Management's Discussion and Analysis

The following management's discussion and analysis ("MD&A") has been prepared by management as of February 26, 2026, and is a review of the financial condition and results of operations of Pason Systems Inc. ("Pason" or the "Company") based on IFRS® Accounting Standards issued by the International Accounting Standards Board ("IASB") and should be read in conjunction with the Consolidated Financial Statements and related notes for the twelve months ended December 31, 2025 and 2024, accompanying notes, 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 and completions operations. Pason's drilling related solutions which include data acquisition, wellsite reporting, automation, remote communications, web-based information management, and data analytics, enable collaboration between operations in the field and the office. Through Intelligent Wellhead Systems (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. Pason services major oil and gas basins with a local presence in the following countries: United States, Canada, Argentina, Australia, Brazil, Colombia, Dubai, Ecuador, 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.

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 December 31,			Twelve Months Ended December 31,		
	2025	2024	Change	**2025**	2024	Change
(000s, except per share data)	**($)**	($)	(%)	**($)**	($)	(%)
Revenue	**108,712**	107,629	1	**419,267**	414,133	1
Adjusted EBITDA [1]	**38,109**	42,119	(10)	**153,401**	161,827	(5)
As a % of revenue	**35.1**	39.1	(400) bps	**36.6**	39.1	(250) bps
Funds flow from operations	**8,341**	32,124	(74)	**102,190**	131,133	(22)
Per share – basic	**0.11**	0.40	(73)	**1.30**	1.65	(21)
Per share – diluted	**0.11**	0.40	(73)	**1.30**	1.64	(21)
Cash from operating activities	**28,086**	35,825	(22)	**117,684**	123,190	(4)
Net capital expenditures [2]	**11,982**	18,179	(34)	**54,343**	69,126	(21)
Free cash flow [1]	**16,104**	17,646	(9)	**63,341**	54,064	17
Cash dividends declared (per share)	**0.13**	0.13	—	**0.52**	0.52	—
Net income	**8,107**	16,585	(51)	**51,602**	119,709	(57)
Net income attributable to Pason	**7,969**	16,927	(53)	**53,152**	121,504	(56)
Per share – basic	**0.10**	0.21	(52)	**0.68**	1.53	(56)
Per share – diluted	**0.10**	0.21	(52)	**0.68**	1.52	(55)

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

(2) Includes additions to property, plant, and equipment, development costs and changes in non-cash working capital, net of proceeds on disposal from Pason's Consolidated Statements of Cash Flows

As at	**December 31, 2025**	December 31, 2024	Change
(000s)	**($)**	($)	(%)
Cash and cash equivalents	**75,705**	77,197	(2)
Short-term investments	**1,430**	3,581	(60)
Total Cash [1]	**77,135**	80,778	(5)
Working capital	**90,416**	120,583	(25)
Total interest bearing debt	**—**	—	—
Shares outstanding end of period (#)	**77,791,365**	79,426,065	(2)

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

Pason's financial results for the three and twelve months ended December 31, 2025 reflect the Company's resilience through challenging industry conditions within its drilling and completions segments. Pason generated $108.7 million in revenue in the fourth quarter of 2025, representing a 1% increase from the prior year comparative period, driven by record quarterly revenue from the Company's Solar and Energy Storage segment. Annually, Pason's consolidated revenue in 2025 was $419.3 million, representing a 1% increase in revenue from $414.1 million generated in 2024, outpacing declines in both drilling and completions end markets.

The Company's North American Drilling segment generated revenue in the fourth quarter of 2025 of $67.5 million, a 6% decrease from the $71.8 million generated in the same period in 2024 resulting from a decline in industry drilling activity. During this time, the Company maintained Revenue per Industry Day of $1,044 in the fourth quarter of 2025, which is consistent with the prior year comparative period. Similarly, the Company's International Drilling segment experienced challenging industry conditions in the fourth quarter and generated $12.0 million in revenue, which compares to $15.0 million in the fourth quarter of 2024. Significantly outpacing a 23% decline in active frac spreads in the US, the Company's Completions segment generated $13.0 million in revenue in the fourth quarter of 2025, only a 5% decrease from $13.6 million in the comparative period in 2024. The Company's Solar and Energy Storage segment generated $16.2 million of revenue, a 124% increase from the level seen in 2024 with a record number of deliveries in the quarter. Quarterly revenue within this segment will fluctuate with the timing of deliveries on control systems.

Pason generated $38.1 million in Adjusted EBITDA, or 35.1% of revenue in the fourth quarter of 2025, compared to $42.1 million or 39.1% of revenue in the fourth quarter of 2024. Current quarter Adjusted EBITDA reflects the impacts of more challenging industry conditions on the Company's drilling and completions revenue over a mostly fixed cost base. Further, a comparison of Adjusted EBITDA margins year over year reflects higher levels of revenue generated by the Company's Solar and Energy Storage segment at lower margins.

The Company recorded net income attributable to Pason of $8.0 million ($0.10 per share) in the fourth quarter of 2025, compared to net income attributable to Pason of $16.9 million ($0.21 per share) recorded in the corresponding period in 2024, reflecting lower Adjusted EBITDA year over year as further outlined above, along with higher other expenses, which includes non recurring costs associated with the Company's intellectual property litigation and related settlement agreement announced on December 8, 2025 ending all ongoing and pending intellectual property litigation between the involved parties. For the year ended December 31, 2025 the Company recorded net income attributable to Pason of $53.2 million ($0.68 per share), compared to $121.5 million ($1.53 per share) recorded in the prior year period, primarily as a result of the non-recurring gain recorded in 2024 on previously held equity interest of $50.8 million from the Company's effective control of IWS on January 1, 2024.

Pason's balance sheet remains strong, with no interest bearing debt, and $77.1 million in Total Cash as at December 31, 2025. Pason generated cash from operating activities of $28.1 million in the fourth quarter of 2025, compared to $35.8 million in the fourth quarter of 2024, which reflects lower Adjusted EBITDA year over year.

Pason invested $12.0 million in net capital expenditures during the fourth quarter of 2025, a decrease from $18.2 million in the fourth quarter of 2024 driven by a lower capital plan in 2025 as compared to 2024. Net capital expenditures in Q4 2025 includes investments associated with supporting the continued growth of the Company's pressure control automation technology for the completions segment, as well as the ongoing refresh of Pason's drilling related technology platform. Resulting Free Cash Flow in the fourth quarter of 2025 was $16.1 million, compared to $17.6 million in the same period in 2024.

For the annual period ending December 31, 2025, Pason generated cash from operating activities of $117.7 million and invested $54.3 million in net capital expenditures. Resulting Free Cash Flow for the twelve months ended December 31, 2025 was $63.3 million, a 17% increase from $54.1 million generated in 2024, despite more challenging industry conditions in 2025.

In the fourth quarter of 2025, Pason returned $13.1 million to shareholders through the quarterly dividend of $10.1 million and $3.0 million of share repurchases. For the annual period ending December 31, 2025, Pason returned $62.7 million to shareholders through the quarterly dividend of $40.7 million and $22.0 million of share repurchases.

President’s Message

Pason’s 2025 financial results represented the eighth consecutive year where Pason’s consolidated revenue growth outpaced the change in North American land drilling activity. We have achieved this result through strengthening our competitive position in North America, growing our international business, and entering additional end markets. This demonstrates that our growth prospects are not solely reliant on increases in North American land drilling activity.

The compound effect of outperformance over time has been significant. Over the past 10 years, the North American rig count has decreased by 35% from 2015 levels. Notwithstanding this decline, Pason’s North American Drilling revenue has increased by 12% and our consolidated revenue has increased by 47%. Over the same time period, Adjusted EBITDA has increased by 59%.

In 2025, revenue from our non-drilling segments – Completions and Solar and Energy Storage – contributed more than 20% of consolidated revenue for the first time. Notably, while the earlier stage development of these segments puts downward pressure on consolidated margins, our consolidated Adjusted EBITDA margin in 2025 was higher than in 2015.

Over that ten-year period, we reduced our share count by 7%, completed the acquisition of Intelligent Wellhead Systems (IWS) without shareholder dilution, and returned over $560 million to shareholders through dividends and share repurchases from the free cash flow generated within the business.

In North American Drilling, Revenue per Industry Day of $1,053 represented the highest result in Pason's history. We maintain our leading competitive position by ensuring we continue to deliver innovative products, best-in-class service and exceptional support to our customers. Through expanded features and enhanced functionality in our existing products, and new products that provide additional benefits to customers, we aim to increase both product adoption and price realization over time.

In Completions, IWS revenue grew 12%, significantly outpacing a 24% reduction in the average number of active US frac spreads during the year. Importantly, we were able to offset activity reductions among larger, incumbent customers through the addition of new customers. We have narrowed our focus in the market by shifting away from jobs which only utilize a small number of ancillary products, choosing instead to focus on larger jobs which are more closely aligned with our unique equipment and capabilities. This resulted in a reduction in IWS Active Jobs while increasing Revenue per IWS Day. We are expanding our presence in the completions market with our valve management and automation technologies, and we are working to develop compelling data management products and services for completions that leverage Pason's expertise accumulated over decades of experience in the drilling industry.

Our International Drilling revenue decreased by 14% in 2025 from 2024 levels, primarily driven by the shift from a large customer in Argentina moving away from conventional drilling toward more unconventional development. As unconventional drilling becomes a greater focus in our international markets, we anticipate opportunities to achieve greater adoption of our more advanced technologies, including those for the completions market.

In our Solar and Energy Storage segment, revenue increased by 87% in 2025 to $33.7 million because of a record number of deliveries of energy storage control systems. We also maintained a strong pipeline of new project opportunities driven by pending changes in the regulatory environment for renewable energy project developers.

Our expectation is that revenue growth across these various initiatives will not be linear. Several of our newer product and service offerings will likely benefit from revenue acceleration that comes from greater market presence and awareness over time. Given the earlier stage market adoption of our completions technologies, our near-term revenue trajectory is more closely tied to activity levels of particular customers rather than the overall market. We expect industry conditions to remain relatively flat over the next few quarters driven by ongoing macroeconomic uncertainty and concerns about the potential for oversupplied oil markets. Increasing adoption of existing products and rolling out new products are both significantly more difficult during challenging industry conditions.

We see several supportive industry trends that should provide tailwinds to our efforts over the medium and longer term.

Artificial intelligence is driving increased demand for both power and data, both of which benefit Pason. Much of the growth in power is expected to be supplied by natural gas over both the near and medium term, likely resulting in higher levels of natural gas-directed drilling activity. High quality data, which Pason is well-positioned to provide for drilling and completions, is an essential input to the artificial intelligence models being deployed.

The resiliency of US land crude oil production highlights the impressive achievements our customers have made in deploying technologies and efficiency improvements to offset growing concerns around the degradation of reservoir quality and reduced inventories of top tier drilling locations. As customers look to achieve further efficiency gains, demand for data and technology are expected to further increase. We also anticipate that over time, the efficiency gains from technology will see diminishing returns while geological degradation will accelerate as top tier locations are drilled, resulting in additional drilling and completions activity to maintain production.

Across markets, we are seeing greater development of unconventional resources, higher production from offshore developments and more natural gas-directed activity. History has shown that decline rates are higher for unconventional resources than conventional resources, higher for offshore production as

compared to onshore production, and higher for gas than for oil. As such, we anticipate that overall decline rates for global oil and gas production are likely to increase over time, further necessitating higher levels of drilling and completions activity.

Our capital allocation priorities remain unchanged. We are making investments in areas where we can generate high returns on capital which are not directly available to shareholders in the market, and we are returning excess capital to shareholders in a disciplined, flexible manner.

The 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 technology development and service quality through periods of uncertainty provides the greatest opportunity to enhance our competitive position. We intend to ensure our product and service offerings continue to evolve so we can capitalize on those opportunities.

We continue to manage our operating and capital costs in a disciplined manner and our 2025 capital expenditures came in below the low end of our previously provided range of $55 to $60 million and totaled $54.3 million. Our expectation is that 2026 capital expenditures will be broadly inline with 2025 levels of between $55 and $60 million.

Our approach to shareholder returns is unchanged. We favour flexibility, which includes both disciplined returns through our regular quarterly dividend, which we are maintaining at $0.13 per share, and deploying additional capital beyond the requirements of our organic investments and regular dividends to share repurchases.

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
February 26, 2026

Discussion of Operations

Overall Performance

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2025	2024	Change	**2025**	2024	Change
(000s)	**($)**	($)	(%)	**($)**	($)	(%)
Revenue	**108,712**	107,629	1	**419,267**	414,133	1
Operating expenses	**47,988**	42,483	13	**172,854**	160,530	8
Depreciation and amortization	**15,095**	13,889	9	**58,860**	52,179	13
	63,083	56,372	12	**231,714**	212,709	9
Gross profit	**45,629**	51,257	(11)	**187,553**	201,424	(7)
Other expenses						
Research and development	**13,194**	13,006	1	**54,402**	51,180	6
Selling, general, and administrative	**9,463**	10,324	(8)	**39,197**	41,590	(6)
Stock-based compensation	**2,562**	3,370	(24)	**9,910**	10,898	(9)
Other (income) expenses	**9,789**	5,568	76	**12,724**	(45,610)	nmf
	35,008	32,268	8	**116,233**	58,058	nmf
Income before income taxes	**10,621**	18,989	(44)	**71,320**	143,366	(50)
Income tax provision	**2,514**	2,404	5	**19,718**	23,657	(17)
Net income	**8,107**	16,585	(51)	**51,602**	119,709	(57)
Net income (loss) attributable to:						
Shareholders of Pason	**7,969**	16,927	(53)	**53,152**	121,504	(56)
Non-controlling interest	**138**	(342)	nmf	**(1,550)**	(1,795)	(14)
Net income	**8,107**	16,585	(51)	**51,602**	119,709	(57)
Income per share						
Basic	**0.10**	0.21	(52)	**0.68**	1.53	(56)
Diluted	**0.10**	0.21	(52)	**0.68**	1.52	(55)
Adjusted EBITDA [(1)]	**38,109**	42,119	(10)	**153,401**	161,827	(5)

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

North American Drilling

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2025	2024	Change	**2025**	2024	Change
(000s)	**($)**	($)	(%)	**($)**	($)	(%)
Revenue	**67,509**	71,754	(6)	**274,518**	283,264	(3)
Operating expenses	**20,321**	20,779	(2)	**82,817**	87,468	(5)
Depreciation and amortization	**6,917**	7,611	(9)	**28,393**	28,448	—
Segment gross profit	**40,271**	43,364	(7)	**163,308**	167,348	(2)

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2025	2024	Change	**2025**	2024	Change
	($)	($)	(%)	**($)**	($)	(%)
Revenue per Industry Day [(1)]	**1,044**	1,046	—	**1,053**	1,025	3

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

The North American drilling industry continued to be challenging in Q4 2025 with reductions in both US and Canadian land rig counts when compared to the prior year period. North American land drilling activity fell by 6% from the fourth quarter of 2024 to the fourth quarter of 2025. During that time, Pason held Revenue per Industry Day consistent, with a result of $1,044 during the three months ended December 31, 2025. Pason's North American Drilling operations generated $67.5 million in revenue in the fourth quarter of 2025, a 6% decline from $71.8 million generated in the fourth quarter of 2024, reflective of these more challenging industry conditions.

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. 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. Operating expenses for the segment decreased by 2% in the fourth quarter of 2025 over the 2024 comparative period, primarily as a result of lower repair expenses offsetting inflationary effects on the segment's operating expenses.

Depreciation and amortization for the North American drilling segment decreased by 9% to $6.9 million when compared to the prior year period of 2024, as a result of prior year assets being fully depreciated.

Resulting segment gross profit was $40.3 million during the fourth quarter of 2025 compared to $43.4 million in the comparative period of 2024. Notwithstanding the 6% decline in industry activity year over year, the North American Drilling segment was able to maintain gross profit as a percentage of revenue at 60%.

For the twelve months ended December 31, 2025, the North American drilling segment generated revenue of $274.5 million and segment gross profit of $163.3 million, reflecting only slight decreases of 3% and 2%, respectively when compared to the prior year. These results demonstrate the Company's ability to outpace industry activity, which was down by 6% year over year.

International Drilling

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2025	2024	Change	**2025**	2024	Change
(000s)	**($)**	($)	(%)	**($)**	($)	(%)
Revenue	**11,955**	15,009	(20)	**52,055**	60,252	(14)
Operating expenses	**6,221**	7,732	(20)	**26,268**	27,483	(4)
Depreciation and amortization	**1,002**	736	36	**3,658**	3,543	3
Segment gross profit	**4,732**	6,541	(28)	**22,129**	29,226	(24)

The Company's International Drilling segment experienced industry challenges in the regions in which it operates, with ongoing macroeconomic uncertainty impacting drilling activity levels. In addition, in Argentina, a large customer's operational focus shifted away from conventional wells toward more unconventional drilling in 2025, leading to a reduction in active rigs pending results from this change. As a result, the International Drilling business unit generated $12.0 million of revenue and $4.7 million in gross profit in the fourth quarter of 2025. For the twelve months ended December 31, 2025, segment revenue was $52.1 million and segment gross profit was $22.1 million for the segment. Both quarterly and annual results reflect decreases from the respective prior year comparatives as a result of the aforementioned industry conditions in the segment over a mostly fixed cost base.

Completions

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2025	2024	Change	**2025**	2024	Change
(000s)	**($)**	($)	(%)	**($)**	($)	(%)
Revenue	**13,004**	13,624	(5)	**58,998**	52,587	12
Operating expenses	**8,181**	7,326	12	**33,118**	28,760	15
Depreciation and amortization	**7,093**	5,537	28	**26,540**	20,168	32
Segment gross profit (loss)	**(2,270)**	761	nmf	**(660)**	3,659	nmf

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2025	2024	Change	**2025**	2024	Change
	($)	($)	(%)	**($)**	($)	(%)
IWS Active Jobs [(1)]	**23**	26	(12)	**30**	28	7
Revenue per IWS Day [(1)]	**6,131**	5,668	8	**5,472**	5,127	7

(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 fourth quarter of 2025 with active frac spreads in the US declining by 23% from the prior year comparative period. Against this backdrop, the Company's Completions segment generated $13.0 million of revenue, which represents only a 5% decrease from $13.6 million generated in the fourth quarter of 2024, outpacing industry conditions. This revenue is primarily comprised of the rental of technologies which aid customers with valve management and automation efforts during completions operations. During the fourth quarter of 2025, the business unit averaged 23 IWS Active Jobs, compared to 26 IWS Active Jobs in the fourth quarter of 2024, while revenue per IWS day of $6,131 increased from $5,668 in Q4 2024. Revenue per IWS Day will fluctuate depending on the mix of technology adopted amongst customers, with revenue generated in the fourth quarter of 2025 reflecting a more favorable mix of product adoption in comparison to the comparative prior year period.

Operating expenses for the Completions segment are mostly fixed in nature and 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 fourth quarter of 2025, the Completions business unit

incurred operating expenses of $8.2 million, compared to $7.3 million in the fourth quarter of 2024 driven by investments made by the Company in 2025 to align with the current stage of growth in the Completions segment.

Depreciation and amortization for the Completions segment was $7.1 million in the fourth 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. The increase in depreciation and amortization year over year is as a result of the capital investments made in the segment in recent quarters.

As a result of the aforementioned factors, segment gross loss was $2.3 million in the fourth quarter of 2025 compared to $0.8 million of gross profit in the comparable period of 2024.

For the twelve months ended December 31, 2025 the Completions segment generated revenue of $59.0 million and segment gross loss of $0.7 million. These results reflect a 12% increase in revenue from the prior year comparative despite 24% lower industry activity. Results were also negatively impacted by higher depreciation expense on IWS' growing hardware platform.

Solar and Energy Storage

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2025	2024	Change	**2025**	2024	Change
(000s)	**($)**	($)	(%)	**($)**	($)	(%)
Revenue	**16,244**	7,242	124	**33,696**	18,030	87
Operating expenses	**13,265**	6,646	100	**30,651**	16,819	82
Depreciation and amortization	**83**	5	nmf	**269**	20	nmf
Segment gross profit	**2,896**	591	390	**2,776**	1,191	133

The Solar and Energy Storage business unit generated $16.2 million in revenue during the fourth quarter of 2025, a 124% increase from the fourth 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, and the fourth quarter of 2025 represented a record number of deliveries for the segment.

Operating expenses were $13.3 million during the fourth quarter of 2025, which includes the cost of goods sold on control systems revenue. Resulting segment gross profit was $2.9 million in the fourth quarter of 2025 compared to gross profit of $0.6 million in the comparable period in 2024.

For the twelve months ended December 31, 2025, revenue of $33.7 million and segment gross profit of $2.8 million represent an increase, respectively 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 Consolidated Statements of Operations. Consistent with the Company's other reporting segments, research and development costs are excluded from the segment gross profit table above.

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2025	2024	Change	**2025**	2024	Change
(000s)	**($)**	($)	(%)	**($)**	($)	(%)
Research and development	**1,608**	1,680	(4)	**6,461**	5,987	8

Research and Development

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2025	2024	Change	**2025**	2024	Change
(000s)	**($)**	($)	(%)	**($)**	($)	(%)
Research and development expenses	**13,194**	13,006	1	**54,402**	51,180	6

The Company's research and development costs include expenditures on research and development activities, as well as ongoing support for IT and technology platforms. Fourth quarter research and development costs were consistent with the comparative 2024 period. For the twelve months ended December 31, 2025, research and development costs increased by 6% year over year, 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 December 31,			Twelve Months Ended December 31,		
	2025	2024	Change	**2025**	2024	Change
(000s)	**($)**	($)	(%)	**($)**	($)	(%)
Selling, general, and administrative	**9,463**	10,324	(8)	**39,197**	41,590	(6)

Selling, general and administrative expenses (SG&A) for the Company are mostly fixed in nature. Quarterly SG&A expenses fell by 8% year over year, from $10.3 million in Q4 2024 to $9.5 million in Q4 2025. For the annual period, SG&A expenses fell by 6%. Current year SG&A expenses reflect the Company's disciplined approach to its cost structure in the context of more challenging industry conditions.

Stock-Based Compensation

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2025	2024	Change	**2025**	2024	Change
(000s)	**($)**	($)	(%)	**($)**	($)	(%)
Stock-based compensation	**2,562**	3,370	(24)	**9,910**	10,898	(9)

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 December 31, 2025, the Company held $3.9 million in current stock-based compensation liability and $4.8 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) Expenses

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2025	2024	Change	**2025**	2024	Change
(000s)	**($)**	($)	(%)	**($)**	($)	(%)
Gain on previously held equity interest	**—**	—	—	**—**	(50,830)	nmf
Net interest (income) expense	**1,392**	(218)	nmf	**(491)**	(2,811)	(83)
Put option revaluation	**(1,200)**	(1,413)	(15)	**(1,200)**	(1,413)	(15)
Foreign exchange (gain) loss	**(948)**	5,574	nmf	**1,060**	3,841	(72)
Equity investment income	**(42)**	(303)	(86)	**(587)**	(994)	(41)
Other expenses	**10,587**	1,928	nmf	**13,942**	6,597	nmf
Total other (income) expenses	**9,789**	5,568	76	**12,724**	(45,610)	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. Further information is outlined in Note 5 of the Company's Consolidated Financial Statements.

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 includes costs associated with the Company's intellectual property litigation and related settlement agreement announced on December 8, 2025 ending all ongoing and pending intellectual property litigation between the involved parties. Also included in other expenses is non-recurring severance related costs and transaction costs incurred on the common share acquisition of IWS in the respective periods.

Income Tax Provision

During the fourth quarter of 2025, the Company recorded an income tax expense of $2.5 million, consistent with $2.4 million during the comparative period in 2024. For the year ended December 31, 2025, the Company recorded an income tax expense of $19.7 million compared to an income tax expense of $23.7 million during the comparative period in 2024. Pason's income before tax during the twelve months ended December 31, 2024 included a $50.8 million gain on the revaluation of the Company's previously held equity interest in IWS, which was not subject to income taxes. Excluding this gain, the Company's income before tax declined from 2024 to 2025 as a result of the more challenging industry conditions outlined within this MD&A, and income tax expense followed suit.

Advanced Pricing Arrangement (APA)

In 2018, the Company entered into a Bilateral APA with the Canada Revenue Agency (CRA) and the Internal Revenue Service (IRS) (collectively, the Parties) covering taxation years through December 31, 2021. The APA established an agreed transfer pricing methodology between Pason Systems Corp. (Pason Canada) and Pason Systems USA and Petron (collectively Pason USA) (the covered transactions).

In 2021, the Company commenced discussions with the Parties to renew the APA. The Company's tax filings for the years ended December 31, 2022, through December 31, 2024, were prepared and filed using management estimates which were based upon the transfer pricing methodology of the original APA. During the fourth quarter of 2025, the Parties agreed to a revised APA covering a seven-year period ending December 31, 2028. The revised APA introduced a transfer pricing methodology that increased the

royalty charged by Pason Canada to Pason USA for the years covered by the APA. This resulted in an increase in taxable income in Pason Canada and a corresponding decrease in taxable income in Pason USA. As a result, the Company will amend its tax filings as applicable for the years ending December 31, 2022, December 31, 2023 and December 31, 2024.

The impact of the revised APA on the Company's tax position was recognized during the three months ended December 31, 2025, resulting in an increase in current Canadian income taxes payable of $8.9 million and a corresponding increase in deferred tax assets in Pason USA of $9.8 million. These amounts were recognized through the income tax provision for the year ended December 31, 2025, as an increase in current tax expense with an offsetting increase in deferred tax recovery.

Equity Investments

As at December 31, 2025, the Company holds $3.3 million (as at December 31, 2024: $3.0 million) on its Consolidated 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 December 31, 2025, the Company holds a $3.8 million obligation under a put option on its Consolidated 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 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	Dec 31, 2023	Mar 31, 2024	Jun 30, 2024	Sep 30, 2024	Dec 31, 2024	Mar 31, 2025	Jun 30, 2025	Sep 30, 2025	**Dec 31, 2025**
(000s, except per share data)	($)	($)	($)	($)	($)	($)	($)	($)	($)
North American Drilling	70,507	73,604	63,765	74,141	71,754	75,772	62,479	68,758	**67,509**
International Drilling	17,941	14,632	15,284	15,327	15,009	13,989	13,614	12,497	**11,955**
Completions [2]	—	12,785	13,666	12,512	13,624	16,013	15,345	14,636	**13,004**
Solar and Energy Storage	4,847	3,738	3,141	3,909	7,242	7,403	4,978	5,071	**16,244**
Revenue	93,295	104,759	95,856	105,889	107,629	113,177	96,416	100,962	**108,712**
Adjusted EBITDA [1]	38,888	42,425	33,135	44,148	42,119	45,212	31,574	38,506	**38,109**
As a % of revenue	41.7	40.5	34.6	41.7	39.1	39.9	32.7	38.1	**35.1**
Funds flow from operations	37,455	34,846	28,044	36,119	32,124	36,543	26,484	30,822	**8,341**
Per share – basic	0.47	0.44	0.35	0.45	0.40	0.46	0.34	0.39	**0.11**
Per share – diluted	0.47	0.44	0.35	0.45	0.40	0.46	0.34	0.39	**0.11**
Cash from operating activities	27,412	31,014	25,976	30,375	35,825	39,942	20,231	29,425	**28,086**
Free cash flow [1]	19,317	11,733	8,031	16,654	17,646	23,234	5,276	18,727	**16,104**
Net income	8,012	69,123	10,284	23,717	16,585	19,646	12,008	11,841	**8,107**
Net income attributable to Pason	8,495	69,529	10,890	24,158	16,927	20,009	12,648	12,526	**7,969**
Per share – basic	0.11	0.87	0.14	0.30	0.21	0.25	0.16	0.16	**0.10**
Per share – diluted	0.11	0.87	0.14	0.30	0.21	0.25	0.16	0.16	**0.10**

(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 financial results in the Drilling Segments fluctuates quarterly, partly due to the seasonal nature of the North American oil and gas industry, most notably in relation to the Company’s North American Drilling segment. This fluctuation is somewhat offset by the less seasonal nature of the Completions Segment and the International Drilling and Solar and Energy Storage segments. The first quarter is generally the strongest quarter for our North American Drilling segment due to stronger activity in Canada, where location access is best during the winter. The second quarter is typically the slowest for the North American Drilling segment due to spring break-up in Canada, when many areas are not accessible because of ground conditions, and, therefore, do not permit the movement of heavy equipment. Activity in the North American Drilling segment generally increases in the third quarter, as ground conditions improve and location access becomes more practical; however, a rainy summer can have a significant adverse effect on drilling and completions activity. By the fourth quarter, access to most areas in Canada becomes available when the ground again freezes. Consequently, the performance of the Company may not be comparable from one quarter to the next and should instead be considered either on the basis of full-year results or by comparing results in a quarter with results in the corresponding quarter of the previous year. The overall seasonality of the Company’s operations has, and will continue to become less pronounced as a result of growth in Pason's operations outside of Canadian drilling.

Q4 2025 vs Q3 2025

Consolidated revenue was $108.7 million in the fourth quarter of 2025, a 8% increase over consolidated revenue of $101.0 million in the third quarter of 2025, driven by increased revenue within the Company's Solar and Energy Storage segment.

Revenue in the North American Drilling business unit remained relatively flat from $68.8 million in the third quarter of 2025 to $67.5 million in the fourth quarter of 2025 which is consistent with North American industry drilling activity during this period. Revenue per Industry Day in the fourth quarter of 2025 was $1,044, a 2.5% decrease from $1,071 in the third quarter of 2025 driven by the mix of activity experienced by the segment. 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.

The International business unit reported revenue of $12.0 million in the fourth quarter of 2025, down slightly from $12.5 million in the third quarter of 2025. While activity levels and revenue in the Company's Argentinian subsidiary remained relatively consistent quarter over quarter, the Company faced industry related declines in activity levels within a few other regions in which it operates.

Pason's Completions segment generated $13.0 million of revenue in the fourth quarter of 2025, an 11% decrease from the $14.6 million in the third quarter of 2025 with existing customers slowing overall activity levels nearing the end of the year. As a result, IWS Active Jobs decreased from 30 jobs in the third quarter of 2025 to 23 jobs in the fourth quarter, while Revenue per IWS day increased 14% during that time due to more favorable job mix. Revenue per IWS Day will continue to fluctuate depending on the mix of technology adopted amongst existing customers.

The Solar and Energy Storage business unit generated $16.2 million of revenue in the fourth quarter of 2025 compared to revenue of $5.1 million in the third quarter of 2025. Quarterly revenue for this business unit will fluctuate with timing of delivery of control system projects and the fourth quarter of 2025 represented a record number of deliveries for the segment.

Overall Company Adjusted EBITDA was $38.1 million in the fourth quarter of 2025, or 35.1% of revenue, compared to $38.5 million in the third quarter of 2025, or 38.1% of revenue. While revenue for the Company increased by 8% quarter over quarter, this increase was primarily driven by the Company's Solar and Energy Storage segment which currently generates comparatively lower margins than the Company's other segments. Overall Adjusted EBITDA margins for the Company in comparison to the prior quarter reflect this revenue mix.

The Company recorded net income attributable to Pason in the fourth quarter of 2025 of $8.0 million ($0.10 per share), compared to net income attributable to Pason of $12.5 million ($0.16 per share) in the third quarter of 2025. The decrease quarter over quarter is primarily driven by higher other expenses,

which includes non recurring costs associated with the Company's intellectual property litigation and related settlement agreement announced on December 8, 2025 ending all ongoing and pending intellectual property litigation between the involved parties.

Cash from operating activities declined slightly from $29.4 million in the third quarter of 2025 to $28.1 million in the fourth quarter of 2025 with lower Adjusted EBITDA sequentially. Further, Free Cash Flow in Q4 2025 was $16.1 million compared to $18.7 million in Q3 2025, due to the factors mentioned above along with slightly higher levels of capital expenditures in the current quarter as the Company completed its 2025 capital plans.

Liquidity and Capital Resources

As at	**December 31, 2025**	December 31, 2024	Change
(000s)	**($)**	($)	(%)
Cash and cash equivalents	**75,705**	77,197	(2)
Short-term investments	**1,430**	3,581	(60)
Total Cash [(1)]	**77,135**	80,778	(5)
Working capital	**90,416**	120,583	(25)
Total assets	**596,954**	614,612	(3)
Total interest bearing debt	**—**	—	—

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

As at December 31, 2025, Pason's balance sheet remains strong with no interest bearing debt and $77.1 million in Total Cash (December 31, 2024: $80.8 million). Included in Total Cash is $1.4 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 December 31, 2025, Pason has $90.4 million in working capital, a 25% decrease from $120.6 million, which reflects lower accounts receivable with strong collection trends in 2025, and higher levels of accounts payable with timing of certain capital expenditures and expenses in the fourth quarter of 2025. Finally, working capital balances as at December 31, 2025 reflect the impact of a weaker US dollar versus Canadian dollar in comparison to December 31, 2024 on US dollar working capital balances.

Credit Facilities

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

As at December 31, 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.

Under the Demand Facility, the Company is subject to the following financial covenants:

- To maintain, on a consolidated basis, to be measured as at the end of each fiscal quarter, a ratio of debt to income before interest, taxes, depreciation and amortization, and impairment

losses (EBITDA), calculated on a rolling four quarters basis for the fiscal quarter then ended and the immediately preceding three fiscal quarters of not greater than 1.50:1.

- To maintain an EBITDA for Pason Systems Corp. plus Pason Systems USA of not less than 80% of consolidated EBITDA.

Both covenants have been met throughout the reporting periods.

ABL Facility

The Company also has an undrawn asset based lending facility which was assumed through the IWS Acquisition (the "ABL Facility"). The ABL Facility allows the Company to borrow up to the lesser of $10.0 million, and a calculated amount based on eligible accounts receivable and cash outstanding at each reporting period. As at December 31, 2025, the available balance on the ABL Facility is $9.5 million (as at December 31, 2024: $10.0 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 December 31,			Twelve Months Ended December 31,		
	2025	2024	Change	**2025**	2024	Change
(000s)	**($)**	($)	(%)	**($)**	($)	(%)
Funds flow from operations	**8,341**	32,124	(74)	**102,190**	131,133	(22)
Cash from operating activities	**28,086**	35,825	(22)	**117,684**	123,190	(4)
Cash used in financing activities	**(13,518)**	(14,016)	(4)	**(63,804)**	(63,367)	1
Cash used in investing activities	**(11,281)**	(17,919)	(37)	**(52,454)**	(155,584)	(66)
Net capital expenditures [(1)]	**11,982**	18,179	(34)	**54,343**	69,126	(21)
As a % of funds flow [(2)]	**143.7 %**	56.6 %	nmf	**53.2 %**	52.7 %	50 bps

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

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

Cash from operating activities

Funds flow from operations in the fourth quarter of 2025 was negatively impacted by other expenses incurred by the Company, which includes non recurring costs associated with the Company's intellectual property litigation and related settlement agreement announced on December 8, 2025 ending all ongoing and pending intellectual property litigation between the involved parties.

Cash from operating activities of $28.1 million in the fourth quarter of 2025 compared to $35.8 million generated in the comparative 2024 period, and was primarily impacted by lower levels of Adjusted EBITDA year over year due to the more challenging industry conditions in 2025 as further outlined in this MD&A.

Cash used in financing activities

Cash used in financing activities was $13.5 million during the fourth quarter of 2025, consistent with $14.0 million during the comparative quarter of 2024. 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 December 31, 2025, the Company paid dividends to holders of common shares totaling $10.1 million, or $0.13 per share (Q4 2024 - $10.3 million, or $0.13 per share).

On February 26, 2026, the Company declared a quarterly dividend of $0.13 per share on the Company's common shares. The dividend will be paid on March 31, 2026 to shareholders of record at the close of business on March 17, 2026.

Normal Course Issuer Bid ("NCIB")

On December 16, 2025, the Company announced the renewal of its NCIB commencing on December 20, 2025, and expiring on December 19, 2026. Under the renewed NCIB, the Company may purchase for cancellation, as the Company considers advisable, up to a maximum of 6,944,596 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 48,622 common shares. The Company may make one block purchase per calendar week which exceeds the daily purchase restriction.

For the three month period ended December 31, 2025, the Company repurchased 256,539 (fourth quarter of 2024 - 216,100) shares for cancellation for total cash consideration of $3.0 million (fourth quarter of 2024 - $3.0 million).

For the year ended December 31, 2025, the Company repurchased 1,792,039 (2024 - 661,200) shares for cancellation for total cash consideration of $22.0 million (2024 - $10.0 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 $11.3 million during the fourth 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 with a lower capital budget in 2025 in comparison to 2024.

During the fourth quarter of 2025, Pason invested $12.0 million in net capital expenditures, a decrease from $18.2 million in the fourth quarter of 2024 driven by a lower capital plan in 2025 as compared to 2024. Net capital expenditures in the current quarter includes investments associated with supporting the continued growth of the Company's pressure control automation technology for the completions segment and the ongoing refresh of Pason's drilling related technology platform. For the annual period ending December 31, 2025, Pason invested $54.3 million in net capital expenditures, compared to $69.1 million in 2024.

Commitments and Contingencies

As at December 31, 2025	Less than 1 year	1–3 years	Thereafter	**Total**
(000s)	($)	($)	($)	**($)**
Leases and other operating contracts	9,107	14,233	30,408	**53,748**
Capital commitments	22,192	—	—	**22,192**
Total contractual obligations	31,299	14,233	30,408	**75,940**

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 may be 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.

Disclosure of Outstanding Share and Options Data

As at December 31, 2025, there were 77,791,365 common shares and 3,592,908 options issued and outstanding. As at February 26, 2026, there were 77,650,608 common shares and 3,581,465 options issued and outstanding.

Additional IFRS Accounting Standards Measures

In its Consolidated Financial Statements, the Company uses certain additional IFRS Accounting Standards 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 Consolidated 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	Mar 31, 2024	Jun 30, 2024	Sep 30, 2024	Dec 31, 2024	Mar 31, 2025	Jun 30, 2025	Sep 30, 2025	**Dec 31, 2025**
(000s)	($)	($)	($)	($)	($)	($)	($)	($)
Net income	69,123	10,284	23,717	16,585	19,646	12,008	11,841	**8,107**
Add:								
Income taxes	9,057	6,048	6,148	2,404	8,214	4,445	4,545	**2,514**
Depreciation and amortization	11,730	12,901	13,659	13,889	14,184	13,901	15,680	**15,095**
Stock-based compensation	3,011	4,634	(117)	3,370	2,892	1,929	2,527	**2,562**
Net interest (income)	(1,411)	(522)	(803)	(218)	(512)	(804)	(567)	**1,392**
EBITDA	91,510	33,345	42,604	36,030	44,424	31,479	34,026	**29,670**

Reconcile EBITDA to Adjusted EBITDA

Three Months Ended	Mar 31, 2024	Jun 30, 2024	Sep 30, 2024	Dec 31, 2024	Mar 31, 2025	Jun 30, 2025	Sep 30, 2025	**Dec 31, 2025**
(000s)	($)	($)	($)	($)	($)	($)	($)	**($)**
EBITDA	91,510	33,345	42,604	36,030	44,424	31,479	34,026	**29,670**
Add:								
Foreign exchange loss (gain)	714	(1,202)	(1,245)	5,574	(170)	(1,174)	3,352	**(948)**
Put option revaluation	—	—	—	(1,413)	—	—	—	**(1,200)**
Gain on previously held equity interest	(50,830)	—	—	—	—	—	—	**—**
Other expenses	1,031	992	2,789	1,928	958	1,269	1,128	**10,587**
Adjusted EBITDA	42,425	33,135	44,148	42,119	45,212	31,574	38,506	**38,109**

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	Mar 31, 2024	Jun 30, 2024	Sep 30, 2024	Dec 31, 2024	Mar 31, 2025	Jun 30, 2025	Sep 30, 2025	**Dec 31, 2025**
(000s)	($)	($)	($)	($)	($)	($)	($)	**($)**
Cash from operating activities	31,014	25,976	30,375	35,825	39,942	20,231	29,425	**28,086**
Less:								
Net additions to property, plant and equipment	(17,834)	(16,695)	(12,444)	(16,707)	(15,268)	(13,562)	(9,444)	**(10,676)**
Deferred development costs	(1,447)	(1,250)	(1,277)	(1,472)	(1,440)	(1,393)	(1,254)	**(1,306)**
Free cash flow	11,733	8,031	16,654	17,646	23,234	5,276	18,727	**16,104**

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 Consolidated 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 Consolidated Financial Statements for the year ended December 31, 2025.

Allowance for Doubtful Accounts

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

Depreciation & Amortization

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

Carrying Value of Assets

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

At each reporting period, management assesses whether there are indicators of impairment of the Company's property and equipment, intangible assets, and goodwill. If an indication of impairment exists, the property and equipment, intangible assets, and goodwill are tested for impairment. If not, goodwill is tested for impairment at least annually. In order to determine if impairment exists and to measure the potential impairment charge, the carrying amounts of the Company's CGUs are compared to their recoverable amounts, which is the greater of fair value less costs to sell and value in use (VIU). An impairment charge is recognized to the extent the carrying amount exceeds the recoverable amount. VIU is calculated as the present value of the expected future cash flows specific to each CGU. In calculating VIU, significant judgments are required in making assumptions with respect to discount rates, the market outlook, and future cash flows associated with the CGU. Any changes in these assumptions will have an impact on the measurement of the recoverable amount and could result in adjustments to impairment charges already recorded.

At December 31, 2025, the Company performed an impairment test on its goodwill and concluded that there was no impairment.

Fair value of assets acquired in business combinations

In preparing the purchase price allocation for the business combination completed in 2024, we estimated the fair value of assets acquired which primarily relate to the intangibles and technology of IWS. The estimated fair value of the intangibles is based on attributed values and estimated lives of identifiable intangible assets acquired. Changes in these assumptions, including the discount rate used, would change the amount of capital assets recognized and as a result may cause rise to goodwill or gains recognized on the acquisition and future depreciation expense.

Inventories

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

Provisions and Contingencies

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

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

Development Costs

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

Stock-Based Compensation

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

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

Income Taxes

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

The Company has adopted certain transfer pricing policies and methodologies to value inter-company transactions that occur in the normal course of business. The value placed on such transactions must meet certain guidelines that have been established by the tax authorities in the jurisdictions in which the Company operates. The Company believes that its transfer pricing methodologies are in accordance with such guidelines. In 2025, the Company finalized a Bilateral Advanced Pricing Arrangement (APA) with the Canada Revenue Agency (CRA) and the Internal Revenue Service (IRS) (collectively, the Parties) covering the taxation years ended December 31, 2022, through to December 31, 2028. The APA established an agreed transfer pricing methodology between Pason Systems Corp. (Pason Canada) and Pason Systems USA and Petron (collectively Pason USA) (the covered transactions).

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

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

Deferred tax assets are recognized when it is probable that taxable income will be available against which the temporary differences or tax losses giving rise to the deferred tax asset can be used. This requires estimation of future taxable income and use of tax loss carry-forwards for a considerable period into the

future. Income tax expense in future periods may be affected to the extent actual taxable income is not sufficient or available to use the temporary differences, giving rise to the deferred tax asset.

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, 2025.

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 the 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 and Completions 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.

More recently, commodity prices have been negatively affected by a broad range of factors, such as: increased global production levels, lower demand in larger markets (such as the People's Republic of China), the actions of OPEC+, and finally, concerns surrounding the impacts of the decisions made by US President Donald Trump and his administration, including but not limited to, the potential for increased production levels in Venezuela. Oil and natural gas prices are expected to remain volatile as a result of: ongoing tariffs and trade disputes (as further described under the heading Impact of Tariffs, below), the continued conflict in Ukraine, concerns around the uncertainty of the Middle Eastern conflicts, sanctions on Russian oil and natural gas exports, further measures that may be taken by OPEC+, and any significant releases of oil from, or additions to the strategic reserves of, the US and other nations.

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 Israel, Russia, Ukraine or Venezuela. 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.

Geopolitical Risk

Since the last US presidential election, uncertainty has persisted surrounding the policy direction and potential actions that may be taken by the current administration. The Canada United States Mexico

Agreement (“CUSMA”) is scheduled for review in 2026, which further contributes to this uncertainty. Any new political actions taken by the US, or any revisions to CUSMA, may impose additional compliance obligations, increase the cost of imported materials, reduce demand for Pason’s services or otherwise affect the Company and/or its customers.

Assets outside of Canada and the US may also 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. As mentioned above, Pason does not have any operations or revenue generated in Israel, Russia, Ukraine or Venezuela. In 2025 Pason made the strategic decision to begin the process of winding up its operations in Mexico. Finally, the Company’s Argentinian subsidiary continues to operate 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.

Impact of Tariffs

On April 2, 2025, the US announced extensive international trade policies affecting more than 100 countries globally. In response, several countries announced retaliatory tariff measures against the US.

Pason sources, manufactures and repairs products within both Canada and the US for use across its entire operations. The continued 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, the potential escalation of global tariffs 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. Finally, continued retaliatory tariffs imposed by Canada and other nations on the US could further impact our costs and limit access to key markets, increasing financial and operational challenges.

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.

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.

Cybersecurity

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, cybersecurity 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.

Increased digitization of the Company's products and technology may also create new privacy and security risks that could deter customers or disrupt the Company's operations. If legislation specific to artificial intelligence ("AI") or other regulatory changes require modifications to Pason's products, or if Pason is alleged to have used AI or other technologies improperly, customer confidence and demand for Pason's product offerings could be negatively affected. Similarly, Pason cannot guarantee that investments made to stay ahead of technological advances will drive customer adoption of our products, as some customers may be hesitant to increase their operational reliance on new technologies.

Each of the factors listed above could materially affect our business, financial condition, results of operations and cash flows.

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 foregoing, the loss of one or more major customers, further consolidation by E&P companies 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.

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.

Asset Impairment

We assess our capital and intangible assets for impairment regularly in accordance with current accounting standards and practices. These evaluations rely in part on estimates and assumptions determined by management. Incorrect estimates and/or assumptions, and the resulting effects on asset values, could result in non-cash charges against Pason's income.

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.

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.

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.

Risk of Shareholder Activism

Activist shareholders can put pressure on public companies to make drastic changes to their business operations and corporate governance practices. Responding to shareholder activism can be costly, require significant time and attention from management, and could cause harm to Pason's reputation and/or results. Activism can also create uncertainty and could inhibit our ability to direct an appropriate amount of time and resources to the pursuit of new business opportunities.

Share Price Volatility

The market price of Pason's shares fluctuates for many reasons specific to the Company's performance, such as revenue, costs and earnings levels. Additionally, broader market, industry and economic factors outside of the Company's control can also affect our share price. Finally, although our shares currently trade actively in Canada, we cannot assure that the same level of liquidity will be maintained. Broader market factors, reduced trading activity and/or the potential loss of Pason's listing eligibility could impact the market value of our shares.

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.

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, the forward-looking statements in this document include, but are not limited to, the following: 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, forecasted 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; potential repurchases under the Company's NCIB; 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 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 E&P 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; reliance on renewable energy; 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 this document under the heading, "Risk Factors" and in the Company's 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. There is no representation by Pason and there can be no assurance that actual results achieved will be the same, in whole or in part, as those set out in the forward-looking statements contained herein. Readers are therefore cautioned not to place undue reliance on such forward-looking statements. 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 resulting from new information, future events or otherwise.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

The preparation and presentation of the Company's Consolidated Financial Statements and the overall reasonableness of the Company's financial reporting are the responsibility of management. The Board of Directors is responsible for overseeing management's performance of its responsibilities for financial reporting and internal control. The Board of Directors exercises this responsibility with the assistance of the Audit Committee of the Board of Directors.

Management's Report on Disclosure Controls and Procedures (DC&P)

Disclosure controls and procedures within the Company have been designed to provide reasonable assurance that all relevant information is identified to the President and Chief Executive Officer (CEO), Chief Financial Officer (CFO), and Board of Directors to ensure appropriate and timely decisions are made regarding public disclosure.

For the year ended December 31, 2025, an evaluation of the Company's Disclosure Controls and Procedures was conducted by management under the supervision of the CEO and the CFO. Based on this evaluation, the CEO and CFO have concluded that our DC&P, as defined in National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), was effective to ensure that the information required by Canadian Securities regulatory authorities will be recorded, processed, and reported within the prescribed timelines.

Management's Report on Internal Control over Financial Reporting (ICFR)

Management, under the supervision and participation of the Company's CEO and CFO, is responsible for establishing and maintaining a system of internal controls over financial reporting to provide reasonable assurance that assets are safeguarded and that reliable financial information is produced for preparation of financial statements in accordance with International Financial Reporting Standards. The assessment has been based on criteria established in the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis. Also, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

An evaluation of the Company's ICFR was conducted by management under the supervision of the CEO and the CFO. Based on this evaluation, the CEO and CFO have concluded that as at December 31, 2025, our ICFR, as defined in NI 52-109, was effective. There were no changes in our ICFR during the year ended December 31, 2025, that have materially affected, or are reasonably likely to affect our ICFR.

Historical Review

Selected Financial Data

Years Ended December 31,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
(CDN 000s, except per share data)	**($)**	($)	($)	($)	($)	($)	($)	($)	($)	($)
Operating Results										
Revenue	**419,267**	414,133	369,309	334,998	206,686	156,636	295,642	306,393	245,643	160,446
Expenses										
Operating expenses[3]	**172,854**	160,530	130,013	115,379	81,997	71,576	110,516	109,267	100,635	84,696
Selling, general, and administrative[3]	**39,197**	41,590	24,832	22,246	18,846	17,515	23,739	25,532	21,565	21,897
Research and development	**54,402**	51,180	41,247	37,573	32,220	26,977	30,439	26,997	25,219	22,848
Stock-based compensation	**9,910**	10,898	11,718	15,230	11,523	4,840	10,840	12,313	11,762	6,195
Depreciation and amortization	**58,860**	52,179	27,216	20,842	25,689	34,417	40,830	34,588	45,681	55,384
Adjusted EBITDA[1]	**153,401**	161,827	171,466	159,510	72,520	39,540	129,644	146,004	98,224	31,005
As a % of revenue	**36.6**	39.1	46.4	47.6	35.1	25.2	43.9	48.1	40.0	19.3
Funds flow from operations	**102,190**	131,133	154,472	134,885	67,728	40,560	111,718	128,544	87,121	26,815
Per share – basic	**1.30**	1.65	1.92	1.65	0.82	0.48	1.31	1.51	1.03	0.32
Net income (loss) attributable to Pason	**53,152**	121,504	97,539	107,616	33,845	6,568	54,112	62,944	25,190	(41,792)
Per share – basic	**0.68**	1.53	1.21	1.31	0.41	0.08	0.63	0.74	0.30	(0.49)
Net capital expenditures[2]	**54,343**	69,126	38,002	33,941	9,950	4,719	22,593	21,655	19,966	13,711
Financial Position										
Total assets	**596,954**	614,612	487,877	469,928	379,941	361,416	437,841	461,716	398,446	435,251
Working capital	**90,416**	120,583	212,561	213,899	184,083	167,366	183,769	256,153	193,692	198,419
Total equity	**472,119**	495,673	400,955	380,962	307,781	305,283	346,454	386,077	347,486	386,651
Common Share Data										
Common shares outstanding (#000s)										
At December 31	**77,791**	79,426	79,685	81,527	82,194	83,089	84,538	85,783	85,158	84,628
Weighted average	**78,518**	79,580	80,379	81,961	82,792	83,956	85,409	85,357	84,821	84,365
Dividends ($)	**0.52**	0.52	0.48	0.36	0.20	0.48	0.74	0.70	0.68	0.68

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

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

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

Corporate Information

Directors

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

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

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

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

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

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

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

Corporate Head Office

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InvestorRelations@pason.com
www.pason.com

Auditors

Deloitte LLP
Calgary, Alberta

Banker

Royal Bank of Canada
Calgary, Alberta

Registrar and Transfer Agent

Computershare Trust Company of Canada
Calgary, Alberta

Stock Trading

Toronto Stock Exchange
Trading Symbol: PSI.TO

OTC Markets Group
Trading Symbol: PSYTF

Eligible Dividend Designation

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