

Condensed Consolidated Interim Financial Statements and Notes

Condensed Consolidated Interim Balance Sheets

As at	Note*	September 30, 2021	December 31, 2020
(CDN 000s) (unaudited)		(\$)	(\$)
Assets			
Current			
Cash and cash equivalents	4	147,080	149,282
Trade and other receivables		47,129	25,747
Income taxes recoverable - other	6	15,162	15,304
Prepaid expenses		4,285	2,973
Income taxes recoverable		4,566	3,489
Total current assets		218,222	196,795
Non-current			
Property, plant and equipment		85,785	94,986
Investments	7	31,310	24,719
Intangible assets and goodwill		42,236	44,916
Total non-current assets		159,331	164,621
Total assets		377,553	361,416
Liabilities and equity			
Current			
Trade payables and accruals		25,984	14,035
Income taxes payable		1,919	2,039
Stock-based compensation liability	9	4,188	1,426
Lease liability		1,456	1,929
Obligation under put option	7	5,000	10,000
Total current liabilities		38,547	29,429
Non-current			
Deferred tax liabilities		8,124	7,927
Lease liability		6,337	4,240
Stock-based compensation liability	9	6,116	3,384
Obligation under put option		11,161	11,153
Total non-current liabilities		31,738	26,704
Equity			
Share capital	8	163,234	164,568
Share-based benefits reserve		34,077	33,170
Foreign currency translation reserve		51,927	54,090
Equity reserve		(8,375)	(8,375)
Retained earnings		69,235	63,609
Total equity attributable to equity holders of the Company		310,098	307,062
Non-controlling interest		(2,830)	(1,779)
Total equity		307,268	305,283
Total liabilities and equity		377,553	361,416

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

Condensed Consolidated Interim Statements of Operations

		Three Months Ended September 30,		Nine Months Ended September 30,	
	Note*	2021	2020	2021	2020
(CDN 000s, except per share data) (unaudited)		(\$)	(\$)	(\$)	(\$)
Revenue		57,705	23,068	143,853	123,878
Operating expenses					
Rental services		19,962	12,956	53,624	53,291
Local administration		2,765	2,167	7,862	8,795
Depreciation and amortization		5,530	7,503	19,517	26,529
		28,257	22,626	81,003	88,615
Gross profit		29,448	442	62,850	35,263
Other expenses					
Research and development		8,951	6,237	23,916	21,036
Corporate services		3,856	2,469	9,801	8,981
Stock-based compensation expense	9	1,611	276	6,429	2,022
Other income	11	(2,984)	(3,214)	(7,440)	(9,154)
		11,434	5,768	32,706	22,885
Income (loss) before income taxes		18,014	(5,326)	30,144	12,378
Income tax provision		5,239	(1,369)	8,498	4,582
Net income (loss)		12,775	(3,957)	21,646	7,796
Net income (loss) attributable to:					
Shareholders of Pason		13,074	(3,698)	22,696	8,734
Non-controlling interest		(299)	(259)	(1,050)	(938)
Net income (loss)		12,775	(3,957)	21,646	7,796
Income (loss) per share	12				
Basic		0.16	(0.04)	0.27	0.10
Diluted		0.16	(0.04)	0.27	0.10

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Condensed Consolidated Interim Statements of Other Comprehensive Income (Loss)

Note*	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
(CDN 000s) (unaudited)	(\$)	(\$)	(\$)	(\$)
Net income (loss)	12,775	(3,957)	21,646	7,796
Items that may be reclassified subsequently to net income:				
Foreign currency translation adjustment	5,158	(6,476)	(2,164)	5,752
Other comprehensive income (loss)	5,158	(6,476)	(2,164)	5,752
Total comprehensive income (loss)	17,933	(10,433)	19,482	13,548
Total comprehensive income (loss) attributed to:				
Shareholders of Pason	18,230	(10,190)	20,533	14,479
Non-controlling interest	(297)	(243)	(1,051)	(931)
Total comprehensive income (loss)	17,933	(10,433)	19,482	13,548

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Condensed Consolidated Interim Statements of Changes in Equity

	Note*	Share Capital	Share- Based Benefits Reserve	Foreign Currency Translation Reserve	Equity Reserve	Retained Earnings	Total Equity Attributable to Pason	Non- Controlling Interest	Total Equity
(CDN 000s) (unaudited)		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Balance at January 1, 2020		166,701	30,863	57,830	(8,375)	99,806	346,825	(371)	346,454
Net income (loss)		—	—	—	—	8,734	8,734	(938)	7,796
Dividends		—	—	—	—	(36,265)	(36,265)	—	(36,265)
Other comprehensive income		—	—	5,745	—	—	5,745	7	5,752
Expense related to stock options		—	1,673	—	—	—	1,673	—	1,673
Shares cancelled under NCIB	8	(1,675)	—	—	—	(4,601)	(6,276)	—	(6,276)
Liability reversal for automatic share purchase plan commitment pursuant to NCIB	8	732	—	—	—	4,268	5,000	—	5,000
Liability for automatic share purchase plan commitment pursuant to NCIB	8	(2,960)	—	—	—	(5,040)	(8,000)	—	(8,000)
Balance at September 30, 2020		162,798	32,536	63,575	(8,375)	66,902	317,436	(1,302)	316,134
Net (loss)		—	—	—	—	(2,166)	(2,166)	(496)	(2,662)
Dividends		—	—	—	—	(4,155)	(4,155)	—	(4,155)
Other comprehensive income		—	—	(9,485)	—	—	(9,485)	19	(9,466)
Expense related to stock options		—	634	—	—	—	634	—	634
Liability reversal for automatic share purchase plan commitment pursuant to NCIB		2,960	—	—	—	5,040	8,000	—	8,000
Shares cancelled under NCIB		(1,190)	—	—	—	(2,012)	(3,202)	—	(3,202)
Balance at December 31, 2020		164,568	33,170	54,090	(8,375)	63,609	307,062	(1,779)	305,283
Net income (loss)		—	—	—	—	22,696	22,696	(1,050)	21,646
Dividends		—	—	—	—	(12,443)	(12,443)	—	(12,443)
Other comprehensive income		—	—	(2,163)	—	—	(2,163)	(1)	(2,164)
Expense related to stock options		—	907	—	—	—	907	—	907
Shares cancelled under NCIB	8	(1,334)	—	—	—	(4,627)	(5,961)	—	(5,961)
Balance at September 30, 2021		163,234	34,077	51,927	(8,375)	69,235	310,098	(2,830)	307,268

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Condensed Consolidated Interim Statements of Cash Flows

		Three Months Ended September 30,		Nine Months Ended September 30,	
	Note*	2021	2020	2021	2020
(CDN 000s) (unaudited)		(\$)	(\$)	(\$)	(\$)
Cash from (used in) operating activities					
Net income		12,775	(3,957)	21,646	7,796
Adjustment for non-cash items:					
Depreciation and amortization		5,530	7,503	19,517	26,529
Stock-based compensation expense	9	1,611	276	6,429	2,022
Deferred income taxes		958	1,253	161	975
Net monetary gain		(530)	(451)	(588)	(1,182)
Derecognition of lease liability		—	—	—	(5,757)
Unrealized foreign exchange loss and other		(361)	141	1,210	1,238
Funds flow from operations		19,983	4,765	48,375	31,621
Movements in non-cash working capital items:					
(Increase) decrease in trade and other receivables		(8,940)	3,955	(20,844)	39,896
(Increase) decrease in prepaid expenses		(1,698)	(561)	(1,290)	1,308
Increase (decrease) in income taxes payable/recoverable		3,122	(3,063)	5,950	1,360
Increase (decrease) in trade payables, accruals and stock-based compensation liability		8,548	3,063	12,471	(8,079)
Effects of exchange rate changes		591	82	312	(61)
Cash generated from operating activities		21,606	8,241	44,974	66,045
Income tax paid		(4,532)	(2,487)	(6,974)	(4,745)
Net cash from operating activities		17,074	5,754	38,000	61,300
Cash flows from (used in) financing activities					
Payment of dividends	8	(4,121)	(4,201)	(12,443)	(36,265)
Repurchase and cancellation of shares under NCIB	8	(2,970)	(2,193)	(5,961)	(6,276)
Repayment of lease liability		(667)	(667)	(1,755)	(1,910)
Net cash used in financing activities		(7,758)	(7,061)	(20,159)	(44,451)
Cash flows (used in) from investing activities					
Equity investments	7	—	—	(12,127)	(5,000)
Additions to property, plant and equipment		(1,650)	(476)	(7,159)	(4,520)
Development costs, net of ITCs		445	(331)	(415)	(174)
Proceeds on disposal of property, plant and equipment		632	81	975	888
Changes in non-cash working capital		(240)	(887)	(280)	(530)
Net cash used in investing activities		(813)	(1,613)	(19,006)	(9,336)
Effect of exchange rate on cash and cash equivalents		3,544	(4,312)	(1,037)	725
Net increase (decrease) in cash and cash equivalents		12,047	(7,232)	(2,202)	8,238
Cash and cash equivalents, beginning		135,033	176,486	149,282	161,016
Cash and cash equivalents, ending	4	147,080	169,254	147,080	169,254

*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	September 30, 2021	December 31, 2020
	(\$)	(\$)
Cash	41,012	41,124
Cash equivalents	106,068	108,158
Cash and cash equivalents	147,080	149,282

Cash equivalents are made up of cash invested in money market funds with interest rates of approximately 0.15% 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 first quarter is generally the strongest quarter for the Company due to strong activity in Canada, where location access is best during the winter. The second quarter is typically the slowest due to spring break-up in Canada, when many areas are not accessible due to ground conditions, and, which, do not permit the movement of heavy equipment. Activity generally increases in the third quarter, depending on the year, as ground conditions often improve and location access becomes available; however, a rainy summer can have a significant adverse effect on drilling activity.

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

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 investments in Intelligent Wellhead Systems Inc. ("IWS") and Rawabi Pason Company.

During the second quarter of 2021, 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 first quarter of 2020, while the second was exercised during the second quarter of 2021 to fund IWS' recent growth.

Total cash outflow associated with the Company's minority investment in IWS for the three months ended September 30, 2021 is \$nil (2020: \$nil) and \$12,127 for the nine months ended September 30, 2021 (2020: \$5,000).

8. Share Capital

Common shares

	Nine Months Ended September 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	(1,334)	(673,779)	(2,865)	(1,449,300)
Reversal of prior period liability for APP commitment pursuant to NCIB	—	—	732	—
Balance, ending	163,234	82,415,162	164,568	83,088,941

At September 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 three month period ended September 30, 2021, the Company declared and paid dividends of \$4,121 (2020: \$4,201) or \$0.05 per common share (2020: \$0.05).

For the nine month period ended September 30, 2021, the Company declared and paid dividends of \$12,443 (2020: \$36,265) or \$0.15 per common share (2020: \$0.43).

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 three month period ended September 30, 2021, the Company repurchased 359,878 (Q3 2020 - 405,200) shares for cancellation for total cash consideration of \$2,970 (Q3 2020 - \$2,193).

For the nine month period ended September 30, 2021, the Company repurchased 673,779 (2020 - 847,800) shares for cancellation for a total cash consideration of \$5,961 (2020 - \$6,276). 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. At September 30, 2021, there are 2,359,387 options available for grant calculated based on 7% of outstanding common shares. The outstanding stock options can be summarized as follows:

	Nine Months Ended September 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	(867,927)	17.37	(1,469,664)	18.88
Outstanding, ending	3,409,674	15.60	4,277,601	15.96
Exercisable, ending	2,199,871	17.75	2,990,012	17.74
Available for grant, ending	2,359,387		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:

	Nine Months Ended	Twelve Months Ended
	September 30, 2021	December 31, 2020
	(#)	(#)
RSUs, beginning	1,111,190	650,055
Granted	—	806,548
Vested and paid	(1,500)	(219,800)
Forfeited	(67,180)	(125,613)
RSUs, ending	1,042,510	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:

	Nine Months Ended	Twelve Months Ended
	September 30, 2021	December 31, 2020
	(#)	(#)
DSUs, beginning	252,363	169,938
Credited	61,675	82,425
DSUs, ending	314,038	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:

	Nine Months Ended September 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 September 30, 2021, the Company recorded \$1,611 of stock-based compensation expense for its equity and cash settled plans (third quarter of 2020: \$276). For the nine month period ended September 30, 2021, the Company recorded \$6,429 of stock-based compensation expense for its equity and cash settled plans (2020: \$2,022). As at September 30, 2021, the Company held \$4,188 in current stock-based compensation liability and \$6,116 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 September 30, 2021	North America	International	Solar and Energy Storage	Total
	(\$)	(\$)	(\$)	(\$)
Revenue				
Drilling Data	24,629	5,875	—	30,504
Mud Management and Safety	12,848	2,111	—	14,959
Communications	3,059	436	—	3,495
Drilling Intelligence	4,061	287	—	4,348
Analytics and Other	1,509	1,725	1,165	4,399
Total Revenue	46,106	10,434	1,165	57,705
Rental services and local administration	16,504	4,703	1,520	22,727
Depreciation and amortization	4,763	762	5	5,530
Segment gross profit (loss)	24,839	4,969	(360)	29,448
Research and development				8,951
Corporate services				3,856
Stock-based compensation				1,611
Other income				(2,984)
Income tax provision				5,239
Net income				12,775
Net income attributable to Pason				13,074
Capital expenditures	1,063	142	—	1,205
As at September 30, 2021				
Property plant and equipment	76,419	9,209	157	85,785
Intangible assets	6,349	—	3,141	9,490
Goodwill	8,530	2,600	21,616	32,746
Segment assets	299,483	51,587	26,483	377,553
Segment liabilities	62,669	5,519	2,097	70,285

Three Months Ended September 30, 2020	North America	International	Solar and Energy Storage	Total
	(\$)	(\$)	(\$)	(\$)
Revenue				
Drilling Data	10,100	2,118	—	12,218
Mud Management and Safety	5,291	1,224	—	6,515
Communications	887	78	—	965
Drilling Intelligence	1,011	41	—	1,052
Analytics and Other	991	417	910	2,318
Total Revenue	18,280	3,878	910	23,068
Rental services and local administration	10,948	2,812	1,363	15,123
Depreciation and amortization	6,554	944	5	7,503
Segment gross profit (loss)	778	122	(458)	442
Research and development				6,237
Corporate services				2,469
Stock-based compensation				276
Other income				(3,214)
Income tax provision (recovery)				(1,369)
Net loss				(3,957)
Net loss attributable to Pason				(3,698)
Capital expenditures	807	—	—	807
As at September 30, 2020				
Property plant and equipment	91,781	11,822	119	103,722
Intangible assets	8,986	—	4,395	13,381
Goodwill	8,871	2,600	22,629	34,100
Segment assets	362,464	26,273	566	389,303
Segment liabilities	68,032	4,183	954	73,169

Nine Months Ended September 30, 2021	North America	International	Solar and Energy Storage	Total
			(\$)	
Revenue				
Drilling Data	61,970	14,966	—	76,936
Mud Management and Safety	33,272	5,350	—	38,622
Communications	7,247	1,057	—	8,304
Drilling Intelligence	9,212	742	—	9,954
Analytics and Other	3,912	3,192	2,933	10,037
Total Revenue	115,613	25,307	2,933	143,853
Rental services and local administration	44,460	12,855	4,171	61,486
Depreciation and amortization	17,393	2,109	15	19,517
Segment gross profit (loss)	53,760	10,343	(1,253)	62,850
Research and development				23,916
Corporate services				9,801
Stock-based compensation				6,429
Other income				(7,440)
Income tax provision				8,498
Net income				21,646
Net income attributable to Pason				22,696
Capital expenditures	6,864	710	—	7,574

Nine months ended September 30, 2020	North America	International	Solar and Energy Storage	Total
			(\$)	
Revenue				
Drilling Data	55,921	9,061	—	64,982
Mud Management and Safety	31,388	4,744	—	36,132
Communications	6,406	574	—	6,980
Drilling Intelligence	7,241	416	—	7,657
Analytics and Other	4,105	1,370	2,652	8,127
Total Revenue	105,061	16,165	2,652	123,878
Rental services and local administration	46,033	11,466	4,587	62,086
Depreciation and amortization	23,528	2,983	18	26,529
Segment gross profit (loss)	35,500	1,716	(1,953)	35,263
Research and development				21,036
Corporate services				8,981
Stock-based compensation				2,022
Other income				(9,154)
Income tax provision				4,582
Net income				7,796
Net income attributable to Pason				8,734
Capital expenditures	4,694	—	—	4,694

11. Other Income

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(\$)	(\$)	(\$)	(\$)
Government wage assistance	(2,190)	(3,334)	(8,080)	(7,697)
Net interest income	(285)	(105)	(563)	(841)
Foreign exchange (gain) loss	(204)	113	969	145
Net monetary gain	(190)	(465)	(250)	(1,280)
Equity (income) loss	(185)	357	338	436
Other	70	220	146	286
Derecognition of onerous lease	—	—	—	(5,757)
Reorganization costs	—	—	—	5,554
Other income	(2,984)	(3,214)	(7,440)	(9,154)

During the third quarter of 2021, the Company recognized \$2,190 in government wage assistance, primarily related to the Canada Emergency Wage Subsidy (Q3 2020 - \$3,334).

Net monetary gain included in other income results from applying hyperinflation accounting to the Company's Argentinian subsidiary.

The equity income (loss) results from 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.

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, comprised of the derecognition of the previous recorded onerous lease liability, offset by a termination payment.

Also 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.

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 September		Nine Months Ended September	
	2021	2020	2021	2020
	(#)	(#)	(#)	(#)
Issued common shares outstanding, beginning	82,775,041	84,095,641	83,088,941	84,538,241
Effect of NCIB	(89,970)	(101,300)	(161,548)	(362,360)
Weighted average number of common shares (basic)	82,685,071	83,994,341	82,927,393	84,175,881

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 September		Nine Months Ended September	
	2021	2020	2021	2020
	(#)	(#)	(#)	(#)
Weighted average number of common shares (basic)	82,685,071	83,994,341	82,927,393	84,175,881
Effect of share options	66,653	—	104,760	—
Weighted average number of common shares (diluted)	82,751,724	83,994,341	83,032,153	84,175,881

For the periods ended September 30, 2021, 2,796,564 (2020 - 4,546,742) 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 November 3, 2021.

14. Events After the Reporting Period

On November 3, 2021, the Company declared a quarterly dividend of \$0.05 per share on the Company's common shares. The dividend will be paid on December 31, 2021, to shareholders of record at the close of business on December 15, 2021.