

Condensed Consolidated Interim Financial Statements and Notes

Condensed Consolidated Interim Balance Sheets

As at	Note*	June 30, 2023	December 31, 2022
(CDN 000s) (unaudited)		(\$)	(\$)
Assets			
Current			
Cash and cash equivalents	4	134,721	132,057
Short-term investments	5	39,860	40,377
Trade and other receivables		74,164	84,819
Prepaid expenses		10,854	10,920
Inventory		18,264	15,641
Income taxes recoverable		713	962
Total current assets		278,576	284,776
Non-current			
Property, plant and equipment		117,065	97,695
Investments	7	55,050	47,839
Intangible assets and goodwill		39,075	39,618
Total non-current assets		211,190	185,152
Total assets		489,766	469,928
Liabilities and equity			
Current			
Trade payables and accruals		45,759	53,699
Income taxes payable		3,802	2,859
Stock-based compensation liability	10	6,413	6,028
Lease liability		2,559	1,817
Obligation under put option	8	6,329	6,474
Total current liabilities		64,862	70,877
Non-current			
Deferred tax liabilities		10,203	6,508
Lease liability		10,364	3,712
Stock-based compensation liability	10	8,213	7,869
Total non-current liabilities		28,780	18,089
Equity			
Share capital	9	161,982	164,136
Share-based benefits reserve		36,379	35,314
Foreign currency translation reserve		47,005	57,486
Equity reserve		(8,375)	(8,375)
Retained earnings		165,484	137,920
Total equity attributable to equity holders of the Company		402,475	386,481
Non-controlling interest		(6,351)	(5,519)
Total equity		396,124	380,962
Total liabilities and equity		489,766	469,928

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

Condensed Consolidated Interim Statements of Operations

		Three Months Ended June 30,		Six Months Ended June 30,	
	Note*	2023	2022	2023	2022
(CDN 000s, except per share data) (unaudited)		(\$)	(\$)	(\$)	(\$)
Revenue		84,691	73,608	182,920	148,076
Operating expenses					
Rental services		29,333	26,275	58,588	51,447
Local administration		3,450	2,907	6,821	6,025
Depreciation and amortization		5,815	4,696	12,431	11,010
		38,598	33,878	77,840	68,482
Gross profit		46,093	39,730	105,080	79,594
Other expenses					
Research and development		10,315	9,294	20,487	18,138
Corporate services		4,033	3,951	8,180	7,439
Stock-based compensation expense	10	1,986	2,514	1,904	8,069
Other income	12	(3,109)	(1,210)	(6,187)	(2,563)
		13,225	14,549	24,384	31,083
Income before income taxes		32,868	25,181	80,696	48,511
Income tax provision		7,906	7,189	20,280	12,518
Net income		24,962	17,992	60,416	35,993
Net income (loss) attributable to:					
Shareholders of Pason		25,470	18,540	61,312	37,113
Non-controlling interest		(508)	(548)	(896)	(1,120)
Net income		24,962	17,992	60,416	35,993
Income per share	13				
Basic		0.32	0.23	0.76	0.45
Diluted		0.32	0.22	0.76	0.45

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Condensed Consolidated Interim Statements of Other Comprehensive Income

		Three Months Ended June 30,		Six Months Ended June 30,	
	Note*	2023	2022	2023	2022
(CDN 000s) (unaudited)		(\$)	(\$)	(\$)	(\$)
Net income		24,962	17,992	60,416	35,993
Items that may be reclassified subsequently to net income:					
Foreign currency translation adjustment		(7,910)	4,275	(10,417)	571
Other comprehensive (loss) income		(7,910)	4,275	(10,417)	571
Total comprehensive income		17,052	22,267	49,999	36,564
Total comprehensive income (loss) attributed to:					
Shareholders of Pason		17,524	22,801	50,831	37,662
Non-controlling interest		(472)	(534)	(832)	(1,098)
Total comprehensive income		17,052	22,267	49,999	36,564

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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 December 31, 2021		162,567	34,383	50,298	(8,375)	72,602	311,475	(3,694)	307,781
Net income (loss)		—	—	—	—	37,113	37,113	(1,120)	35,993
Dividends		—	—	—	—	(13,150)	(13,150)	—	(13,150)
Other comprehensive income (loss)		—	—	549	—	—	549	22	571
Exercise of stock options		1,601	(231)	—	—	—	1,370	—	—
Expense related to stock options		—	641	—	—	—	641	—	641
Shares cancelled under NCIB	9	(411)	—	—	—	(2,451)	(2,862)	—	(2,862)
Liability reversal for automatic share purchase plan commitment pursuant to NCIB		343	—	—	—	1,657	2,000	—	2,000
Liability for automatic share purchase plan commitment pursuant to NCIB	9	(137)	—	—	—	(864)	(1,001)	—	(1,001)
Balance at June 30, 2022		163,963	34,793	50,847	(8,375)	94,907	336,135	(4,792)	331,343
Net income		—	—	—	—	70,503	70,503	(770)	69,733
Dividends		—	—	—	—	(16,323)	(16,323)	—	(16,323)
Other comprehensive income (loss)		—	—	6,639	—	—	6,639	43	6,682
Exercise of stock options		1,929	(280)	—	—	—	1,649	—	1,649
Expense related to stock options		—	801	—	—	—	801	—	801
Shares cancelled under NCIB	9	(1,518)	—	—	—	(9,406)	(10,924)	—	(10,924)
Liability for automatic share purchase plan commitment pursuant to NCIB	9	(238)	—	—	—	(1,761)	(1,999)	—	(1,999)
Balance at December 31, 2022		164,136	35,314	57,486	(8,375)	137,920	386,481	(5,519)	380,962
Net income		—	—	—	—	61,312	61,312	(896)	60,416
Dividends	9	—	—	—	—	(19,376)	(19,376)	—	(19,376)
Other comprehensive (loss) income		—	—	(10,481)	—	—	(10,481)	64	(10,417)
Exercise of stock options		466	(81)	—	—	—	385	—	385
Expense related to stock options		—	1,146	—	—	—	1,146	—	1,146
Shares cancelled under NCIB	9	(2,734)	—	—	—	(14,258)	(16,992)	—	(16,992)
Liability reversal for automatic share purchase plan commitment pursuant to NCIB		375	—	—	—	2,625	3,000	—	3,000
Liability for automatic share purchase plan commitment pursuant to NCIB	9	(261)	—	—	—	(2,739)	(3,000)	—	(3,000)
Balance at June 30, 2023		161,982	36,379	47,005	(8,375)	165,484	402,475	(6,351)	396,124

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

Condensed Consolidated Interim Statements of Cash Flows

	Note*	Three Months Ended June 30,		Six Months Ended June 30,	
		2023	2022	2023	2022
(CDN 000s) (unaudited)		(\$)	(\$)	(\$)	(\$)
Cash from (used in) operating activities					
Net income		24,962	17,992	60,416	35,993
Adjustment for non-cash items:					
Depreciation and amortization		5,815	4,696	12,431	11,010
Stock-based compensation expense	10	1,986	2,514	1,904	8,069
Deferred income taxes		565	3,037	3,918	(1,973)
Net monetary (gain) loss		(666)	260	(1,455)	308
Unrealized foreign exchange loss (gain) and other		449	(1,257)	(430)	(461)
Funds flow from operations		33,111	27,242	76,784	52,946
Movements in non-cash working capital items:					
Decrease (increase) in trade and other receivables		6,644	(3,959)	10,655	(14,150)
(Increase) decrease in prepaid expenses		(515)	180	66	743
Increase in income taxes payable		8,457	1,091	15,756	23,810
(Decrease) increase in trade payables, accruals and stock-based compensation liability		(6,847)	6,805	(8,346)	1,096
(Increase) in inventory		(489)	(2,434)	(2,623)	(2,434)
Effects of exchange rate changes		(1,427)	303	(1,805)	293
Cash generated from operating activities		38,934	29,228	90,487	62,304
Income tax paid		(9,276)	(3,549)	(14,564)	(8,575)
Net cash from operating activities		29,658	25,679	75,923	53,729
Cash flows from (used in) financing activities					
Proceeds from exercise of stock options	9	43	299	385	1,370
Payment of dividends	9	(9,631)	(6,580)	(19,376)	(13,150)
Repurchase and cancellation of shares under NCIB	9	(6,993)	(1,498)	(16,992)	(2,862)
Repayment of lease liability		(787)	(644)	(1,348)	(1,152)
Net cash used in financing activities		(17,368)	(8,423)	(37,331)	(15,794)
Cash flows (used in) from investing activities					
Equity investments		(5,000)	—	(5,440)	—
Additions to property, plant and equipment		(12,116)	(6,595)	(23,634)	(10,925)
Development costs		(367)	(132)	(518)	(266)
Proceeds on disposal of property, plant and equipment		485	189	521	341
Changes in non-cash working capital		328	(6)	406	(162)
Net cash used in investing activities		(16,670)	(6,544)	(28,665)	(11,012)
Effect of exchange rate on cash and cash equivalents		(5,254)	4,181	(7,263)	1,744
Net increase (decrease) in cash and cash equivalents		(9,634)	14,893	2,664	28,667
Cash and cash equivalents, beginning		144,355	172,057	132,057	158,283
Cash and cash equivalents, ending	4	134,721	186,950	134,721	186,950

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

Notes to Condensed Consolidated Interim Financial Statements

(CDN 000s, except per share data)

1. Description of Business

Pason Systems Inc. ("Pason" or the "Company") is a leading global provider of instrumentation and data management systems for 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 Consolidated Financial Statements include the accounts of Pason Systems Inc., its wholly owned subsidiaries, and Energy Toolbase Software Inc ("ETB").

2. Basis of Preparation

Statement of compliance

These unaudited Condensed Consolidated Interim Financial Statements have been prepared in accordance with the requirements of International Accounting Standard ("IAS") 34, Interim Financial Reporting and include the accounts of Pason and its wholly owned subsidiaries. All significant intercompany balances and transactions including revenue and expenses have been eliminated. These unaudited Condensed Consolidated Interim Financial Statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended December 31, 2022.

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

3. Changes in Accounting Standards

Adoption of new standard January 1, 2023:

IAS 1, Presentation of Financial Statements

The amendment to IAS 1 require entities to disclose their material accounting policy information, instead of significant accounting policies. The impact to the Company has been deemed immaterial.

4. Cash and Cash Equivalents

<u>As at</u>	<u>As at June 30, 2023</u>	<u>December 31, 2022</u>
	(\$)	(\$)
Cash	105,923	77,568
Cash equivalents	28,798	54,489
Cash and cash equivalents	134,721	132,057

As at June 30, 2023, the Company's cash and cash equivalents are invested in 1-25 day money market funds with interest rates averaging 4.6%.

5. Short-Term Investments

As at	June 30, 2023	December 31, 2022
	(\$)	(\$)
Short-term investments	39,860	40,377

As at June 30, 2023, the Company's short-term investments are twelve-month term deposits with interest rates ranging between 5.16% and 5.55%.

6. Seasonality

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

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

7. Investments

Investments are comprised of the Company's investments in Intelligent Wellhead Systems Inc. (IWS) and a 50% interest in Rawabi Pason Company (Rawabi JV). Rawabi JV is a provider of specialized data management systems for drilling rigs in the Kingdom of Saudi Arabia. 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.

During the fourth quarter of 2022, Pason increased its non-controlling investment in IWS by acquiring a portion of outstanding common shares and also entered into a preferred share financing agreement. The preferred share agreement had an initial subscription of \$10,000 in the fourth quarter of 2022, and up to \$15,000 in additional subscriptions exercisable at IWS' request, subject to the Company's approval. No additional voting rights were granted as part of this preferred share subscription. Given that the funding of additional subscriptions are subject to the Company's approval at the time of request, no associated obligation has been recognized on the Condensed Consolidated Interim Balance Sheets as at June 30, 2023.

In the second quarter of 2023, the Company approved and funded \$5,000 of the \$15,000 in available preferred share subscriptions. Further and as noted in Note 15 of these Condensed Consolidated Interim Financial Statements, subsequent to June 30, 2023, the Company approved and funded \$5,000 of the remaining \$10,000 available in preferred share subscriptions.

8. Obligation Under Put Option

The put obligation is a contractual obligation whereby the non-controlling shareholders of ETB have a put option to exercise for cash their 20% shareholdings of ETB starting in 2023 with reference to the fair value of ETB shares at the date the put option can be exercised. This put option gives rise to a financial liability and is calculated at each annual reporting period using a discounted cash flow model of the estimated future cash flows of the obligation.

9. Share Capital

Common shares

	Six Months Ended June 30, 2023		Year Ended December 31, 2022	
	(\$)	(#)	(\$)	(#)
Balance, beginning	164,136	81,526,954	162,567	82,194,051
Shares repurchased and cancelled under NCIB	(2,734)	(1,358,600)	(1,929)	(970,650)
Exercise of stock options	466	38,914	3,530	303,553
Reversal of prior period liability for APP commitment pursuant to NCIB	375	—	343	—
Liability for automatic share purchase plan ("APP") commitment pursuant to NCIB	(261)	—	(375)	—
Balance, ending	161,982	80,207,268	164,136	81,526,954

As at June 30, 2023, the Company was authorized to issue an unlimited number of common shares and an unlimited number of preferred shares, issuable in series.

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

Common share dividends

For the three month period ended June 30, 2023, the Company declared and paid dividends of \$9,631 (second quarter of 2022: \$6,580) or \$0.12 per common share (second quarter of 2022: \$0.08).

For the six month period ended June 30, 2023, the Company declared and paid dividends of \$19,376 (2022: \$13,150) or \$0.24 per common share (2022: \$0.16).

Normal Course Issuer Bid ("NCIB")

In 2022, the Company renewed its NCIB commencing on December 20, 2022, and expiring on December 19, 2023. Under the current NCIB, the Company may purchase for cancellation, as the Company considers advisable, up to a maximum of 8,105,236 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 54,996 common shares. The Company may make one block purchase per calendar week which exceeds the daily purchase restriction.

For the three month period ended June 30, 2023, the Company repurchased 591,100 (second quarter of 2022 - 93,000) shares for cancellation for total cash consideration of \$6,993 (second quarter of 2022 - \$1,498).

For the six month period ended June 30, 2023, the Company repurchased 1,358,600 (2022 - 206,900) shares for cancellation for total cash consideration of \$16,992 (2022 - \$2,862). The total consideration is allocated between share capital and retained earnings.

10. Stock-Based Compensation

Stock option plan

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

	Six Months Ended June 30, 2023		Twelve Months Ended December 31, 2022	
	Share Options (#)	Weighted Average Exercise Price (\$)	Share Options (#)	Weighted Average Exercise Price (\$)
Outstanding, beginning	2,665,121	14.31	3,324,759	14.67
Granted	—	—	642,190	16.07
Exercised	(38,914)	9.86	(303,553)	9.95
Expired or forfeited	(67,311)	18.67	(998,275)	17.90
Outstanding, ending	2,558,896	14.26	2,665,121	14.31
Exercisable, ending	1,354,867	15.36	1,454,201	15.38
Available for grant, ending	3,055,613		3,041,466	

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, 2023	Twelve Months Ended December 31, 2022
	(#)	(#)
RSUs, beginning	955,318	1,144,628
Granted	—	394,855
Vested and paid	—	(500,302)
Forfeited	(11,662)	(83,863)
RSUs, ending	943,656	955,318

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. Directors who are also members of management can elect to receive all or part of their short-term incentive payments in the form of DSUs. 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, 2023	Twelve Months Ended December 31, 2022
	(#)	(#)
DSUs, beginning	352,317	264,231
Credited	60,751	88,086
DSUs, ending	413,068	352,317

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. Starting in 2021, PSUs awarded vest at the end of the third anniversary date. Upon vesting, PSUs entitle the holder to receive a cash payment calculated based upon the number of PSUs vested and a multiplier which is based on the achievement of certain performance measures and objectives specified by the Board of Directors. The applicable multiplier can range from zero percent to 200 percent.

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

	Six Months Ended June 30, 2023	Twelve Months Ended December 31, 2022
	(#)	(#)
PSUs, beginning	3,019,574	2,385,124
Granted	—	1,041,506
Vested and paid	—	(407,056)
PSUs, ending	3,019,574	3,019,574

Stock-based compensation expense and liability

For the three month period ended June 30, 2023, the Company recorded \$1,986 of stock-based compensation expense for its equity and cash settled plans (second quarter of 2022: \$2,514). For the six month period ended June 30, 2023, the company recorded \$1,904 of stock-based compensation expense for its equity and cash settled plans (2022: \$8,069). As at June 30, 2023, the Company held \$6,413 in current stock-based compensation liability and \$8,213 in non-current stock-based compensation liability for its cash settled plans (as at December 31, 2022: \$6,028 and \$7,869, respectively).

11. Operating Segments

The Company 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. 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, 2023	North America	International	Solar and Energy Storage	Total
	(\$)	(\$)	(\$)	(\$)
Revenue				
Drilling Data	38,708	9,044	—	47,752
Mud Management and Safety	20,420	3,261	—	23,681
Communications	2,836	814	—	3,650
Drilling Intelligence	4,255	371	—	4,626
Analytics and Other	1,099	1,490	2,393	4,982
Total Revenue	67,318	14,980	2,393	84,691
Rental services and local administration	23,169	7,074	2,540	32,783
Depreciation and amortization	5,083	727	5	5,815
Segment gross profit (loss)	39,066	7,179	(152)	46,093
Research and development				10,315
Corporate services				4,033
Stock-based compensation				1,986
Other income				(3,109)
Income tax provision				7,906
Net income				24,962
Net income attributable to Pason				25,470
Capital expenditures	9,446	2,670	—	12,116
As at June 30, 2023				
Property plant and equipment	101,828	15,237	—	117,065
Intangible assets	4,480	—	1,978	6,458
Goodwill	7,556	2,600	22,461	32,617
Segment assets	379,806	76,643	33,317	489,766
Segment liabilities	75,108	6,142	12,392	93,642

Three Months Ended June 30, 2022	North America	International	Solar and Energy Storage	Total
	(\$)	(\$)	(\$)	(\$)
Revenue				
Drilling Data	32,660	7,357	—	40,017
Mud Management and Safety	18,068	2,597	—	20,665
Communications	3,457	502	—	3,959
Drilling Intelligence	4,107	353	—	4,460
Analytics and Other	1,345	1,502	1,660	4,507
Total Revenue	59,637	12,311	1,660	73,608
Rental services and local administration	20,507	6,244	2,431	29,182
Depreciation and amortization	4,001	690	5	4,696
Segment gross profit (loss)	35,129	5,377	(776)	39,730
Research and development				9,294
Corporate services				3,951
Stock-based compensation				2,514
Other income				(1,210)
Income tax provision				7,189
Net income				17,992
Net income attributable to Pason				18,540
Capital expenditures	6,942	209	—	7,151
As at June 30, 2022				
Property plant and equipment	72,005	8,894	857	81,756
Intangible assets	4,095	—	2,374	6,469
Goodwill	7,353	2,600	21,860	31,813
Segment assets	325,250	57,222	27,837	410,309
Segment liabilities	66,305	5,050	7,611	78,966
Six Months Ended June 30, 2023	North America	International	Solar and Energy Storage	Total
	(\$)	(\$)	(\$)	(\$)
Revenue				
Drilling Data	82,781	18,079	—	100,860
Mud Management and Safety	44,471	6,652	—	51,123
Communications	7,197	1,618	—	8,815
Drilling Intelligence	10,416	821	—	11,237
Analytics and Other	2,228	3,400	5,257	10,885
Total Revenue	147,093	30,570	5,257	182,920
Rental services and local administration	45,852	14,092	5,465	65,409
Depreciation and amortization	10,877	1,544	10	12,431
Segment gross profit (loss)	90,364	14,934	(218)	105,080
Research and development				20,487
Corporate services				8,180
Stock-based compensation				1,904
Other income				(6,187)
Income tax provision				20,280
Net income				60,416
Net income attributable to Pason				61,312
Capital expenditures	20,433	3,201	—	23,634

Six Months Ended June 30, 2022	North America	International	Solar and Energy Storage	Total
	(\$)	(\$)	(\$)	(\$)
Revenue				
Drilling Data	65,686	13,944	—	79,630
Mud Management and Safety	35,945	4,927	—	40,872
Communications	7,458	981	—	8,439
Drilling Intelligence	9,802	660	—	10,462
Analytics and Other	2,746	2,490	3,437	8,673
Total Revenue	121,637	23,002	3,437	148,076
Rental services and local administration	40,818	11,907	4,747	57,472
Depreciation and amortization	9,850	1,150	10	11,010
Segment gross profit (loss)	70,969	9,945	(1,320)	79,594
Research and development				18,138
Corporate services				7,439
Stock-based compensation				8,069
Other income				(2,563)
Income tax provision				12,518
Net income				35,993
Net income attributable to Pason				37,113
Capital expenditures	10,699	916	—	11,615

12. Other Income

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(\$)	(\$)	(\$)	(\$)
Foreign exchange loss (gain)	1,597	(1,054)	1,830	(651)
Net interest income	(2,847)	(718)	(5,454)	(1,231)
Equity (income) loss	(327)	220	(1,453)	692
Net monetary (gain) loss	(1,196)	268	(1,355)	67
Other (income) expenses	(336)	74	245	(1,440)
Total other income	(3,109)	(1,210)	(6,187)	(2,563)

Net interest income is primarily comprised of interest generated from the Company's invested cash and cash equivalents.

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 investments.

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

13. 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,	
	2023	2022	2023	2022
	(#)	(#)	(#)	(#)
Issued common shares outstanding, beginning	80,793,793	82,195,141	81,526,954	82,194,051
Effect of NCIB and exercised options	(303,874)	(34,840)	(629,378)	(49,843)
Weighted average number of common shares (basic)	80,489,919	82,160,301	80,897,576	82,144,208

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,	
	2023	2022	2023	2022
	(#)	(#)	(#)	(#)
Weighted average number of common shares (basic)	80,489,919	82,160,301	80,897,576	82,144,208
Effect of share options	189,695	824,271	262,791	740,875
Weighted average number of common shares (diluted)	80,679,614	82,984,572	81,160,367	82,885,083

For the periods ended June 30, 2023, 1,626,064 (2022 - 1,520,053) 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.

14. Approval of Financial Statements

These unaudited Condensed Consolidated Interim Financial Statements were approved by the Board of Directors on August 10, 2023.

15. Events After the Reporting Period

Dividend

On August 10, 2023, the Company declared a quarterly dividend of \$0.12 per share on the Company's common shares. The dividend will be paid on September 29, 2023, to shareholders of record at the close of business on September 15, 2023.

Investment in Intelligent Wellhead Systems

During the fourth quarter of 2022, Pason entered into a preferred share subscription agreement with IWS that included up to \$15,000 in additional subscriptions exercisable at IWS' request, subject to the Company's approval. As disclosed in Note 7 of these Condensed Consolidated Interim Financial Statements, in the second quarter of 2023, the Company approved and funded \$5,000 of the then available \$15,000 of preferred share subscriptions.

Subsequent to June 30, 2023, the Company approved and funded an additional \$5,000 of the \$10,000 available in preferred share subscriptions.