**577,096**	614,612
Liabilities and equity			
Current			
Trade payables and accruals		**48,314**	62,794
Income taxes payable		**4,176**	6,987
Stock-based compensation liability	11	**7,041**	6,864
Lease liability		**2,333**	2,168
Obligation under put option	8	**5,017**	5,291
Total current liabilities		**66,881**	84,104
Non-current			
Deferred tax liability		**15,692**	17,348
Lease liability		**12,801**	13,249
Stock-based compensation liability	11	**6,866**	4,238
Total non-current liabilities		**35,359**	34,835
Equity			
Share capital	10	**165,481**	167,801
Share-based benefits reserve		**39,928**	38,804
Foreign currency translation reserve		**42,722**	58,715
Equity reserve		**(8,375)**	(8,375)
Retained earnings		**244,734**	247,468
Total equity attributable to equity holders of the Company		**484,490**	504,413
Non-controlling interest		**(9,634)**	(8,740)
Total equity		**474,856**	495,673
Total liabilities and equity		**577,096**	614,612

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

Condensed Consolidated Interim Statements of Operations

		Three Months Ended June 30,		Six Months Ended June 30,	
	Note*	**2025**	2024	**2025**	2024
(CDN 000s, except per share data) (unaudited)		**($)**	($)	**($)**	($)
Revenue		**96,416**	95,856	**209,593**	200,615
Operating expenses		**41,572**	40,161	**85,495**	79,650
Depreciation and amortization		**13,901**	12,901	**28,085**	24,631
		55,473	53,062	**113,580**	104,281
Gross profit		**40,943**	42,794	**96,013**	96,334
Other expenses					
Research and development		**13,861**	12,579	**27,438**	25,687
Selling, general, and administrative		**9,650**	10,222	**20,345**	20,176
Stock-based compensation expense	11	**1,929**	4,634	**4,821**	7,645
Other income	13	**(950)**	(973)	**(904)**	(51,686)
		24,490	26,462	**51,700**	1,822
Income before income taxes		**16,453**	16,332	**44,313**	94,512
Income tax provision		**4,445**	6,048	**12,659**	15,105
Net income		**12,008**	10,284	**31,654**	79,407
Net income (loss) attributable to:					
Shareholders of Pason		**12,648**	10,890	**32,657**	80,419
Non-controlling interest		**(640)**	(606)	**(1,003)**	(1,012)
Net income		**12,008**	10,284	**31,654**	79,407
Income per share	14				
Basic		**0.16**	0.14	**0.41**	1.01
Diluted		**0.16**	0.14	**0.41**	1.00

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

Condensed Consolidated Interim Statements of Other Comprehensive Income

		Three Months Ended June 30,		Six Months Ended June 30,	
	Note*	**2025**	2024	**2025**	2024
(CDN 000s) (unaudited)		**($)**	($)	**($)**	($)
Net income		**12,008**	10,284	**31,654**	79,407
Items that may be reclassified subsequently to net income:					
Foreign currency translation adjustment		**(16,528)**	285	**(15,884)**	4,734
Other comprehensive income (loss)		**(16,528)**	285	**(15,884)**	4,734
Total comprehensive income (loss)		**(4,520)**	10,569	**15,770**	84,141
Total comprehensive income (loss) attributed to:					
Shareholders of Pason		**(3,942)**	11,092	**16,664**	85,070
Non-controlling interest		**(578)**	(523)	**(894)**	(929)
Total comprehensive income (loss)		**(4,520)**	10,569	**15,770**	84,141

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

Condensed Consolidated Interim Statements of Changes in Equity

	Note*	Share Capital	Share-Based Benefits Reserve	Foreign Currency Translation Reserve	Equity Reserve	Retained Earnings	**Total Equity Attributable to Pason**	Non-Controlling Interest	**Total Equity**
(CDN 000s) (unaudited)		($)	($)	($)	($)	($)	($)	($)	($)
Balance at December 31, 2023		163,291	37,101	43,162	(8,375)	172,879	**408,058**	(7,103)	**400,955**
Net income (loss)		—	—	—	—	80,419	**80,419**	(1,012)	**79,407**
Dividends	10	—	—	—	—	(20,706)	**(20,706)**	—	**(20,706)**
Other comprehensive income		—	—	4,651	—	—	**4,651**	83	**4,734**
Exercise of stock options	10	4,659	(627)	—	—	—	**4,032**	—	**4,032**
Expense related to stock options		—	1,184	—	—	—	**1,184**	—	**1,184**
Shares cancelled under NCIB	10	(807)	—	—	—	(5,193)	**(6,000)**	—	**(6,000)**
Liability reversal for automatic share purchase plan commitment pursuant to NCIB	10	437	—	—	—	3,063	**3,500**	—	**3,500**
Liability for automatic share purchase plan commitment pursuant to NCIB	10	(113)	—	—	—	(887)	**(1,000)**	—	**(1,000)**
Balance at June 30, 2024		167,467	37,658	47,813	(8,375)	229,575	**474,138**	(8,032)	**466,106**
Net income (loss)		—	—	—	—	41,085	**41,085**	(783)	**40,302**
Dividends						(20,656)	**(20,656)**	—	**(20,656)**
Other comprehensive income		—	—	10,902	—	—	**10,902**	75	**10,977**
Exercise of stock options	10	795	(157)	—	—	—	**638**	—	**638**
Expense related to stock options		—	1,303	—	—	—	**1,303**	—	**1,303**
Shares cancelled under NCIB	10	(574)	—	—	—	(3,423)	**(3,997)**	—	**(3,997)**
Liability for automatic share purchase plan commitment pursuant to NCIB	10	113	—	—	—	887	**1,000**	—	**1,000**
Balance at December 31, 2024		167,801	38,804	58,715	(8,375)	247,468	**504,413**	(8,740)	**495,673**
Net income (loss)		—	—	—	—	32,657	**32,657**	(1,003)	**31,654**
Dividends	10	—	—	—	—	(20,487)	**(20,487)**	—	**(20,487)**
Other comprehensive income		—	—	(15,993)	—	—	**(15,993)**	109	**(15,884)**
Exercise of stock options	10	772	(112)	—	—	—	**660**	—	**660**
Expense related to stock options		—	1,236	—	—	—	**1,236**	—	**1,236**
Shares cancelled under NCIB	10	(2,747)	—	—	—	(13,251)	**(15,998)**	—	**(15,998)**
Liability for automatic share purchase plan commitment pursuant to NCIB	10	(345)	—	—	—	(1,653)	**(1,998)**	—	**(1,998)**
Balance at June 30, 2025		**165,481**	**39,928**	**42,722**	**(8,375)**	**244,734**	**484,490**	**(9,634)**	**474,856**

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

Condensed Consolidated Interim Statements of Cash Flows

		Three Months Ended June 30,		Six Months Ended June 30,	
	Note*	**2025**	2024	**2025**	2024
(CDN 000s) (unaudited)		**($)**	($)	**($)**	($)
Cash from (used in) operating activities					
Net income		**12,008**	10,284	**31,654**	79,407
Adjustment for non-cash items:					
Depreciation and amortization		**13,901**	12,901	**28,085**	24,631
Stock-based compensation expense	11	**1,929**	4,634	**4,821**	7,645
Deferred income taxes		**292**	1,396	**(891)**	2,935
Gain on revaluation of previously held equity interest	13	**—**	—	**—**	(50,830)
Unrealized foreign exchange loss and other		**(1,646)**	(1,171)	**(642)**	(898)
Funds flow from operations		**26,484**	28,044	**63,027**	62,890
Movements in non-cash working capital items:					
Decrease (increase) in trade and other receivables		**15,477**	6,183	**15,664**	(7,236)
Decrease (increase) in prepaid expenses		**1,611**	1,683	**4,345**	(928)
Increase in income taxes payable / recoverable		**2,212**	2,995	**11,833**	10,703
(Decrease) increase in trade payables, accruals and stock-based compensation liability		**(13,951)**	(5,731)	**(17,856)**	(4,288)
Decrease (increase) in inventory		**679**	(1,633)	**1,812**	(591)
Effects of exchange rate changes		**(3,852)**	(33)	**(3,747)**	3,814
Cash generated from operating activities		**28,660**	31,508	**75,078**	64,364
Income tax paid		**(8,429)**	(5,532)	**(14,905)**	(7,374)
Net cash from operating activities		**20,231**	25,976	**60,173**	56,990
Cash flows (used in) from financing activities					
Proceeds from exercise of stock options	10	**595**	3,517	**660**	4,032
Payment of dividends	10	**(10,178)**	(10,374)	**(20,487)**	(20,706)
Repurchase and cancellation of shares under NCIB	10	**(9,998)**	(2,707)	**(15,998)**	(6,000)
Repayment of lease liability		**(330)**	(934)	**(888)**	(1,701)
Repayment of IWS external debt	9	**—**	—	**—**	(13,261)
Net cash (used in) from financing activities		**(19,911)**	(10,498)	**(36,713)**	(37,636)
Cash flows (used in) from investing activities					
Acquisition of IWS, net of cash acquired		**—**	—	**—**	(72,654)
Settlement of stock-based compensation liability related to acquisition of IWS		**—**	—	**—**	(10,454)
Purchase of short-term investments	5	**—**	—	**—**	(4,187)
Maturity of short-term investments	5	**496**	—	**1,009**	—
Additions to property, plant and equipment		**(14,597)**	(17,078)	**(30,346)**	(35,707)
Development costs		**(1,393)**	(1,250)	**(2,833)**	(2,697)
Proceeds on disposal of property, plant and equipment		**960**	317	**1,571**	1,049
Changes in non-cash working capital		**75**	66	**(55)**	129
Net cash (used in) from investing activities		**(14,459)**	(17,945)	**(30,654)**	(124,521)
Effect of exchange rate on cash and cash equivalents		**(3,161)**	(772)	**(2,931)**	205
Net increase (decrease) in cash and cash equivalents		**(17,300)**	(3,239)	**(10,125)**	(104,962)
Cash and cash equivalents, beginning		**84,372**	70,050	**77,197**	171,773
Cash and cash equivalents, ending	4	**67,072**	66,811	**67,072**	66,811

*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. Material 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. Cash and Cash Equivalents

As at	June 30, 2025	December 31, 2024
	($)	($)
Cash	**35,565**	58,600
Cash equivalents	**31,507**	18,597
Cash and cash equivalents	**67,072**	77,197

As at June 30, 2025, the Company's cash equivalents are invested in money market funds with interest rates averaging 3.4% (2024: 3.8%).

5. Short-Term Investments

As at	June 30, 2025	December 31, 2024
	($)	($)
Short-term investments	**2,266**	3,581

In 2024, the Company invested in US dollar denominated Central Bank of the Argentine Republic's (BCRA) Bond for the Recovery of a Free Argentina (BOPREAL) program. These bonds are classified as short-term investments within the 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.

6. 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.

7. Investments

As at June 30, 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.

8. 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.

9. Credit Facilities

As at June 30, 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 June 30, 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 June 30, 2025, the available balance on the ABL Facility is $9,453.

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.

10. Share Capital

Common shares

	Six Months Ended June 30, 2025		Year Ended December 31, 2024	
	($)	**(#)**	($)	(#)
Balance, beginning	**167,801**	**79,426,065**	163,291	79,685,025
Exercise of stock options	**772**	**80,556**	5,454	402,240
Shares repurchased and cancelled under NCIB	**(2,747)**	**(1,297,900)**	(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	**(345)**	**—**	—	—
Balance, ending	**165,481**	**78,208,721**	167,801	79,426,065

At June 30, 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 June 30, 2025, the Company declared and paid dividends of $10,178 (second quarter of 2024; $10,374) or $0.13 per common share (second quarter of 2024: $0.13).

For the six month period ended June 30, 2025, the Company declared and paid dividends of $20,487 (2024: $20,706) or $0.26 per common share (2024: $0.26).

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 $9,998 (second quarter of 2024 - $2,707).

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 $15,998 (2024 - $6,000).

11. 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:

	Six Months Ended June 30, 2025		Twelve Months Ended December 31, 2024	
	Share Options	**Weighted Average Exercise Price**	Share Options	Weighted Average Exercise Price
	(#)	**($)**	(#)	($)
Outstanding, beginning	**2,811,651**	**13.77**	2,324,877	13.18
Granted	**—**	**—**	889,014	14.34
Exercised	**(80,556)**	**7.65**	(402,240)	11.61
Expired or forfeited	**(23,867)**	**14.56**	—	—
Outstanding, ending	**2,707,228**	**13.95**	2,811,651	13.77
Exercisable, ending	**1,160,243**	**12.54**	1,243,782	12.73
Available for grant, ending	**2,767,382**		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:

	Six Months Ended June 30, 2025	Twelve Months Ended December 31, 2024
	(#)	(#)
RSUs, beginning	**1,114,677**	925,872
Granted	**—**	655,750
Vested and paid	**—**	(455,707)
Forfeited	**(22,460)**	(11,238)
RSUs, ending	**1,092,217**	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:

	Six Months Ended June 30, 2025	Twelve Months Ended December 31, 2024
	(#)	(#)
DSUs, beginning	**405,496**	443,634
Credited	**45,757**	80,168
Redeemed and paid	**(70,684)**	(118,306)
DSUs, ending	**380,569**	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:

	Six Months Ended June 30, 2025	Twelve Months Ended December 31, 2024
	(#)	(#)
PSUs, beginning	**3,497,379**	3,119,089
Granted	**—**	1,374,233
Vested and paid	**—**	(995,943)
PSUs, ending	**3,497,379**	3,497,379

Stock-based compensation expense and liability

For the quarter ended June 30, 2025, the Company recorded $1,929 of stock-based compensation expense for its equity and cash settled plans (second quarter of 2024: $4,634). For the six month period ended June 30, 2025, the Company recorded $4,821 of stock-based compensation expense for its equity and cash settled plans (2024: $7,645). As at June 30, 2025, the Company held $7,041 in current stock-based compensation liability and $6,866 in non-current stock-based compensation liability for its cash settled plans (as at December 31, 2024: $6,864 and $4,238, respectively).

12. Operating Segments

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 June 30, 2025	North American Drilling	International Drilling	Completions	Solar and Energy Storage	Total
	($)	($)	($)	($)	($)
Revenue	**62,479**	**13,614**	**15,345**	**4,978**	**96,416**
Operating expenses	**21,476**	**6,575**	**7,989**	**5,532**	**41,572**
Depreciation and amortization	**6,971**	**665**	**6,176**	**89**	**13,901**
Segment gross profit (loss)	**34,032**	**6,374**	**1,180**	**(643)**	**40,943**
Research and development					**13,861**
Selling, general, and administrative					**9,650**
Stock-based compensation					**1,929**
Other income					**(950)**
Income tax provision					**4,445**
Net income					**12,008**
Net income attributable to Pason					**12,648**
Capital expenditures	**7,881**	**545**	**7,564**	**—**	**15,990**
As at June 30, 2025					
Property plant and equipment	**116,512**	**14,775**	**60,789**	**3,458**	**195,534**
Intangible assets	**7,403**	**—**	**41,577**	**382**	**49,362**
Goodwill	**7,785**	**2,600**	**124,427**	**23,144**	**157,956**
Segment assets	**253,151**	**73,580**	**219,302**	**31,063**	**577,096**
Segment liabilities	**78,450**	**6,733**	**5,735**	**11,322**	**102,240**

Three Months Ended June 30, 2024	North American Drilling	International Drilling	Completions	Solar and Energy Storage	Total
	($)	($)	($)	($)	($)
Revenue	63,765	15,284	13,666	3,141	95,856
Operating expenses	22,912	6,889	7,196	3,164	40,161
Depreciation and amortization	6,746	1,104	5,046	5	12,901
Segment gross profit (loss)	34,107	7,291	1,424	(28)	42,794
Research and development					12,579
Selling, general, and administrative					10,222
Stock-based compensation					4,634
Other income					(973)
Income tax provision					6,048
Net income					10,284
Net income attributable to Pason					10,890
Capital expenditures	10,610	132	7,586	—	18,328
As at June 30, 2024					
Property plant and equipment	113,390	18,172	49,660	1,767	182,989
Intangible assets	3,412	—	51,265	1,071	55,748
Goodwill	7,811	2,600	122,080	23,219	155,710
Segment assets	257,629	79,179	211,108	33,151	581,067
Segment liabilities	82,928	6,171	14,354	11,508	114,961

Six Months Ended June 30, 2025	North American Drilling	International Drilling	Completions	Solar and Energy Storage	Total
	($)	($)	($)	($)	($)
Revenue	**138,251**	**27,603**	**31,358**	**12,381**	**209,593**
Operating expenses	**42,850**	**13,824**	**16,748**	**12,073**	**85,495**
Depreciation and amortization	**14,564**	**1,606**	**11,808**	**107**	**28,085**
Segment gross profit	**80,837**	**12,173**	**2,802**	**201**	**96,013**
Research and development					**27,438**
Selling, general, and administrative					**20,345**
Stock-based compensation					**4,821**
Other income					**(904)**
Income tax provision					**12,659**
Net income					**31,654**
Net income attributable to Pason					**32,657**
Capital expenditures	**16,680**	**1,194**	**15,305**	**—**	**33,179**

Six Months Ended June 30, 2024	North American Drilling	International Drilling	Completions	Solar and Energy Storage	Total
	($)	($)	($)	($)	($)
Revenue	137,369	29,916	26,451	6,879	200,615
Operating expenses	45,822	12,765	14,366	6,697	79,650
Depreciation and amortization	13,066	2,067	9,488	10	24,631
Segment gross profit (loss)	78,481	15,084	2,597	172	96,334
Research and development					25,687
Selling, general, and administrative					20,176
Stock-based compensation					7,645
Other income					(51,686)
Income tax provision					15,105
Net income					79,407
Net income attributable to Pason					80,419
Capital expenditures	23,713	822	13,869	—	38,404

13. Other Income

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

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.

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 gain 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.

14. Income Per Share

Basic income per share

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	**2025**	2024
	(#)	(#)	**(#)**	**(#)**
Issued common shares outstanding, beginning	**78,962,675**	79,493,854	**79,426,065**	79,685,025
Effect of NCIB and exercised options	**(323,913)**	77,276	**(448,576)**	(112,983)
Weighted average number of common shares (basic)	**78,638,762**	79,571,130	**78,977,489**	79,572,042

Diluted income per share

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	**2025**	2024
	(#)	(#)	**(#)**	(#)
Weighted average number of common shares (basic)	**78,638,762**	79,571,130	**78,977,489**	79,572,042
Effect of share options	**74,795**	866,704	**98,620**	797,405
Weighted average number of common shares (diluted)	**78,713,557**	80,437,834	**79,076,109**	80,369,447

For the three month period ended June 30, 2025, 2,185,738 (2024 - no anti-dilutive) 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.

15. 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.

16. Approval of Financial Statements

These unaudited Condensed Consolidated Interim Financial Statements were approved by the Board of Directors on August 6, 2025.

17. Events After the Reporting Period

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.

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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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.