

Condensed Consolidated Interim Financial Statements and Notes

Condensed Consolidated Interim Balance Sheets

| As at | Note* | June 30, 2021 | December 31, 2020 |
|---|-------|----------------|-------------------|
| (CDN 000s) (unaudited) | | (\$) | (\$) |
| Assets | | | |
| Current | | | |
| Cash and cash equivalents | 4 | 135,033 | 149,282 |
| Trade and other receivables | | 38,858 | 25,747 |
| Income taxes recoverable - other | 6 | 15,162 | 15,304 |
| Prepaid expenses | | 2,612 | 2,973 |
| Income taxes recoverable | | 1,972 | 3,489 |
| Total current assets | | 193,637 | 196,795 |
| Non-current | | | |
| Property, plant and equipment | | 87,661 | 94,986 |
| Investments | 7 | 31,125 | 24,719 |
| Intangible assets and goodwill | | 41,683 | 44,916 |
| Total non-current assets | | 160,469 | 164,621 |
| Total assets | | 354,106 | 361,416 |
| Liabilities and equity | | | |
| Current | | | |
| Trade payables and accruals | | 17,582 | 14,035 |
| Income taxes payable | | 802 | 2,039 |
| Stock-based compensation liability | 9 | 3,687 | 1,426 |
| Lease liability | | 1,556 | 1,929 |
| Obligation under put option | 7 | 5,000 | 10,000 |
| Total current liabilities | | 28,627 | 29,429 |
| Non-current | | | |
| Deferred tax liabilities | | 7,033 | 7,927 |
| Lease liability | | 6,159 | 4,240 |
| Stock-based compensation liability | 9 | 5,346 | 3,384 |
| Obligation under put option | | 10,857 | 11,153 |
| Total non-current liabilities | | 29,395 | 26,704 |
| Equity | | | |
| Share capital | 8 | 163,946 | 164,568 |
| Share-based benefits reserve | | 33,735 | 33,170 |
| Foreign currency translation reserve | | 46,771 | 54,090 |
| Equity reserve | | (8,375) | (8,375) |
| Retained earnings | | 62,540 | 63,609 |
| Total equity attributable to equity holders of the Company | | 298,617 | 307,062 |
| Non-controlling interest | | (2,533) | (1,779) |
| Total equity | | 296,084 | 305,283 |
| Total liabilities and equity | | 354,106 | 361,416 |

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

Condensed Consolidated Interim Statements of Operations

| | Note* | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|-------|-----------------------------|---------|---------------------------|---------|
| | | 2021 | 2020 | 2021 | 2020 |
| (CDN 000s, except per share data) (unaudited) | | (\$) | (\$) | (\$) | (\$) |
| Revenue | | 43,593 | 26,848 | 86,148 | 100,810 |
| Operating expenses | | | | | |
| Rental services | | 17,205 | 15,554 | 33,662 | 40,335 |
| Local administration | | 2,646 | 2,255 | 5,097 | 6,628 |
| Depreciation and amortization | | 6,156 | 8,612 | 13,987 | 19,026 |
| | | 26,007 | 26,421 | 52,746 | 65,989 |
| Gross profit | | 17,586 | 427 | 33,402 | 34,821 |
| Other expenses | | | | | |
| Research and development | | 7,849 | 6,737 | 14,965 | 14,799 |
| Corporate services | | 2,913 | 2,827 | 5,945 | 6,512 |
| Stock-based compensation expense | 9 | 2,216 | 1,868 | 4,818 | 1,746 |
| Other income | 11 | (2,274) | (5,134) | (4,456) | (5,940) |
| | | 10,704 | 6,298 | 21,272 | 17,117 |
| Income (loss) before income taxes | | 6,882 | (5,871) | 12,130 | 17,704 |
| Income tax provision | | 2,002 | (1,072) | 3,259 | 5,951 |
| Net income (loss) | | 4,880 | (4,799) | 8,871 | 11,753 |
| Net income (loss) attributable to: | | | | | |
| Shareholders of Pason | | 5,307 | (4,487) | 9,622 | 12,432 |
| Non-controlling interest | | (427) | (312) | (751) | (679) |
| Net income (loss) | | 4,880 | (4,799) | 8,871 | 11,753 |
| Income (loss) per share | 12 | | | | |
| Basic | | 0.06 | (0.05) | 0.12 | 0.15 |
| Diluted | | 0.06 | (0.05) | 0.12 | 0.15 |

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Condensed Consolidated Interim Statements of Other Comprehensive Income (Loss)

| | Note* | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-------|-----------------------------|----------|---------------------------|--------|
| | | 2021 | 2020 | 2021 | 2020 |
| (CDN 000s) (unaudited) | | (\$) | (\$) | (\$) | (\$) |
| Net income (loss) | | 4,880 | (4,799) | 8,871 | 11,753 |
| Items that may be reclassified subsequently to net income: | | | | | |
| Foreign currency translation adjustment | | (3,639) | (11,660) | (7,322) | 12,228 |
| Other comprehensive (loss) income | | (3,639) | (11,660) | (7,322) | 12,228 |
| Total comprehensive income | | 1,241 | (16,459) | 1,549 | 23,981 |
| Total comprehensive income (loss) attributed to: | | | | | |
| Shareholders of Pason | | 1,675 | (16,178) | 2,303 | 24,669 |
| Non-controlling interest | | (434) | (281) | (754) | (688) |
| Total comprehensive income (loss) | | 1,241 | (16,459) | 1,549 | 23,981 |

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

Condensed Consolidated Interim Statements of Changes in Equity

| | Note* | Share Capital | Share- Based Benefits Reserve | Foreign Currency Translation Reserve | Equity Reserve | Retained Earnings | Total Equity Attributable to Pason | Non- Controlling Interest | Total Equity |
|--|-------|------------------|--|---|-------------------|----------------------|--|---------------------------------|-----------------|
| (CDN 000s) (unaudited) | | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) |
| Balance at January 1, 2020 | | 166,701 | 30,863 | 57,830 | (8,375) | 99,806 | 346,825 | (371) | 346,454 |
| Net income (loss) | | — | — | — | — | 12,432 | 12,432 | (679) | 11,753 |
| Dividends | | — | — | — | — | (32,064) | (32,064) | — | (32,064) |
| Other comprehensive income | | — | — | 12,237 | — | — | 12,237 | (9) | 12,228 |
| Expense related to stock options | | — | 1,006 | — | — | — | 1,006 | — | 1,006 |
| Shares cancelled under NCIB | 8 | (872) | — | — | — | (3,211) | (4,083) | — | (4,083) |
| Liability reversal for automatic share purchase plan commitment pursuant to NCIB | 8 | 732 | — | — | — | 4,268 | 5,000 | — | 5,000 |
| Balance at June 30, 2020 | | 166,561 | 31,869 | 70,067 | (8,375) | 81,231 | 341,353 | (1,059) | 340,294 |
| Net (loss) | | — | — | — | — | (5,864) | (5,864) | (755) | (6,619) |
| Dividends | | — | — | — | — | (8,356) | (8,356) | — | (8,356) |
| Other comprehensive income | | — | — | (15,977) | — | — | (15,977) | 35 | (15,942) |
| Expense related to stock options | | — | 1,301 | — | — | — | 1,301 | — | 1,301 |
| Shares cancelled under NCIB | | (1,993) | — | — | — | (3,402) | (5,395) | — | (5,395) |
| Balance at December 31, 2020 | | 164,568 | 33,170 | 54,090 | (8,375) | 63,609 | 307,062 | (1,779) | 305,283 |
| Net income (loss) | | — | — | — | — | 9,622 | 9,622 | (751) | 8,871 |
| Dividends | | — | — | — | — | (8,322) | (8,322) | — | (8,322) |
| Other comprehensive income | | — | — | (7,319) | — | — | (7,319) | (3) | (7,322) |
| Expense related to stock options | | — | 565 | — | — | — | 565 | — | 565 |
| Shares cancelled under NCIB | 8 | (622) | — | — | — | (2,369) | (2,991) | — | (2,991) |
| Balance at June 30, 2021 | | 163,946 | 33,735 | 46,771 | (8,375) | 62,540 | 298,617 | (2,533) | 296,084 |

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

Condensed Consolidated Interim Statements of Cash Flows

| | | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-------|-----------------------------|-----------------|---------------------------|-----------------|
| | Note* | 2021 | 2020 | 2021 | 2020 |
| (CDN 000s) (unaudited) | | (\$) | (\$) | (\$) | (\$) |
| Cash from (used in) operating activities | | | | | |
| Net income | | 4,880 | (4,799) | 8,871 | 11,753 |
| Adjustment for non-cash items: | | | | | |
| Depreciation and amortization | | 6,156 | 8,612 | 13,987 | 19,026 |
| Stock-based compensation expense | 9 | 2,216 | 1,868 | 4,818 | 1,746 |
| Deferred income taxes | | 248 | (285) | (797) | (278) |
| Net monetary gain | | 142 | (287) | (58) | (731) |
| Derecognition of lease liability | | — | (5,757) | — | (5,757) |
| Unrealized foreign exchange loss and other | | 1,020 | 782 | 1,571 | 1,097 |
| Funds flow from operations | | 14,662 | 134 | 28,392 | 26,856 |
| Movements in non-cash working capital items: | | | | | |
| (Increase) decrease in trade and other receivables | | (5,277) | 36,301 | (11,904) | 35,941 |
| Decrease in prepaid expenses | | 374 | 770 | 408 | 1,869 |
| (Increase) decrease in income taxes payable | | (1,257) | (2,208) | 2,828 | 4,423 |
| Increase (decrease) in trade payables, accruals and stock-based compensation liability | | 1,274 | (3,679) | 3,923 | (11,142) |
| Effects of exchange rate changes | | 149 | (640) | (279) | (143) |
| Cash generated from operating activities | | 9,925 | 30,678 | 23,368 | 57,804 |
| Income tax paid | | (84) | (725) | (2,442) | (2,258) |
| Net cash from operating activities | | 9,841 | 29,953 | 20,926 | 55,546 |
| Cash flows from (used in) financing activities | | | | | |
| Payment of dividends | 8 | (4,164) | (16,038) | (8,322) | (32,064) |
| Repurchase and cancellation of shares under NCIB | 8 | (2,991) | (263) | (2,991) | (4,083) |
| Repayment of lease liability | | (465) | (658) | (1,088) | (1,243) |
| Net cash used in financing activities | | (7,620) | (16,959) | (12,401) | (37,390) |
| Cash flows (used in) from investing activities | | | | | |
| Equity investments | 7 | (12,127) | — | (12,127) | (5,000) |
| Additions to property, plant and equipment | | (4,059) | (1,378) | (5,509) | (4,044) |
| Development costs | | (461) | 579 | (860) | 157 |
| Proceeds on disposal of property, plant and equipment | | 191 | 393 | 343 | 807 |
| Changes in non-cash working capital | | 172 | 341 | (40) | 357 |
| Net cash used in investing activities | | (16,284) | (65) | (18,193) | (7,723) |
| Effect of exchange rate on cash and cash equivalents | | (2,331) | (6,773) | (4,581) | 5,037 |
| Net increase (decrease) in cash and cash equivalents | | (16,394) | 6,156 | (14,249) | 15,470 |
| Cash and cash equivalents, beginning | | 151,427 | 170,330 | 149,282 | 161,016 |
| Cash and cash equivalents, ending | 4 | 135,033 | 176,486 | 135,033 | 176,486 |

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

Notes to Condensed Consolidated Interim Financial Statements

(000s, except per share data)

1. Description of Business

Pason Systems Inc. ("Pason" or the "Company") is a leading global provider of instrumentation and data management systems for drilling rigs.

The Company headquarters are located at 6130 Third Street SE, Calgary, Alberta, Canada. The Company is a publicly traded company listed on the Toronto Stock Exchange under the symbol PSI. The Consolidated Financial Statements of the Company are comprised of the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The accompanying Condensed Consolidated Interim Financial Statements include the accounts of Pason Systems Inc., its wholly owned subsidiaries, and Energy Toolbase Software Inc.

2. Basis of Preparation

Statement of compliance

These unaudited Condensed Consolidated Interim Financial Statements have been prepared in accordance with the requirements of International Accounting Standard ("IAS") 34, Interim Financial Reporting and include the accounts of Pason and its wholly owned subsidiaries. All significant intercompany balances and transactions including revenue and expenses have been eliminated. These unaudited Condensed Consolidated Interim Financial Statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended December 31, 2020.

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

Key Sources of Estimation Uncertainty

The preparation of these Condensed Consolidated Interim Financial Statements in compliance with IAS 34 requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas where significant judgment and estimates have been made in preparing the financial statements and their effect are disclosed in Note 2 of the Company's 2020 consolidated annual financial statements. As the COVID-19 pandemic continues to have significant impacts on the global demand for fossil fuels, the impact on Pason's financial and operational performance remains uncertain at this time. The Company continues to closely monitor current developments as it relates to the COVID-19 pandemic and should the duration, spread, or intensity of the pandemic continue or worsen, further negative impacts on the Company's financial and operational performance can be expected. As such, actual results may differ significantly from estimates made within these Condensed Consolidated Interim Financial Statements.

3. Changes in Accounting Standards

Adoption of new standard

IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement, IFRS 7, Financial Instruments; Disclosures, IFRS 4, Insurance Contracts, and IFRS 16, Leases, collectively named 'Interest Rate Benchmark Reform – Phase 2' (adopted January 1, 2021).

The amendments provide relief for modifications of financial contracts and leases and discontinuing hedge accounting required solely by Interest Rate Benchmark Reform. The amendments include a

practical expedient to apply the change in the basis for determining the contractual cash flows prospectively by revising the effective interest rate. A similar practical expedient is also provided for modifications of the cash flows of lease liabilities.

In relation to hedge accounting, the amendments introduce an exception to the existing requirements so that changes in the formal designation of a hedge accounting relationship that are needed to reflect the changes required by Interest Rate Benchmark Reform do not result in the discontinuation of hedge accounting or the designation of a new hedging relationship.

4. Cash and Cash Equivalents

| As at | June 30, 2021 | December 31, 2020 |
|---------------------------|---------------|-------------------|
| | (\$) | (\$) |
| Cash | 44,566 | 41,124 |
| Cash equivalents | 90,467 | 108,158 |
| Cash and cash equivalents | 135,033 | 149,282 |

Cash equivalents are made up of cash invested in money market funds with interest rates of approximately 0.2% and maturities ranging from 1–90 days.

5. Seasonality

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

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

6. Income Taxes Recoverable - other

During the first quarter of 2019, the Company paid withholding tax owing to the Canada Revenue Agency (CRA) of \$15,304 as part of a Bilateral Advanced Pricing Arrangement (APA) entered into with the CRA and the Internal Revenue Service (IRS). As such, the Company recorded an amount under current income tax recoverable - other, which represents a corresponding amount owing from the IRS. During the first quarter of 2021, the Company collected \$142 from the IRS for one of the three years for which the withholding tax amount related to. The IRS has completed their audit on the remaining \$15,162 with no proposed adjustments, and the company currently awaits final processing of the refund amount owing.

7. Investments

Investments are comprised of the Company's investment in Intelligent Wellhead Systems Inc. (IWS) and Rawabi Pason Company.

During the second quarter, Pason increased its minority investment in IWS and acquired a portion of outstanding common shares for total cash consideration of \$7,127. IWS is a privately-owned oil and gas technology and service company that provides engineered controls, data acquisition and software to automate workflows and processes at live well operations in the completions segment of the oil and gas industry. The Company's initial minority investment was made in 2019, and consisted of total consideration of \$25,000. The investment consisted of initial cash consideration of \$10,000 and \$15,000 payable in three separate \$5,000 put options, exercisable at IWS' discretion for a period of up to three years. The first \$5,000 put obligation was exercised in the third quarter of 2020, while the second was exercised during the second quarter of 2021 to fund IWS' recent growth.

As such, total cash outflow associated with the Company's minority investment in IWS during the second quarter of 2021 was \$12,127 million (Q2 2020 - \$nil).

8. Share Capital

Common shares

| | Six Months Ended June 30, 2021 | | Year ended December 31, 2020 | |
|--|-----------------------------------|-------------------|---------------------------------|-------------|
| | (\$) | (#) | (\$) | (#) |
| Balance, beginning | 164,568 | 83,088,941 | 166,701 | 84,538,241 |
| Shares repurchased and cancelled under NCIB | (622) | (313,900) | (2,865) | (1,449,300) |
| Reversal of prior period liability for APP commitment pursuant to NCIB | — | — | 732 | — |
| Balance, ending | 163,946 | 82,775,041 | 164,568 | 83,088,941 |

At June 30, 2021, the Company was authorized to issue an unlimited number of common shares and an unlimited number of preferred shares, issuable in series.

The holders of common shares are entitled to receive dividends, as declared at the discretion of the Board of Directors, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Common share dividends

For the six month period ended June 30, 2021, the Company declared and paid dividends of \$8,322 (2020: \$32,064) or \$0.10 per common share (2020: \$0.38).

Normal Course Issuer Bid (NCIB)

In 2020, the Company renewed its NCIB commencing on December 18, 2020, and expiring on December 17, 2021. Under the current NCIB, the Company may purchase for cancellation, as the Company considers advisable, up to a maximum of 4,149,047 common shares, which represents 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 83,393 common shares. The Company may make one block purchase per calendar week which exceeds the daily purchase restriction.

For the six month period ended June 30, 2021, the Company repurchased 313,900 shares for cancellation for a total cash consideration of \$2,991. For the six month period ended June 2020, the Company repurchased 442,600 common shares for cancellation for a total cash consideration of \$4,083. The total consideration is allocated between share capital and retained earnings.

9. Stock-Based Compensation

Stock option plan

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

| | Six Months Ended June 30, 2021 | | Twelve Months Ended December 31, 2020 | |
|------------------------------------|--------------------------------|--|---------------------------------------|--|
| | Share Options (#) | Weighted Average Exercise Price (\$) | Share Options (#) | Weighted Average Exercise Price (\$) |
| Outstanding, beginning | 4,277,601 | 15.96 | 5,111,355 | 17.87 |
| Granted | — | — | 635,910 | 7.33 |
| Expired or forfeited | (836,796) | 17.35 | (1,469,664) | 18.88 |
| Outstanding, ending | 3,440,805 | 15.62 | 4,277,601 | 15.96 |
| Exercisable, ending | 2,229,367 | 17.76 | 2,990,012 | 17.74 |
| Available for grant, ending | 2,353,448 | | 1,537,897 | |

Restricted share units plan

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

The outstanding RSUs can be summarized as follows:

| | Six Months Ended June 30, 2021 | Twelve Months Ended December 31, 2020 |
|---------------------|-----------------------------------|--|
| | (#) | (#) |
| RSUs, beginning | 1,111,190 | 650,055 |
| Granted | — | 806,548 |
| Vested and paid | (1,500) | (219,800) |
| Forfeited | (53,198) | (125,613) |
| RSUs, ending | 1,056,492 | 1,111,190 |

Deferred share units plan

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

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

| | Six Months Ended June 30, 2021 | Twelve Months Ended December 31, 2020 |
|---------------------|-----------------------------------|--|
| | (#) | (#) |
| DSUs, beginning | 252,363 | 169,938 |
| Credited | 40,977 | 82,425 |
| DSUs, ending | 293,340 | 252,363 |

Performance share units plan

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

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

| | Six Months Ended June 30, 2021 | Twelve Months Ended December 31, 2020 |
|-----------------|-----------------------------------|--|
| | (#) | (#) |
| PSUs, beginning | 2,332,028 | 4,561,167 |
| Granted | — | 1,085,250 |
| Vested and paid | — | (2,236,834) |
| Forfeited | — | (1,077,555) |
| PSUs, ending | 2,332,028 | 2,332,028 |

Stock-based compensation expense and liability

For the three month period ended June 30, 2021, the Company recorded \$2,216 of stock-based compensation expense for its equity and cash settled plans (second quarter of 2020: \$1,868). For the six month period ended June 30, 2021, the Company recorded \$4,818 of stock-based compensation expense for its equity and cash settled plans (first half of 2020: \$1,746). As at June 30, 2021, the Company held \$3,687 in current stock-based compensation liability and \$5,346 in non-current stock-based compensation liability for its cash settled plans (as at December 31, 2020: \$1,426 and \$3,384 respectively).

10. Operating Segments

Prior to the third quarter of 2020, the Company presented three operating segments, based upon the geographic segments of the Company's core business servicing the oil and gas industry, consisting of Canada, the United States, and International. The United States segment included Energy Toolbase Software Inc., which is the operating entity of the Company's solar and energy storage business.

In 2020, the Company streamlined its structure and operations by consolidating its core US and Canadian operations. Furthermore, the Solar and Energy Storage business is distinct from the Company's core business and anticipated future operating results are expected to be significant, warranting a distinct segment. Given these factors, management realigned the Company's operating segments to better reflect how management makes decisions for the Company.

As a result of the change in reportable segments the Company now reports on three strategic business units: The North American (Canada and the United States) and International (Latin America, including Mexico, Offshore, the Eastern Hemisphere, and the Middle East) business units, all of which offer technology services to the oil and gas industry, and the Solar and Energy Storage business unit, which provides technology services to solar and energy storage developers. All comparative figures have been reclassified to conform to the new presentation.

The following tables represent a disaggregation of revenue from contracts with customers along with the reportable segment for each category:

| Three Months Ended June 30, 2021 | North America | International | Solar and Energy Storage | Total |
|--|----------------|---------------|--------------------------------|----------------|
| | (\$) | (\$) | (\$) | (\$) |
| Revenue | | | | |
| Drilling Data | 18,957 | 4,742 | — | 23,699 |
| Mud Management and Safety | 10,428 | 1,724 | — | 12,152 |
| Communications | 1,939 | 355 | — | 2,294 |
| Drilling Intelligence | 2,342 | 247 | — | 2,589 |
| Analytics and Other | 1,262 | 741 | 856 | 2,859 |
| Total Revenue | 34,928 | 7,809 | 856 | 43,593 |
| Rental services and local administration | 14,036 | 4,512 | 1,303 | 19,851 |
| Depreciation and amortization | 5,640 | 511 | 5 | 6,156 |
| Segment gross profit (loss) | 15,252 | 2,786 | (452) | 17,586 |
| Research and development | | | | 7,849 |
| Corporate services | | | | 2,913 |
| Stock-based compensation | | | | 2,216 |
| Other income | | | | (2,274) |
| Income tax provision | | | | 2,002 |
| Net income | | | | 4,880 |
| Net income attributable to Pason | | | | 5,307 |
| Capital expenditures | 3,952 | 568 | — | 4,520 |
| As at June 30, 2021 | | | | |
| Property plant and equipment | 77,787 | 9,779 | 95 | 87,661 |
| Intangible assets | 6,413 | — | 3,312 | 9,725 |
| Goodwill | 8,332 | 2,600 | 21,026 | 31,958 |
| Segment assets | 279,112 | 49,732 | 25,212 | 354,106 |
| Segment liabilities | 51,208 | 5,346 | 1,468 | 58,022 |

| Three Months Ended June 30, 2020 (restated) | North America | International | Solar and Energy Storage | Total |
|--|----------------------|----------------------|---|----------------|
| | (\$) | (\$) | (\$) | (\$) |
| Revenue | | | | |
| Drilling Data | 12,654 | 1,439 | — | 14,093 |
| Mud Management and Safety | 6,933 | 1,287 | — | 8,220 |
| Communications | 890 | 47 | — | 937 |
| Drilling Intelligence | 1,136 | 74 | — | 1,210 |
| Analytics and Other | 1,346 | 191 | 851 | 2,388 |
| Total Revenue | 22,959 | 3,038 | 851 | 26,848 |
| Rental services and local administration | 13,049 | 3,371 | 1,389 | 17,809 |
| Depreciation and amortization | 7,605 | 1,000 | 7 | 8,612 |
| Segment gross profit (loss) | 2,305 | (1,333) | (545) | 427 |
| Research and development | | | | 6,737 |
| Corporate services | | | | 2,827 |
| Stock-based compensation | | | | 1,868 |
| Other income | | | | (5,134) |
| Income tax provision (recovery) | | | | (1,072) |
| Net loss | | | | (4,799) |
| Net loss attributable to Pason | | | | (4,487) |
| Capital expenditures | 452 | 347 | — | 799 |
| As at June 30, 2020 | | | | |
| Property plant and equipment | 37,684 | 59,673 | 13,684 | 111,041 |
| Intangible assets | 12,011 | 1,928 | — | 13,939 |
| Goodwill | 1,259 | 30,896 | 2,600 | 34,755 |
| Segment assets | 99,927 | 255,897 | 51,563 | 407,387 |
| Segment liabilities | 36,374 | 26,240 | 4,479 | 67,093 |

| Six Months Ended June 30, 2021 | North America | International | Solar and Energy Storage | Total |
|--|---------------|---------------|--------------------------|---------|
| | | | | |
| | (\$) | (\$) | (\$) | (\$) |
| Revenue | | | | |
| Drilling Data | 37,341 | 9,091 | — | 46,432 |
| Mud Management and Safety | 20,424 | 3,239 | — | 23,663 |
| Communications | 4,188 | 621 | — | 4,809 |
| Drilling Intelligence | 5,151 | 455 | — | 5,606 |
| Analytics and Other | 2,403 | 1,467 | 1,768 | 5,638 |
| Total Revenue | 69,507 | 14,873 | 1,768 | 86,148 |
| Rental services and local administration | 27,956 | 8,152 | 2,651 | 38,759 |
| Depreciation and amortization | 12,630 | 1,347 | 10 | 13,987 |
| Segment gross profit (loss) | 28,921 | 5,374 | (893) | 33,402 |
| Research and development | | | | 14,965 |
| Corporate services | | | | 5,945 |
| Stock-based compensation | | | | 4,818 |
| Other income | | | | (4,456) |
| Income tax provision | | | | 3,259 |
| Net income | | | | 8,871 |
| Net income attributable to Pason | | | | 9,622 |
| Capital expenditures | 5,801 | 568 | — | 6,369 |

| Six months ended June 30, 2020 (restated) | North America | International | Solar and Energy Storage | Total |
|--|---------------|---------------|--------------------------|---------|
| | | | | |
| | (\$) | (\$) | (\$) | (\$) |
| Revenue | | | | |
| Drilling Data | 45,821 | 6,943 | — | 52,764 |
| Mud Management and Safety | 26,097 | 3,520 | — | 29,617 |
| Communications | 5,519 | 496 | — | 6,015 |
| Drilling Intelligence | 6,230 | 375 | — | 6,605 |
| Analytics and Other | 3,114 | 953 | 1,742 | 5,809 |
| Total Revenue | 86,781 | 12,287 | 1,742 | 100,810 |
| Rental services and local administration | 35,085 | 8,654 | 3,224 | 46,963 |
| Depreciation and amortization | 16,974 | 2,039 | 13 | 19,026 |
| Segment gross profit (loss) | 34,722 | 1,594 | (1,495) | 34,821 |
| Research and development | | | | 14,799 |
| Corporate services | | | | 6,512 |
| Stock-based compensation | | | | 1,746 |
| Other income | | | | (5,940) |
| Income tax provision | | | | 5,951 |
| Net income | | | | 11,753 |
| Net income attributable to Pason | | | | 12,432 |
| Capital expenditures | 2,506 | 1,031 | 350 | 3,887 |

11. Other Income

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--------------------------------|-----------------------------|---------|---------------------------|---------|
| | 2021 | 2020 | 2021 | 2020 |
| | (\$) | (\$) | | |
| Government wage assistance | (2,966) | (4,363) | (5,890) | (4,363) |
| Derecognition of onerous lease | — | (5,757) | — | (5,757) |
| Reorganization costs | — | 5,554 | — | 5,554 |
| Net monetary gain | (11) | (396) | (60) | (815) |
| Net interest income | (270) | (338) | (278) | (736) |
| Equity loss | 194 | 323 | 523 | 79 |
| Foreign exchange loss | 725 | 79 | 1,173 | 32 |
| Other | 54 | (236) | 76 | 66 |
| Other (income) | (2,274) | (5,134) | (4,456) | (5,940) |

During the second quarter of 2021, the Company was eligible to participate in the Canada Emergency Wage Subsidy (CEWS) program, which was started by the Government of Canada in April 2020. As a result, a CEWS benefit of \$2,966 (2020 - \$4,363) was recorded as government wage assistance.

During the second quarter of 2020, the Company entered into an agreement to terminate the lease at its previous US head office in Golden, Colorado. As a result, a recovery of \$5,757 was recorded, which is comprised of the derecognition of the previous recorded onerous lease liability, offset by a termination payment.

During the second quarter of 2020, the Company initiated staff reduction initiatives to address the anticipated prolonged downturn in oil and gas drilling activity in all of its markets. Accordingly, the Company recorded reorganization expenses of \$5,554, which is comprised of termination and other staff related costs.

Net monetary gain included in other income is a result of applying hyperinflation accounting to the Company's Argentinian subsidiary.

The equity loss is a result of the Company using the equity method of accounting to account for its investments in Intelligent Wellhead Systems Inc. and the Pason Rawabi joint venture and reflects the current period change in the value of the Company's equity investment.

12. Income Per Share

Basic income per share

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|------------|---------------------------|------------|
| | 2021 | 2020 | 2021 | 2020 |
| | | | (#) | (#) |
| Issued common shares outstanding, beginning | 83,088,941 | 84,095,641 | 83,088,941 | 84,538,241 |
| Effect of NCIB and exercised options | (78,475) | — | (44,843) | (271,514) |
| Weighted average number of common shares (basic) | 83,010,466 | 84,095,641 | 83,044,098 | 84,266,727 |

Diluted income per share

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|------------|---------------------------|------------|
| | 2021 | 2020 | 2021 | 2020 |
| | | | (#) | (#) |
| Weighted average number of common shares (basic) | 83,010,466 | 84,095,641 | 83,044,098 | 84,266,727 |
| Effect of share options | 123,554 | — | 121,132 | — |
| Weighted average number of common shares (diluted) | 83,134,020 | 84,095,641 | 83,165,230 | 84,266,727 |

For the three month period ended June 30, 2021, 2,827,695 (second quarter of 2020 - 4,767,460) options are excluded from the above calculation as their effect would have been anti-dilutive. The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices during the period.

13. Approval of Financial Statements

These unaudited Condensed Consolidated Interim Financial Statements were approved by the Board of Directors on August 10, 2021.

14. Events After the Reporting Period

On August 10, 2021, the Company declared a quarterly dividend of \$0.05 per share on the Company's common shares. The dividend will be paid on September 29, 2021, to shareholders of record at the close of business on September 15, 2021.