Performance Data

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Change	**2020**	2019	Change
(CDN 000s, except per share data) (unaudited)	**($)**	($)	(%)	**($)**	($)	(%)
Revenue	**23,068**	72,195	(68)	**123,878**	227,232	(45)
EBITDA [1,2]	**2,348**	33,167	(93)	**40,088**	99,208	(60)
Adjusted EBITDA [1.2]	**(1,118)**	31,489	—	**31,339**	103,029	(70)
As a % of revenue	**(4.8)**	43.6	—	**25.3**	45.3	(2,000) bps
Funds flow from operations	**4,765**	29,899	(84)	**31,621**	89,592	(65)
Per share – basic	**0.06**	0.35	(83)	**0.38**	1.05	(64)
Per share – diluted	**0.06**	0.35	(83)	**0.38**	1.04	(63)
Cash from operating activities	**5,754**	37,453	(85)	**61,300**	83,833	(27)
Capital expenditures	**807**	4,058	(80)	**4,694**	18,591	(75)
Free cash flow [1]	**4,141**	33,067	(87)	**56,964**	65,999	(14)
Cash dividends declared	**0.05**	0.19	(74)	**0.43**	0.55	(22)
Net (loss) income	**(3,957)**	15,418	—	**7,796**	43,707	(82)
Net (loss) income attributable to Pason	**(3,698)**	15,418	—	**8,734**	43,707	(80)
Per share – basic	**(0.04)**	0.18	—	**0.10**	0.51	(80)
Per share – diluted	**(0.04)**	0.18	—	**0.10**	0.51	(80)
Total interest bearing debt	**—**	—	—	**—**	—	—
Shares outstanding end of period (#000's)	**83,690**	85,299	(2)	**83,690**	85,299	(2)

(1) Non-IFRS financial measures are defined in the Management's Discussion and Analysis section.

(2) Prior period amounts have been restated to conform with current year's presentation.

Q3 2020 vs Q3 2019

Following the significant decline in North America and International rig count during the first half of 2020, the third quarter saw the North American rig count stabilize before increasing slightly toward the end of the quarter, with the majority of the increase in Canada. International activity increased as COVID related restrictions eased, however, industry activity remains at or near historic lows in all the Company's key markets.

This collapse in drilling activity resulted in consolidated revenue of $23.1 million in the third quarter of 2020, a decrease of $49.1 million from the corresponding period in 2019. An increase in North American market share had a positive impact on revenue.

Adjusted EBITDA decreased to a loss of $1.1 million in the third quarter, a decrease of $32.6 million from the corresponding period in 2019. The decline in adjusted EBITDA was attributable to the $32.6 million reduction in gross profit.

Cash from operating activities was $5.8 million in the third quarter of 2020, a decrease of 85% from the corresponding period in 2019. Cash from operating activities was negatively impacted by the reduction in gross profit, offset by the Company receiving $3.3 million in government wage subsidies.

Free cash flow was $4.1 million in the third quarter of 2020, compared to $33.1 million from the corresponding period in 2019. This decrease is due to the reduction in cash from operating activities, partially offset by an 80% reduction in capital expenditures.

The Company recorded a net loss attributable to Pason of $3.7 million ($0.04 per share) in the third quarter of 2020 compared to net income attributable to Pason of $15.4 million ($0.18 per share) recorded in the corresponding period in 2019.

President's Message

The third quarter of 2020 represented the most challenging industry conditions that Pason has encountered in its history, as the ongoing COVID-19 pandemic continued to have devastating impacts on the global economy in addition to the significant health concerns it has caused. With less than 300 active land drilling rigs in North America during the quarter, industry activity was 28% lower than the second quarter and down 72% from a year ago.

Pason's revenue remains highly correlated to North American land drilling activity and, as a result, third quarter revenue of $23 million was down 68% from the third quarter of 2019. We also continue to have significantly more operating leverage than most of our energy services peers, as many of our costs are fixed in nature. As a result, we posted an Adjusted EBITDA loss of $1 million compared to positive Adjusted EBITDA of $31 million a year ago and our free cash flow was down 87% year-over-year to $4 million in the quarter.

It is notable that our quarterly Adjusted EBITDA was similar to that recorded during the depths of the previous downturn in the second quarter of 2016, yet North American land drilling activity was 35% lower in Q3-2020 than that period of time. This highlights the significant adjustments we have made to our operating cost structure over the past several years in response to lower levels of drilling. We have also been focused on reducing the capital intensity of our business, and in the third quarter recorded total capital expenditures of $807 thousand, down 80% from 2019 levels. As industry activity recovers, we expect that capital expenditures will normalize at levels more similar to those experienced in 2019; however, we expect to be able to absorb meaningful revenue growth within our existing operating cost structure.

The third quarter represents the first time we are presenting our financial results under reporting segments which better reflect how our business is managed under our streamlined organizational structure. Our North American business unit has been combined under common commercial and operational leadership and we expect to see benefits from this structure in terms of operating efficiency and how we manage our important customer relationships. We are also presenting the financial results of Energy Toolbase, our emerging business in the solar and energy storage space, separately to allow investors to better evaluate our progress in this area.

Our competitive position remained strong in the third quarter. In North America, revenue per industry day was essentially unchanged from 2019 levels, as market share gains offset reductions in revenue per EDR day driven by customer mix and a continued focus on cost reductions by customers in the face of unprecedented challenges in the industry. As a result, our 71% decrease in North American revenue closely mirrored the 72% decrease in industry activity. Our international revenue decreased 55%, reflecting the somewhat more resilient nature of activity in our major operating regions.

Energy Toolbase (ETB) continued to enhance its software suite that enables solar and energy storage developers and asset owners to model their site's expected financial returns, control the in-field assets, and monitor their performance in real-time. As the industry-leading economic analysis and proposal generation software, ETB Developer is also used to source opportunities to deploy its control systems and monitoring software. Subscriptions for ETB Developer remained consistent despite the effects of the pandemic and the sale of additional control systems through the ETB platform has strengthened our conviction that the combination of the modeling, control and monitoring tools under a common platform provides a compelling value proposition for customers.

Our balance sheet remains strong. We ended the third quarter with $169 million of cash and cash equivalents, as a result of constraining operating and capital costs, continued working capital discipline, and a lower dividend payment.

As we look to the future, the worst appears to be behind us in terms of oil and gas drilling activity. Global demand for oil has begun to recover from its lows in the second quarter, and we have seen similar strength in gas markets. The global picture for supply and demand for oil has become more balanced and the WTI oil price has stabilized around US$40 per barrel. In recent weeks, we have seen the North

American land drilling count stabilize and begin to slowly increase, and activity in our international jurisdictions has also been increasing, particularly in regions where drilling was effectively shut down earlier during the pandemic.

Significant uncertainty remains around near-term forecasts of industry activity. Potential demand impacts from further waves of COVID-19 cases and questions about ongoing OPEC compliance with production agreements will impact commodity prices and drilling activity. The current consensus of industry analysts is that industry rig counts will remain low through the first half of 2021 before increasing to exit the year at much higher levels. Consolidation of the customer base has accelerated recently, both as a result of business combinations and companies exiting the industry due to financial distress. As the industry recovers, it will be characterized by a smaller number of companies with a heightened focus on technology. We have made the decision to continue to invest in critical technology and service capabilities to ensure our strong competitive position to serve those customers. This decision puts pressure on our financial results through the worst parts of the downturn, however we will remain the service provider of choice as the industry recovers.

Pason has a long history of success based on both its technology and its people and we will seize on opportunities to build on that history. I am deeply humbled and honoured to be asked to lead this organization as its next President and Chief Executive Officer and I thank our employees, customers, suppliers, shareholders and Board for their continued support of our great company.

Jon Faber

President and Chief Executive Officer
November 4, 2020

Management’s Discussion and Analysis

The following discussion and analysis has been prepared by management as of November 4, 2020, and is a review of the financial condition and results of operations of Pason Systems Inc. (Pason or the Company) based on International Financial Reporting Standards (IFRS) and should be read in conjunction with the Consolidated Financial Statements and accompanying notes.

Certain information regarding the Company contained herein may constitute forward-looking statements under applicable securities laws. Such statements are subject to known or unknown risks and uncertainties that may cause actual results to differ materially from those anticipated or implied in the forward-looking statements.

All financial measures presented in this report are expressed in Canadian dollars unless otherwise indicated.

Changes in Reportable 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 of 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 response to ongoing low activity levels across the North American land drilling market, the Company streamlined its structure and operations in the third quarter by consolidating its core US and Canadian operations. As a result of this consolidation, along with the continued investment in solar and energy storage business, the Company determined that the prior operating segments no longer reflected how management monitored and evaluated operating results. This conclusion was reached in part due to the fact that solar and energy storage business is distinct from its core business and that anticipated future operating results will be significant enough to warrant a distinct segment, as well as the consolidation of management of North American operations. These new reportable segments reflect how the Chief Executive Officer and management allocates resources and assess the performance of the Company.

All comparative figures have been reclassified to conform to the new presentation.

Impact of Hyperinflation

In 2018, the Company concluded that its Argentinian subsidiary is operating in a hyperinflationary economy. This conclusion impacts the application of two accounting standards, IAS 21, The Effects of Changes in Foreign Exchange, and IAS 29, Financial Reporting in Hyperinflationary Economies.

The impact of applying IAS 21 to the operating results of Argentina subsidiary for the third quarter of 2020 was to decrease revenue by $173 and reduce segment gross profit by $372. The impact of applying IAS 29 to the non-monetary assets and liabilities, and shareholders' equity of the Argentina subsidiary was to record a non-cash net monetary adjustment of $465 for the third quarter of 2020.

Impact on IFRS Measures

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Change	**2020**	2019	Change
(000s) (unaudited)	**($)**	($)	(%)	**($)**	($)	(%)
(Decrease) in revenue	**(173)**	(1,747)	(90)	**(469)**	(1,747)	(73)
Decrease in rental services and local administration expenses	**159**	1,055	(85)	**369**	1,055	(65)
(Increase) in depreciation expense	**(358)**	(258)	39	**(769)**	(258)	198
(Decrease) in segment gross profit	**(372)**	**(950)**	(61)	**(869)**	**(950)**	(9)
Net monetary gain presented in other expenses	**465**	2,376	(80)	**1,280**	2,376	(46)
(Increase) decrease in income tax provision	**(1)**	80	—	**—**	80	—
Increase in net income	**92**	**1,506**	(94)	**411**	**1,506**	(73)

Impact on Non-IFRS Measures

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Change	**2020**	2019	Change
(000s) (unaudited)	**($)**	($)	(%)	**($)**	($)	(%)
(Decrease) in revenue	**(173)**	(1,747)	(90)	**(469)**	(1,747)	(73)
Decrease in rental services and local administration expenses	**159**	1,055	(85)	**369**	1,055	(65)
Net monetary gain presented in other expenses	**465**	2,376	(80)	**1,280**	2,376	(46)
Increase in EBITDA	**451**	1,684	(73)	**1,180**	1,684	(30)
(Elimination) of net monetary gain presented in other expenses	**(465)**	(2,376)	(80)	**(1,280)**	(2,376)	(46)
(Decrease) in Adjusted EBITDA	**(14)**	(692)	(98)	**(100)**	(692)	(86)

Additional IFRS Measures

In its Consolidated Financial Statements, the Company uses certain additional IFRS measures. Management believes these measures provide useful supplemental information to readers.

Funds flow from operations

Management believes that funds flow from operations, as reported in the Consolidated Statements of Cash Flows, is a useful additional measure as it represents the cash generated during the period, regardless of the timing of collection of receivables and payment of payables. Funds flow from operations represents the cash flow from continuing operations, excluding non-cash items. Funds flow from operations is defined as net income adjusted for depreciation and amortization expense, non-cash, stock-based compensation expense, deferred taxes, and other non-cash items impacting operations.

Cash from operating activities

Cash from operating activities is defined as funds flow from operations adjusted for changes in working capital items.

Non-IFRS Financial Measures

These definitions are not recognized measures under IFRS, and accordingly, may not be comparable to measures used by other companies. These Non-IFRS measures provide readers with additional information regarding the Company's ability to generate funds to finance its operations, fund its research and development and capital expenditure program, and pay dividends.

Revenue per Industry day

Revenue per Industry day is defined as the daily revenue generated from all products that the Company is renting over all active drilling rigs in the North American business unit. This metric provides a key measure of the Company’s ability to evaluate and manage product adoption, pricing, and market share penetration. Drilling days are calculated by using accepted industry sources.

EBITDA

EBITDA is defined as net income before interest income and expense, income taxes, stock-based compensation expense, and depreciation and amortization expense.

Adjusted EBITDA

Adjusted EBITDA is defined as EBITDA, adjusted for foreign exchange, impairment of property, plant, and equipment, restructuring costs, net monetary adjustments, and other items which the Company does not consider to be in the normal course of continuing operations.

Management believes that EBITDA and Adjusted EBITDA are useful supplemental measures as they provide an indication of the results generated by the Company's principal business activities prior to the consideration of how these results are taxed in multiple jurisdictions, how the results are impacted by foreign exchange or how the results are impacted by the Company's accounting policies for equity-based compensation plans.

Free cash flow

Free cash flow is defined as cash from operating activities plus proceeds on disposal of property, plant, and equipment, less capital expenditures (including changes to non-cash working capital associated with capital expenditures), and deferred development costs. This metric provides a key measure on the Company's ability to generate cash from its principal business activities after funding the capital expenditure program, and provides an indication of the amount of cash available to finance, among other items, the Company's dividend and other investment opportunities.

Overall Performance

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Change	**2020**	2019	Change
(000s) (unaudited)	**($)**	($)	(%)	**($)**	($)	(%)
Revenue						
Drilling Data	**12,218**	37,771	(68)	**64,982**	120,293	(46)
Mud Management and Safety	**6,515**	21,243	(69)	**36,132**	66,059	(45)
Communications	**965**	4,783	(80)	**6,980**	15,322	(54)
Drilling Intelligence	**1,052**	5,141	(80)	**7,657**	15,702	(51)
Analytics and Other	**2,318**	3,257	(29)	**8,127**	9,856	(18)
Total revenue	**23,068**	72,195	(68)	**123,878**	227,232	(45)

The Pason Electronic Drilling Recorder (EDR) remains the Company's primary product of the North American and International business unit. The EDR provides a complete drilling data acquisition system, data networking, and drilling management tools and reports at both the wellsite and at customer offices. The EDR is the base product from which all other wellsite instrumentation products are linked. By linking these products, a number of otherwise redundant elements such as data processing, display, storage, and networking are eliminated. This ensures greater reliability and a more robust system of instrumentation for the customer.

As a result of the change in reportable segments described previously, the Company, effective for the third quarter of 2020, 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 services to the oil and gas industry, and the Solar and Energy Storage business unit, which provides services to solar and storage developers. Revenue associated with the Solar and Energy Storage business unit is reported in analytics and other. All comparative figures have been reclassified to conform to the new presentation.

The COVID-19 pandemic has had a significant negative impact on the demand for fossil fuels and this combined with a supply imbalance has led to a decline in oil prices. As a result, the Company's customers have reduced their capital expenditure programs which has led to a precipitous fall in the active rig count in all major markets the Company operates in, which has had a significant impact on the Company's revenue.

Total revenue decreased by 68% in the third quarter of 2020 compared to the corresponding period in 2019. The decrease is attributable to the decrease in industry activity in the North American and International operating segments, partially offset by an increase in revenue from the Solar and Energy Storage business unit.

The Solar and Energy Storage business unit experienced a significant increase in revenue during the third quarter of 2020 compared to the corresponding period in 2019. The increase in revenue is predominately due to the acquisition of Energy Toolbase LLC in 2019.

Discussion of Operations

North American Operations

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Change	**2020**	2019	Change
(000s) (unaudited)	**($)**	($)	(%)	**($)**	($)	(%)
Revenue						
Drilling Data	**10,100**	32,561	(69)	**55,921**	102,713	(46)
Mud Management and Safety	**5,291**	19,416	(73)	**31,388**	60,650	(48)
Communications	**887**	4,464	(80)	**6,406**	14,146	(55)
Drilling Intelligence	**1,011**	4,785	(79)	**7,241**	14,734	(51)
Analytics and Other	**991**	2,294	(57)	**4,105**	7,017	(41)
Total revenue	**18,280**	63,520	(71)	**105,061**	199,260	(47)
Rental services and local administration	**10,948**	24,239	(55)	**46,033**	73,405	(37)
Depreciation and amortization	**6,554**	8,813	(26)	**23,528**	27,015	(13)
Segment gross profit	**778**	30,468	(97)	**35,500**	98,840	(64)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Change	**2020**	2019	Change
(unaudited)	**($)**	($)	(%)	**($)**	($)	(%)
Revenue per Industry day	**667**	668	—	**704**	665	6

Industry activity in the North American market decreased by 72% in the third quarter of 2020 over the 2019 comparable period. Industry activity was lowest at the start of the quarter and experienced a modest recovery throughout the quarter, most notably in Canada.

Revenue per Industry day was $667 during the third quarter of 2020, unchanged from the comparable period in 2019. A decline in product adoption and certain price concessions negatively impacted revenue per Industry day as contractors and operators continue to manage drilling costs. These factors were offset by an increase in market share. This increase in market share was primarily due to the type of rigs operating during the quarter as well as customer mix, combined with a slight uptick in new customers.

Rental services and local administration decreased by 55% in the third quarter of 2020 over the 2019 comparative period. The decrease in operating costs is attributable to the Company restructuring its organization to support current and anticipated activity levels.

Depreciation and amortization was down in the third quarter of 2020 due to the Company recognizing research and development tax credits.

International Operations

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Change	**2020**	2019	Change
(000s) (unaudited)	**($)**	($)	(%)	**($)**	($)	(%)
Revenue						
Drilling Data	**2,118**	5,210	(59)	**9,061**	17,580	(48)
Mud Management and Safety	**1,224**	1,827	(33)	**4,744**	5,409	(12)
Communications	**78**	319	(76)	**574**	1,176	(51)
Drilling Intelligence	**41**	356	(88)	**416**	968	(57)
Analytics and Other	**417**	837	(50)	**1,370**	2,629	(48)
Total revenue	**3,878**	8,549	(55)	**16,165**	27,762	(42)
Rental services and local administration	**2,812**	4,525	(38)	**11,466**	15,371	(25)
Depreciation and amortization	**944**	1,097	(14)	**2,983**	3,082	(3)
Segment gross profit	**122**	2,927	(96)	**1,716**	9,309	(82)

The International business unit's revenue decreased by 55% in the third quarter of 2020 over the 2019 comparative period.

Activity levels in the Company's major international markets experienced the significant reduction in activity witnessed in North America.

Rental services and local administration decreased by 38% in the third quarter of 2020 over the 2019 comparative period. The decrease in operating costs is attributable to the Company managing staffing levels to support its current activity.

Segment gross profit was $0.1 million during the third quarter of 2020 compared to $2.9 million in the 2019 comparative period.

Solar and Energy Storage Operations

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Change	**2020**	2019	Change
(000s) (unaudited)	**($)**	($)	(%)	**($)**	($)	(%)
Revenue						
Analytics and Other	**910**	126	622	**2,652**	210	1,163
Total revenue	**910**	126	622	**2,652**	210	1,163
Operating expenses and local administration (1)	**1,363**	445	206	**4,587**	1,201	282
Depreciation and amortization	**5**	7	(29)	**18**	20	(10)
Segment gross (loss)	**(458)**	(326)	40	**(1,953)**	(1,011)	93

(1) Included in rental services and local administration in the Condensed Consolidated Interim Statements of Operations.

Revenue generated by the Solar and Energy Storage business unit was $0.9 million in the third quarter of 2020 compared to $0.1 million during the 2019 comparative period.

Revenue in the third quarter of 2020 reflects revenue generated from Energy Toolbase Software Inc. (ETS), the Company formed through the amalgamation of the former Pason Power entity and Energy Toolbase LLC (ETB), which was acquired in 2019 while the revenue in the third quarter of 2019 was generated from Pason Power.

Operating expenses and local administration was $1.4 million during the third quarter of 2020 compared to $0.4 million during the comparable period. The increase reflects the acquisition of ETB.

ETS and Pason Power incurred the following research and development costs, which are included in research and development in the Condensed Consolidated Interim Statement of Operations. These costs are excluded from the segment gross loss table above.

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Change	**2020**	2019	Change
(000s) (unaudited)	**($)**	($)	(%)	**($)**	($)	(%)
Research and development	**759**	652	16	**2,534**	1,966	29

Segment gross loss was $0.5 million for the third quarter of 2020 compared to a segment gross loss of $0.3 million during the 2019 comparable period.

Corporate Expenses

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Change	**2020**	2019	Change
(000s) (unaudited)	**($)**	($)	(%)	**($)**	($)	(%)
Research and development	**6,237**	7,564	(18)	**21,036**	22,969	(8)
Corporate services	**2,469**	3,865	(36)	**8,981**	11,413	(21)
Stock-based compensation	**276**	2,446	(89)	**2,022**	9,359	(78)
Other (income) expenses						
Derecognition of onerous lease	**—**	—	—	**(5,757)**	—	—
Government wage assistance	**(3,334)**	—	—	**(7,697)**	—	—
Reorganization costs	**—**	—	—	**5,554**	—	—
Derecognition of lease receivable	**—**	—	—	**—**	4,289	—
Foreign exchange loss	**113**	615	(82)	**145**	1,269	(89)
Net interest expense - lease liability	**33**	159	(79)	**279**	404	(31)
Interest income - short term investments	**(138)**	(258)	(47)	**(1,120)**	(726)	54
Net monetary gain	**(465)**	(2,376)	(80)	**(1,280)**	(2,376)	(46)
Equity loss (income)	**357**	68	425	**436**	(156)	(379)
Other	**220**	83	165	**286**	639	(55)
Total corporate expenses	**5,768**	12,166	(53)	**22,885**	47,084	(51)

During the third quarter of 2020, due to the decline in revenue, the Company was eligible for the Canada Emergency Wage Subsidy (CEWS) program. As a result, a CEWS benefit of $3.3 million was recorded as government wage assistance. On a year to date basis, $7.7 million of CEWS benefit 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 $5.8 million was recorded as other income, which is comprised of the derecognition of a previously 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 expense of $5.6 million, which is comprised of termination and other staff related costs. This reorganization led to a decline in research and development and corporate service expenses compared to 2019.

During the second quarter of 2019, the Company was notified that the tenant leasing the Company’s previous office space in Colorado, USA filed for Chapter 7 bankruptcy. As a result, the Company derecognized the lease receivable and reported $4.3 million in other expenses.

Net monetary gain is as a result of applying hyperinflation accounting to the Company's Argentinian subsidiary.

Q3 2020 vs Q2 2020

Following the significant decline in North America and International rig count during the first half of 2020, the third quarter saw North American rig count relatively stable before increasing slightly toward the end of the quarter, with the majority of the increase in Canada. However, industry activity remains at or near historic lows in all the Company's key markets.

Consolidated revenue was $23.1 million in the third quarter of 2020, a 14% decrease compared to consolidated revenue of $26.8 million in the second quarter of 2020.

Revenue in the North American business unit was $18.3 million in the third quarter of 2020, a 20% decrease compared to revenue of $23.0 million in the second quarter of 2020.

The International business unit reported revenue of $3.9 million in the third quarter of 2020, a 30% increase compared to revenue of $3.0 million in the second quarter of 2020. The increase in revenue is attributable to the easing of COVID related restrictions in certain markets, most notably in Argentina.

Adjusted EBITDA, which adjusts EBITDA for foreign exchange and certain non-recurring charges, was a loss of $1.1 million in the third quarter of 2020 compared to a loss of $0.8 million during the second quarter of 2020.

Cash from operating activities was $5.8 million in the third quarter of 2020, compared to $30.0 million in the second quarter of 2020. During the second quarter of 2020, cash from operating activities was positively impacted by the release of working capital.

The Company recorded a net loss attributable to Pason in the third quarter of 2020 of $3.7 million ($0.04 per share) compared to a net loss attributable to Pason of $4.5 million ($0.05 per share) in the second quarter of 2020.

Summary of Quarterly Results

Three Months Ended	Dec 31, 2018	Mar 31, 2019	Jun 30, 2019	Sept 30, 2019	Dec 31, 2019	Mar 31, 2020	Jun 30, 2020	**Sep 30, 2020**
(000s, except per share data) (unaudited)	($)	($)	($)	($)	($)	($)	($)	($)
Revenue	81,965	82,143	72,894	72,195	68,410	73,962	26,848	**23,068**
EBITDA [(1)]	38.418	40,435	25,606	33,167	25,555	33,469	4,271	**2,348**
Adjusted EBITDA [(1)]	39,415	40,799	30,741	31,489	26,615	33,305	(848)	**(1,118)**
Funds flow from operations	30,711	35,899	23,794	29,899	22,126	26,722	134	**4,765**
Per share – basic	0.36	0.42	0.28	0.35	0.26	0.32	0.00	**0.06**
Per share – diluted	0.36	0.42	0.28	0.35	0.26	0.32	0.00	**0.06**
Cash from operating activities	23,407	8,442	37,938	37,453	24,714	25,593	29,953	**5,754**
Free cash flow [(1)]	16,603	385	32,547	33,067	19,955	22,935	29,888	**4,141**
Net income (loss)	20,720	19,044	9,245	15,418	10,096	16,552	(4,799)	**(3,957)**
Net income (loss) attributable to Pason	20,720	19,044	9,245	15,418	10,405	16,919	(4,487)	**(3,698)**
Per share – basic	0.24	0.22	0.11	0.18	0.12	0.20	(0.05)	**(0.04)**
Per share – diluted	0.24	0.22	0.11	0.18	0.12	0.20	(0.05)	**(0.04)**

(1)Non-IFRS financial measures are defined in the Management's Discussion and Analysis section.

Reconcile Income to EBITDA

Three Months Ended	Dec 31, 2018	Mar 31, 2019	Jun 30, 2019	Sept 30, 2019	Dec 31, 2019	Mar 31, 2020	Jun 30, 2020	**Sep 30, 2020**
(000s) (unaudited)	($)	($)	($)	($)	($)	($)	($)	($)
Net income (loss)	20,720	19,044	9,245	15,418	10,096	16,552	(4,799)	**(3,957)**
Add:								
Income taxes	7,192	7,393	3,469	5,485	3,846	7,023	(1,072)	**(1,369)**
Depreciation and amortization	7,556	10,222	9,978	9,917	10,713	10,414	8,612	**7,503**
Stock-based compensation	3,335	3,824	3,089	2,446	1,481	(122)	1,868	**276**
Net interest income	(385)	(48)	(175)	(99)	(581)	(398)	(338)	**(105)**
EBITDA [(1)]	38,418	40,435	25,606	33,167	25,555	33,469	4,271	**2,348**

(1)Non-IFRS financial measures are defined in the Management's Discussion and Analysis section.

Reconcile EBITDA to Adjusted EBITDA

Three Months Ended	Dec 31, 2018	Mar 31, 2019	Jun 30, 2019	Sept 30, 2019	Dec 31, 2019	Mar 31, 2020	Jun 30, 2020	**Sep 30, 2020**
(000s) (unaudited)	($)	($)	($)	($)	($)	($)	($)	**($)**
EBITDA	38,418	40,435	25,606	33,167	25,555	33,469	4,271	**2,348**
Add:								
Foreign exchange (gain) loss	1,007	101	553	615	930	(47)	79	**113**
Derecognition of onerous lease	—	—	—	—	—	—	(5,757)	**—**
Government wage assistance	—	—	—	—	—	—	(4,363)	**(3,334)**
Reorganization costs	—	—	—	—	—	—	5,554	**—**
Derecognition of lease receivable	—	—	4,289	—	—	—	—	**—**
Net monetary gain	—	—	—	(2,376)	(511)	(419)	(396)	**(465)**
Other	(10)	263	293	83	641	302	(236)	**220**
Adjusted EBITDA [(1)]	39,415	40,799	30,741	31,489	26,615	33,305	(848)	**(1,118)**

(1)Non-IFRS financial measures are defined in the Management's Discussion and Analysis section.

Reconcile cash from operating activities to free cash flow

Three Months Ended	Dec 31, 2018	Mar 31, 2019	Jun 30, 2019	Sept 30, 2019	Dec 31, 2019	Mar 31, 2020	Jun 30, 2020	**Sep 30, 2020**
(000s) (unaudited)	($)	($)	($)	($)	($)	($)	($)	**($)**
Cash from operating activities	23,407	8,442	37,938	37,453	24,714	25,593	29,953	**5,754**
Less:								
Net additions to property, plant and equipment	(5,621)	(7,489)	(5,510)	(3,726)	(4,143)	(2,236)	(644)	**(1,282)**
Deferred development costs	(1,183)	(568)	119	(660)	(616)	(422)	579	**(331)**
Free cash flow [(1)]	16,603	385	32,547	33,067	19,955	22,935	29,888	**4,141**

(1)Non-IFRS financial measures are defined in the Management's Discussion and Analysis section.

Pason's quarterly financial results vary quarter to quarter due in part to the seasonality of the oil and gas service industry in the North American business unit, which is somewhat offset by the less seasonal nature the International and Solar and Energy Storage business units. The first quarter is generally the strongest quarter for the North American business unit 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, therefore, do not permit the movement of heavy equipment. Activity generally increases in the third quarter, depending on the year, as ground conditions have often improved 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.

Liquidity and Capital Resources

As at September 30,	**2020**	2019	Change
(000s) (unaudited)	**($)**	($)	(%)
Cash and cash equivalents	**169,254**	180,865	(6)
Working capital	**166,989**	230,210	(27)
Funds flow from operations (1)	**31,621**	89,592	(65)
Capital expenditures (1)	**4,694**	18,591	(75)
As a % of funds flow (1) (2)	**14.8 %**	20.8 %	(600) bps

(1) Figures are for the nine months ended September 30.
(2) Calculated by dividing capital expenditures by funds flow from operations.

Contractual Obligations

	Less than 1 year	1–3 years	Thereafter	Total
(000s) (unaudited)	($)	($)	($)	($)
Operating leases and other contracts	5,133	9,575	2,337	17,045

Contractual obligations relate primarily to minimum future lease payments required primarily for operating leases of certain facilities. A portion of these future obligations have been recognized on the balance sheet as a leased asset and a corresponding liability, in accordance with IFRS 16, Leases.

The Company has available a $5.0 million demand revolving credit facility. At September 30, 2020, no amount had been drawn on the facility.

Disclosure of Outstanding Share and Options Data

As at September 30, 2020, there were 83,690 common shares and 4,546 options issued and outstanding.

SEDAR

Additional information relating to the Company can be accessed on the Company's website at www.pason.com and on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

Critical Accounting Estimates

The preparation of the Consolidated Financial Statements requires that certain estimates and judgments be made with respect to the reported amounts of revenue and expenses and the carrying value of assets and liabilities. These estimates are based on historical experience and management's judgments, and as a result, the estimates used by management involve uncertainty and may change as additional experience is acquired.

Depreciation and Amortization

The accounting estimate that has the greatest impact on the Company's financial statements is depreciation and amortization. Depreciation of the Company's capital assets includes estimates of useful lives. These estimates may change with experience over time so that actual results could differ significantly from these estimates.

Carrying Value of Assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. Judgments and assessments are made to determine whether an event has occurred that indicates a possible impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year.

At June 30, 2020, the Company performed an impairment test on property, plant, and equipment and goodwill and concluded that there was no impairment. Management believes there was no significant change to the recoverable amounts calculated at June 30, 2020 and accordingly did not perform an impairment test as at September 30, 2020. Given the uncertainty facing the oil and gas industry, as a result of COVID-19 and over-supply of oil, the Company will perform another impairment test at December 31, 2020.

Stock-Based Payments

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

Income Taxes

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

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

Deferred tax assets are recognized for the carry-forward of unused tax losses and unused tax credits when it is probable that taxable income will be available to utilize unused tax losses and unused tax credits. This requires estimation of future taxable income and usage of tax loss carry-forwards for a considerable period into the future. Income tax expense in future periods may be affected to the extent actual taxable income is not sufficient or available to use the temporary differences giving rise to the deferred tax asset.

Risk and Uncertainties

Pason has implemented a risk management framework that helps the Company manage the reality that future events, decisions, or actions may cause undesirable effects. The framework takes a value-based approach to identifying, prioritizing, communicating, mitigating, and monitoring risks, and aligns this with the organization's appetite for risk considering our culture, strategy, and objectives.

Although a framework can help the Company to manage its risks, the Company's performance is subject to a variety of risks and uncertainties. Although the risks described below are the risks that we believe are material, there may also be risks of which we are currently unaware, or that we currently regard as immaterial based upon the information available to us. Interested parties should be aware that the occurrence of the events described in these risk factors could have a material adverse effect on our business, operating results, and financial condition.

COVID-19

On March 11th, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. COVID-19's negative impact on the demand for oil has been significant and this combined with an over-supply of oil has led to a decline in oil prices. As a result, Pason customers have reduced their capital expenditure programs which has led to a precipitous fall in the active rig count in Pason's major markets. This supply / demand imbalance is having a direct impact on Pason's revenue. The ultimate impact of COVID-19 on future oil demand is unknown at the present time and thus it is not possible to predict the long-term effects of COVID-19 on the Company's operating results.

Operating Risks

Pason derives the majority of its revenue from the rental of instrumentation and data services to oil and gas companies and drilling contractors in Canada, the US, Australia, and Latin America. The demand for our products is directly related to land-based or offshore drilling activity funded by energy companies' capital expenditure programs. A substantial or extended decline in energy prices or diversion of funds to large capital programs could adversely affect capital available for drilling activities, directly impacting Pason's revenue.

Commodity Prices

Prices for crude oil and natural gas fluctuate in response to a number of factors beyond Pason's control. The factors that affect prices include, but are not limited to, the following: the actions of the Organization of Petroleum Exporting Countries, world economic conditions, government regulation, political stability in the Middle East and elsewhere, the foreign supply of crude oil, the price of foreign imports, the availability of alternate fuel sources, and weather conditions. Any of these can reduce the amount of drilling activity.

Seasonality

Drilling activity in Canada is seasonal due to weather that limits access to leases in the spring and summer, making the first and last quarters of each year the peak level of demand for Pason's services due to the higher level of drilling activity. The length of the drilling season can be shortened due to warmer winter weather or rainy seasons. Pason can offset some of this risk, although not eliminate it, through continued growth in the US and internationally, where activity is less seasonal.

Proprietary Rights

Pason relies on innovative technologies and products to protect its competitive position in the market. To protect Pason's intellectual property, the Company employs trademarks, patents, employment agreements, and other measures to protect trade secrets and confidentiality of information. Pason also believes that due to the rapid pace of technological change in the industry, technical expertise, knowledge, and innovative skills, combined with an ability to rapidly develop, produce, enhance, and market products, also provides protection in maintaining a competitive position.

Litigation

The Company is involved in various claims and litigation arising in the normal course of business. While the outcome of these matters is uncertain and there can be no assurance that such matters will be resolved in Pason's favour, the Company does not currently believe that the outcome of any pending or threatened proceedings related to these or other matters, or the amounts which the Company may be required to pay by reason thereof, would individually or in the aggregate have a material adverse impact on its day-to-day business operations.

Credit Risk

Pason is exposed to credit risk to the extent that its customers, operating primarily in the oil and natural gas industry, may experience financial difficulty and be unable to meet their obligations. However, Pason has a large number of customers on both the Operator and Contractor side, which minimizes exposure to any single customer.

Availability of Qualified Personnel

Due to the specialized and technical nature of Pason's business, Pason is highly dependent on attracting and retaining qualified or key personnel. There is competition for qualified personnel in the areas where Pason operates, and there can be no assurance that qualified personnel can be attracted or retained to meet the growth needs of the business. To mitigate this risk, Pason has a Human Resources department within each significant business unit to support that function.

Alternative Energies

There continues to be extensive discussion at all levels of government worldwide and by the public concerning the burning of fossil fuels and the impact this may have on the global environment. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability, which could lead to potentially increased capital expenditures and operating costs. Implementation of strategies for reducing greenhouse gases could have a material impact on the nature of operations of the Company. Given the evolving nature of the debate related to climate change and the control of greenhouse gases and the possible resulting requirements, it is not possible to predict either the nature of those requirements or the impact on the Company.

International Operations

Assets outside of Canada and the US may be adversely affected by changes in governmental policy, social instability, or other political or economic developments beyond the Company's control, including expropriation of property, exchange rate fluctuations, and restrictions on repatriation of cash. The Company has mitigated these risks where practical and considered warranted. Approximately 90% of the Company's revenues are generated in Canada and the US, which limits exposure to risks and uncertainties in foreign countries. The Company's Argentinian subsidiary is operating in a highly inflationary economy and its operating results are being impacted by a weakening Argentina peso relative to the Canadian dollar.

Foreign Exchange Exposure

The Company operates internationally and is primarily exposed to exchange risk relative to the US dollar. The Canadian operations are exposed to currency risk on US denominated financial assets and liabilities with fluctuations in the rate recognized as foreign exchange gains or losses in the Consolidated Statements of Operations. The Company's self-sustaining foreign subsidiaries expose the Company to exchange rate risk on the translation of their financial assets and liabilities to Canadian dollars for consolidation purposes.

Adjustments arising when translating the foreign subsidiaries into Canadian dollars are reflected in the Consolidated Statements of Operations and Other Comprehensive Income as unrealized foreign currency translation adjustments. The Company has not hedged either one of these risks.

The Company does not employ any financial instruments to manage risk or hedge its activities. The vast majority of the Company's activities are conducted in Canada and the US, where local revenue is earned against local expenses and the Company is therefore naturally hedged.

Major Customers

Pason has a large customer base, consisting of both operators and contractors, and does not rely on any single customer for a significant portion of its revenue. No single customer accounted for more than 10% of the consolidated revenues of the Company. The loss of one or more customers, or a reduction in the amount of business Pason does with any of its customers, if not offset by obtaining new customers or increasing the amount of business it does with existing customers, could have a detrimental impact on Pason's revenue.

Key Personnel

Pason's success depends to a significant extent on the contributions of a number of its officers and key employees. The Company does not carry "key person" insurance on any of its key employees. As such, the loss of services of one or more of these key employees could have a material adverse effect on Pason's business, operating results, or financial condition.

Dividends

The decision to pay dividends and the amount paid is at the discretion of Pason's Board of Directors, which regularly reviews the Company's financial position, operating results, and industry outlook. Pason's ability to pay dividends is dependent on the Company's ability to generate cash flow in excess of its operating and investment needs and the Company's financial position.

Taxation

Pason and its subsidiaries are subject to income and other forms of taxation in the various jurisdictions in which they operate. Pason attempts to structure its operations in a tax efficient manner in light of prevailing tax regimes. Any adverse change to existing taxation measures, policies or regulations, or the introduction of new taxation measures, policies or regulations in any of the jurisdictions in which Pason operates could have a negative impact on Pason's business, operating results, or financial condition.

The management of Pason believes that the provision for income taxes is adequate and in accordance with both generally accepted accounting principles and appropriate regulations. However, the tax filing positions of the Company are subject to review and audit by tax authorities who may challenge and succeed in management's interpretation of the applicable tax legislation.

Information Security

Pason's business operations use an extensive network of communications and computer hardware and software systems. In addition, Pason's equipment captures, transmits, and stores significant quantities of drilling data on behalf of its customers. The Company takes measures to protect the security and integrity of its information systems and data, however, there is a risk that these measures may not fully protect against a potential security breach, which could have a negative impact on the Company's ability to operate or its reputation with existing and potential customers.

Condensed Consolidated Interim Financial Statements and Notes

Condensed Consolidated Interim Balance Sheets

As at	Note*	**September 30, 2020**	December 31, 2019
(CDN 000s) (unaudited)		**($)**	($)
Assets			
Current			
Cash and cash equivalents	5,11	**169,254**	161,016
Trade and other receivables		**20,098**	59,716
Income taxes recoverable - other	6	**15,304**	15,304
Prepaid expenses		**2,318**	3,621
Income taxes recoverable		**5,302**	2,382
Total current assets		**212,276**	242,039
Non-current			
Property, plant and equipment		**103,722**	118,522
Investments		**25,824**	26,265
Intangible assets and goodwill		**47,481**	51,015
Total non-current assets		**177,027**	195,802
Total assets		**389,303**	437,841
Liabilities and equity			
Current			
Trade payables and accruals		**28,023**	34,420
Income taxes payable		**2,461**	3,133
Stock-based compensation liability	7	**2,332**	2,442
Lease liability	8	**2,471**	3,275
Investment - put option		**10,000**	15,000
Total current liabilities		**45,287**	58,270
Non-current			
Deferred tax liabilities		**9,651**	8,566
Lease liability	8	**4,513**	11,532
Stock-based compensation liability	7	**3,921**	3,479
Obligation under put option		**9,797**	9,540
Total non-current liabilities		**27,882**	33,117
Equity			
Share capital	7	**162,798**	166,701
Share-based benefits reserve		**32,536**	30,863
Foreign currency translation reserve		**63,575**	57,830
Equity reserve		**(8,375)**	(8,375)
Retained earnings		**66,902**	99,806
Total equity attributable to equity holders of the Company		**317,436**	346,825
Non-controlling interest		**(1,302)**	(371)
Total equity		**316,134**	346,454
Total liabilities and equity		**389,303**	437,841

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

Condensed Consolidated Interim Statements of Operations

	Note*	Three Months Ended September 30,		Nine Months Ended September 30,	
		2020	2019	**2020**	2019
(CDN 000s, except per share data) (unaudited)		**($)**	($)	**($)**	($)
Revenue		**23,068**	72,195	**123,878**	227,232
Operating expenses					
Rental services		**12,956**	25,779	**53,291**	79,837
Local administration		**2,167**	3,430	**8,795**	10,140
Depreciation and amortization		**7,503**	9,917	**26,529**	30,117
		22,626	39,126	**88,615**	120,094
Gross profit		**442**	33,069	**35,263**	107,138
Other expenses					
Research and development		**6,237**	7,564	**21,036**	22,969
Corporate services		**2,469**	3,865	**8,981**	11,413
Stock-based compensation expense	7	**276**	2,446	**2,022**	9,359
Other (income) expenses	8	**(3,214)**	(1,709)	**(9,154)**	3,343
		5,768	12,166	**22,885**	47,084
(Loss) income before income taxes		**(5,326)**	20,903	**12,378**	60,054
Income tax provision		**(1,369)**	5,485	**4,582**	16,347
Net (loss) income		**(3,957)**	15,418	**7,796**	43,707
Net (loss) income attributable to:					
Shareholders of Pason		**(3,698)**	15,418	**8,734**	43,707
Non-controlling interest		**(259)**	—	**(938)**	—
Net (loss) income		**(3,957)**	15,418	**7,796**	43,707
(Loss) income per share	9				
Basic		**(0.04)**	0.18	**0.10**	0.51
Diluted		**(0.04)**	0.18	**0.10**	0.51

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

Condensed Consolidated Interim Statements of Other Comprehensive Income

	Note*	Three Months Ended September 30,		Nine Months Ended September 30,	
		2020	2019	**2020**	2019
(CDN 000s) (unaudited)		**($)**	**($)**	**($)**	($)
Net (loss) income		**(3,957)**	15,418	**7,796**	43,707
Items that may be reclassified subsequently to net income:					
Tax recovery on net investment in foreign operations related to an inter-company financing		**—**	—	**—**	10,481
Foreign currency translation adjustment		**(6,476)**	819	**5,752**	(12,274)
Other comprehensive (loss) gain		**(6,476)**	819	**5,752**	(1,793)
Total comprehensive (loss) income		**(10,433)**	16,237	**13,548**	41,914
Total comprehensive (loss) income attributed to:					
Shareholders of Pason		**(10,190)**	16,237	**14,479**	41,914
Non-controlling interest		**(243)**	—	**(931)**	—
Total comprehensive (loss) income		**(10,433)**	16,237	**13,548**	41,914

*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, 2019		164,723	27,287	63,574	—	130,493	386,077	—	386,077
Net income		—	—	—	—	43,707	43,707	—	43,707
Dividends	7	—	—	—	—	(47,055)	(47,055)	—	(47,055)
Acquisition		—	—	—	(9,079)	—	(9,079)	1,244	(7,835)
Other comprehensive loss		—	—	(1,793)	—	—	(1,793)	—	(1,793)
Exercise of stock options	7	3,990	(623)	—	—	—	3,367	—	3,367
Expense related to vesting of options		—	3,258	—	—	—	3,258	—	3,258
Shares cancelled under NCIB	7	(1,309)	—	—	—	(11,754)	(13,063)	—	(13,063)
Liability reversal for automatic share purchase plan commitment pursuant to NCIB	7	423	—	—	—	3,656	4,079	—	4,079
Balance at September 30, 2019		167,827	29,922	61,781	(9,079)	119,047	369,498	1,244	370,742
Net income (loss)		—	—	—	—	10,405	10,405	(309)	10,096
Dividends		—	—	—	—	(16,045)	(16,045)	—	(16,045)
Prior years business acquisition		1,250	—	—	—	—	1,250	—	1,250
Acquisition		—	—	—	704	—	704	(1,306)	(602)
Other comprehensive income		—	—	(3,951)	—	—	(3,951)	—	(3,951)
Exercise of stock options		—	(1)	—	—	—	(1)	—	(1)
Expense relating to vesting of options		—	942	—	—	—	942	—	942
Shares cancelled under NCIB		(1,644)	—	—	—	(9,333)	(10,977)	—	(10,977)
Liability for automatic share purchase plan commitment pursuant to NCIB	7	(732)	—	—	—	(4,268)	(5,000)	—	(5,000)
Balance at December 31, 2019		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	7	—	—	—	—	(36,265)	(36,265)	—	(36,265)
Other comprehensive income		—	—	5,745	—	—	5,745	7	5,752
Expense related to vesting of options		—	1,673	—	—	—	1,673	—	1,673
Shares cancelled under NCIB	7	(1,675)	—	—	—	(4,601)	(6,276)	—	(6,276)
Liability reversal for automatic share purchase plan commitment pursuant to NCIB	7	732	—	—	—	4,268	5,000	—	5,000
Liability for automatic share purchase plan commitment pursuant to NCIB	7	(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**

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

Condensed Consolidated Interim Statements of Cash Flows

		Three Months Ended September 30,		Nine Months Ended September 30,	
	Note*	**2020**	2019	**2020**	2019
(CDN 000s) (unaudited)		**($)**	($)	**($)**	($)
Cash from (used in) operating activities					
Net (loss) income		**(3,957)**	15,418	**7,796**	43,707
Adjustment for non-cash items:					
Depreciation and amortization		**7,503**	9,917	**26,529**	30,117
Stock-based compensation	7	**276**	2,446	**2,022**	9,359
Deferred income taxes		**1,253**	2,101	**975**	3,520
Derecognition of onerous lease	8	**—**	—	**(5,757)**	—
Derecognition of lease receivable	8	**—**	—	**—**	4,289
Hyperinflationary adjustment		**(451)**	(1,506)	**(1,182)**	(1,506)
Unrealized foreign exchange loss and other		**141**	1,523	**1,238**	106
Funds flow from operations		**4,765**	29,899	**31,621**	89,592
Movements in non-cash working capital items:					
Decrease in trade and other receivables		**3,955**	4,922	**39,896**	9,021
(Increase) decrease in prepaid expenses		**(561)**	(1,066)	**1,308**	(45)
(Decrease) increase in income taxes		**(3,063)**	3,476	**1,360**	4,699
Increase (decrease) in trade payables, accruals and stock-based compensation liability		**3,063**	2,270	**(8,079)**	(3,894)
Effects of exchange rate changes		**82**	(1,850)	**(61)**	(262)
Cash generated from operating activities		**8,241**	37,651	**66,045**	99,111
Income tax paid	6	**(2,487)**	(198)	**(4,745)**	(15,278)
Net cash from operating activities		**5,754**	37,453	**61,300**	83,833
Cash flows from (used in) financing activities					
Proceeds from issuance of common shares	7	**—**	239	**—**	3,366
Payment of dividends	7	**(4,201)**	(16,199)	**(36,265)**	(47,055)
Repurchase and cancellation of shares under NCIB	7	**(2,193)**	(1,944)	**(6,276)**	(13,063)
Repayment of lease liability		**(667)**	(840)	**(1,910)**	(1,893)
Net cash used in financing activities		**(7,061)**	(18,744)	**(44,451)**	(58,645)
Cash flows (used in) from investing activities					
Payment on investment - put option		**—**	—	**(5,000)**	—
Acquisition		**—**	(23,830)	**—**	(23,830)
Additions to property, plant and equipment		**(476)**	(3,398)	**(4,520)**	(17,482)
Development costs		**(331)**	(660)	**(174)**	(1,109)
Proceeds on disposal of investment and property, plant and equipment		**81**	188	**888**	806
Changes in non-cash working capital		**(887)**	(516)	**(530)**	(49)
Net cash used in investing activities		**(1,613)**	(28,216)	**(9,336)**	(41,664)
Effect of exchange rate on cash and cash equivalents		**(4,312)**	1,239	**725**	(6,497)
Net (decrease) increase in cash and cash equivalents		**(7,232)**	(8,268)	**8,238**	(22,973)
Cash and cash equivalents, beginning of period		**176,486**	189,133	**161,016**	203,838
Cash and cash equivalents, end of period	5	**169,254**	180,865	**169,254**	180,865

*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. (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.

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, 2019.

Key Sources of Estimation Uncertainty

At each reporting period, management assesses whether there are indicators of impairment of the Company’s property and equipment, intangible assets, and goodwill. If an indication of impairment exists, the property and equipment, intangible assets, and goodwill are tested for impairment. Goodwill is tested for impairment at least annually. In order to determine if impairment exists and to measure the potential impairment charge, the carrying amounts of the Company’s cash generating units (CGU) are compared to their recoverable amounts, which is the greater of fair value less costs to sell and value in use (VIU). An impairment charge is recognized to the extent the carrying amount exceeds the recoverable amount. VIU is calculated as the present value of the expected future cash flows specific to each CGU. In calculating VIU, significant judgment is required in making assumptions with respect to discount rates, the market outlook, and future net cash flows associated with the CGU. Any changes in these assumptions will have an impact on the measurement of the recoverable amount and could result in adjustments to impairment charges already recorded.

The COVID-19 pandemic has had a significant negative impact on the demand for fossil fuels and this combined with an over-supply of oil has led to a decline in oil prices. As a result, the Company's customers have reduced their capital expenditure programs which has led to a precipitous fall in the active rig count in all major markets the Company operates in, which has had a significant impact on the Company's revenue.

At June 30, 2020, management calculated the recoverable amount determined based on the value in use in each of the CGUs using cash flow budgets approved by management. There is a degree of uncertainty with respect to the estimates of the recoverable amounts of the CGU's assets due in part to the necessity of making key assumptions about the future economic environment that the Company will operate in. The value in use calculations use discounted cash flow projections, which require key assumptions, including future cash flows, projected growth, and pre-tax discount rates.

The Company considers a range of reasonable possibilities to use for these key assumptions and decides upon the amounts to use that represent management's best estimates. Management believes there was no significant change to the recoverable amounts calculated at June 30, 2020 and accordingly did not perform an impairment test as at September 30, 2020.

3. Significant Accounting Policies

Government Subsidies

The Company adopted the following accounting policy as a result of qualifying for the Canada Emergency Wage Subsidy (CEWS) program. CEWS subsidies are recognized when there is reasonable assurance that the Company will comply with the relevant conditions and that the subsidy will be received. The CEWS benefits are recorded as other income.

Adoption of new standard

IFRS 3, Business combinations

Amendments to IFRS 3, Business Combinations, assist in determining whether a transaction should be accounted for as a business combination or an asset acquisition. It amends the definition of a business to include an input and a substantive process that together significantly contribute to the ability to create goods and services provided to customers, generating investment and other income, and it excludes returns in the form of lower costs and other economic benefits. The amendments will be applied prospectively to new transactions.

IAS 28, Investments in associates and joint ventures

Indicates that long-term interests in an associate or joint venture, such as long-term loans, should be accounted for using IFRS 9, Financial instruments.

IAS 12/IFRIC 23, Income taxes

Clarified that IAS 12 applies to accounting for uncertain tax positions. The IFRIC includes guidance to deal with uncertainty of tax treatments.

4. 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.

5. Cash and Cash Equivalents

As at	September 30, 2020	December 31, 2019
(unaudited)	**($)**	($)
Cash	**47,823**	56,539
Cash equivalents	**121,431**	104,477
Cash and cash equivalents	**169,254**	161,016

Cash equivalents are made up of cash invested in money market funds with interest rates of approximately 0.50% and maturities from 1–30 days.

6. Income Tax

During the first quarter of 2019, the Company paid withholding tax owing to the Canada Revenue Agency (CRA) of $15,304 as part of the Bilateral Advanced Pricing Arrangement entered into with the CRA and the Internal Revenue Service (IRS). The Company has recorded an amount under current income taxes recoverable - other on the Condensed Consolidated Interim Balance Sheets which represents a corresponding amount owing from the IRS. During the third quarter of 2020, the IRS informed the Company that the withholding tax refund had been selected for audit.

7. Share Capital

Common shares

	Nine Months Ended September 30, 2020		Year Ended December 31, 2019	
(unaudited)	**($)**	**(#)**	($)	(#)
Balance, beginning of period	**166,701**	**84,538**	164,723	85,783
Exercise of stock options	—	—	3,990	198
Previous business acquisition	—	—	1,250	95
Shares repurchased and cancelled under NCIB	**(1,675)**	**(848)**	(2,953)	(1,538)
Prior period liability for automatic share purchase plan commitment pursuant to NCIB	**732**	—	423	—
Liability for automatic share purchase plan commitment pursuant to NCIB	**(2,960)**	—	(732)	—
Balance, end of period	**162,798**	**83,690**	166,701	84,538

At September 30, 2020, 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, 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.

Stock option plan

The Group has a stock option plan that entitles qualified employees to purchase shares in the Company. Options, which are issued at market price, vest over three years and expire after five years.

At September 30, 2020, 4,546 (2019: 5,135) stock options were outstanding for common shares at exercise prices ranging from $12.90 to $20.62 per share, expiring between 2020 and 2024 as follows:

	Nine Months Ended September 30, 2020		Nine Months Ended September 30, 2019	
	Share Options	**Weighted Average Exercise Price**	Share Options	Weighted Average Exercise Price
(unaudited)	**(#)**	**($)**	(#)	($)
Outstanding, beginning of period	**5,111**	**17.87**	5,534	20.00
Granted	**—**	**—**	40	18.85
Equity settled	**—**	**—**	(198)	16.98
Expired or forfeited	**(565)**	**18.32**	(241)	22.55
Outstanding, end of period	**4,546**	**17.84**	5,135	19.99
Exercisable, end of period	**2,652**	**18.46**	2,492	21.17
Available for grant, end of period	**1,312**		836	

Stock-based compensation expense and liability

The stock option, restricted share unit (RSU), deferred share unit (DSU), and performance share unit (PSU) plans expense can be summarized as follows:

Expense

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	**2020**	2019
(unaudited)	**($)**	($)	**($)**	($)
Stock options	**667**	1,177	**1,673**	3,259
RSUs	**43**	194	**849**	1,794
DSUs (recovery) expense	**(327)**	(234)	**(979)**	180
PSUs (recovery) expense	**(107)**	1,236	**479**	3,907
Deferred compensation expense	**—**	73	**—**	219
Stock-based compensation	**276**	2,446	**2,022**	9,359

Liability

As at	**September 30, 2020**	December 31, 2019
(unaudited)	**($)**	($)
RSUs	**405**	739
PSUs	**1,927**	1,703
Current portion of stock-based compensation liability	**2,332**	2,442
RSUs	**1,875**	710
DSUs	**1,249**	2,228
PSUs	**797**	541
Non-current portion of stock-based compensation liability	**3,921**	3,479
Total stock-based compensation liability	**6,253**	5,921

Common share dividends

During the third quarter of 2020, the Company declared and paid dividends of $4,201 (2019: $16,199) or $0.05 per common share (2019: $0.19).

Normal Course Issuer Bid (NCIB)

In 2019, the Company renewed the expiring NCIB, which commenced on December 18, 2019 and expires on December 17, 2020. Under the new NCIB, the Company may purchase for cancellation, from time to time, as the Company considers advisable, up to a maximum of 6,777 common shares, which represent 10% of the public float.

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 44 common shares. The Company may make one block purchase per calendar week which exceeds the daily purchase restriction.

During the third quarter of 2020, the Company purchased 406 common shares for cancellation (2019: 109), for a total cash consideration of $2,193 (2019: $1,944). On a year to date basis, the Company purchased 848 (2019: 682), for total consideration of $6,276 (2019: $13,063). The total consideration is allocated between share capital and retained earnings.

Under an automatic purchase plan (APP) with an independent broker, the Company recorded a liability of $8,000 at September 30, 2020 for share repurchases that could take place during its internal blackout period. The total accrual is included in the Consolidated Balance Sheets under trade payables and accruals.

As at	**September 30, 2020**	December 31, 2019
(unaudited)	**($)**	($)
Amounts charged to:		
Share capital	**2,960**	732
Retained earnings	**5,040**	4,268
Liability for automatic share purchase plan commitment	**8,000**	5,000

8. Other (Income) Expenses

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2020	2019	**2020**	2019
(unaudited)	**($)**	($)	**($)**	($)
Derecognition of onerous lease	**—**	—	**(5,757)**	—
Government wage assistance	**(3,334)**	—	**(7,697)**	—
Reorganization costs	**—**	—	**5,554**	—
Derecognition of lease receivable	**—**	—	**—**	4,289
Foreign exchange loss	**113**	615	**145**	1,269
Net interest expense - lease liabilities	**33**	159	**279**	404
Interest income - short term investments	**(138)**	(258)	**(1,120)**	(726)
Net monetary gain	**(465)**	(2,376)	**(1,280)**	(2,376)
Equity loss (income)	**357**	68	**436**	(156)
Other	**220**	83	**286**	639
Other (income) expenses	**(3,214)**	(1,709)	**(9,154)**	3,343

During the third quarter of 2020, due to the decline in revenue, the Company was eligible for the Canada Emergency Wage Subsidy (CEWS) program. As a result, a CEWS benefit of $3,334 was recorded as government wage assistance. On a year to date basis, $7,697 of CEWS benefit 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 as other income, which is comprised of the derecognition of a previously 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 expense of $5,554, which is comprised of termination and other staff related costs. This reorganization led to a decline in research and development and corporate service expenses compared to 2019.

During the second quarter of 2019, the Company was notified that the tenant leasing the Company's previous office space in Colorado, USA filed for Chapter 7 bankruptcy. As a result, the Company derecognized the lease receivable and reported $4,289 in other expenses.

Net monetary gain is as a result of applying hyperinflation accounting to the Company's Argentinian subsidiary.

9. 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 30,		Nine Months Ended September 30,	
	2020	2019	**2020**	2019
(unaudited)	**(#)**	(#)	**(#)**	(#)
Issued common shares outstanding, beginning of period	**84,096**	85,393	**84,538**	85,783
Effect of NCIB and exercised options	**(102)**	(61)	**(363)**	(60)
Weighted average number of common shares (basic)	**83,994**	85,332	**84,175**	85,723

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 30,		Nine Months Ended September 30,	
	2020	2019	**2020**	2019
(unaudited)	**(#)**	(#)	**(#)**	(#)
Weighted average number of common shares (basic)	**83,994**	85,332	**84,175**	85,723
Effect of share options	**—**	67	**—**	88
Weighted average number of common shares (diluted)	**83,994**	85,399	**84,175**	85,811

All of the Company's 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.

10. Operating Segments

The Company operates 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 services to the oil and gas industry, but are managed separately. The Solar and energy storage business unit offer services to solar and storage developers. For each of the strategic business units, the Group's senior management reviews internal management reports on a monthly basis.

Previously, the Company's operating segments were oil and gas centric and reported by geographic segment: Canada, the United States, and International (Latin America, Offshore, the Eastern Hemisphere, and the Middle East). The solar and energy storage business was previously reported under the United States business unit.

All comparative figures have been reclassified to conform to the new presentation.

Performance is measured based on gross profit as included in the internal management reports. Segment gross profit is used to measure performance, as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis. Intra-company balances and transactions are eliminated.

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

Three Months Ended September 30, 2020	**North America**	**International**	**Solar and Energy Storage**	**Total**
(unaudited)	**($)**	**($)**	**($)**	**($)**
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				**(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**

Three Months Ended September 30, 2019 (restated)	**North America**	**International**	**Solar and Energy Storage**	**Total**
(unaudited)	**($)**	**($)**	**($)**	**($)**
Revenue				
Drilling Data	32,561	5,210	—	37,771
Mud Management and Safety	19,416	1,827	—	21,243
Communications	4,464	319	—	4,783
Drilling Intelligence	4,785	356	—	5,141
Analytics and Other	2,294	837	126	3,257
Total Revenue	63,520	8,549	126	72,195
Rental services and local administration	24,239	4,525	445	29,209
Depreciation and amortization	8,813	1,097	7	9,917
Segment gross profit (loss)	30,468	2,927	(326)	33,069
Research and development				7,564
Corporate services				3,865
Stock-based compensation				2,446
Other (income)				(1,709)
Income tax provision				5,485
Net income				15,418
Net income attributable to Pason				15,418
Capital expenditures	3,167	891	—	4,058
As at September 30, 2019				
Property plant and equipment	107,025	15,316	130	122,471
Intangible assets	44,453	—	—	44,453
Goodwill	8,816	2,600	—	11,416
Segment assets	390,233	54,572	1,357	446,162
Segment liabilities	69,293	6,066	61	75,420

Nine Months Ended September 30, 2020	North America	International	Solar and Energy Storage	Total
(unaudited)	($)	($)	($)	($)
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**
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, 2019 (restated)	North America	International	Solar and Energy Storage	Total
(unaudited)	($)	($)	($)	($)
Revenue				
Drilling Data	102,713	17,580	—	120,293
Mud Management and Safety	60,650	5,409	—	66,059
Communications	14,146	1,176	—	15,322
Drilling Intelligence	14,734	968	—	15,702
Analytics and Other	7,017	2,629	210	9,856
Total Revenue	199,260	27,762	210	227,232
Rental services and local administration	73,405	15,371	1,201	89,977
Depreciation and amortization	27,015	3,082	20	30,117
Segment gross profit (loss)	98,840	9,309	(1,011)	107,138
Research and development				22,969
Corporate services				11,413
Stock-based compensation				9,359
Other expenses				3,343
Income tax provision				16,347
Net income				43,707
Net income attributable to Pason				43,707
Capital expenditures	15,835	2,756	—	18,591
As at September 30, 2019				
Property plant and equipment	107,025	15,316	130	122,471
Intangible assets	44,453	—	—	44,453
Goodwill	8,816	2,600	—	11,416
Segment assets	390,233	54,572	1,357	446,162
Segment liabilities	69,293	6,066	61	75,420

11. Financial Instruments

The carrying values of the financial assets and liabilities approximate their fair value due to the short-term nature of these items. The Company's financial instruments include cash and cash equivalents, trade and other receivables, trade payables and accruals, and stock-based compensation liability.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values.

The three levels of the fair value hierarchy are as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly.
- Level 3 - Inputs that are not based on observable market data.

	Financial Assets and Liabilities at Fair Value			
As at September 30, 2020	Level 1	Level 2	Level 3	**Total**
(unaudited)	($)	($)	($)	**($)**
Cash and cash equivalents	169,254	—	—	**169,254**

12. Approval of Financial Statements

The unaudited Condensed Consolidated Interim Financial Statements were approved by the Board of Directors on November 4, 2020.

13. Events After the Reporting Period

On November 4, 2020, the Company announced a quarterly dividend of $0.05 per share on the Company's common shares. The dividend will be paid on December 30, 2020 to shareholders of record at the close of business on December 16, 2020.

Corporate Information

Directors

Marcel Kessler
Chairman of the Board
Pason Systems Inc.
Victoria, British Colombia

T. Jay Collins(2)(3)
Director
Oceaneering International Inc.
Houston, Texas

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

Judi Hess(4)(5)
CEO & Director
Copperleaf Technologies Inc.
Vancouver, British Columbia

James B. Howe(1)(6)(7)
President
Bragg Creek Financial
Consultants Ltd.
Calgary, Alberta

Laura Schwinn(2)(4)(6)
President Specialty Catalysts
W. R. Grace & Co.
Columbia, Maryland

(1) Audit Committee Chair
(2) Audit Committee Member
(3) HR and Compensation Committee Chair
(4) HR and Compensation Committee Member
(5) Corporate Governance and Nominations Committee Chair
(6) Corporate Governance and Nomination Committee Member
(7) Lead Director

Officers & Key Personnel

Jon Faber
President
& Chief Executive Officer

David Elliott
Chief Financial Officer

Kevin Boston
Vice President, Commercial

Natalie Fenez
Vice President, Legal & Corporate Secretary

Bryce McLean
Vice President, Operations

Fiona Mueller-Thode
President, Verdazo Analytics Inc.

Lars Olesen
Vice President, Product Technology

Russell Smith
Vice President, International

Ryan Van Beurden
Vice President, Rig-site Research & Development

Reid Wuntke
President, Energy Toolbase Software Inc.

Corporate Head Office

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Auditors

Deloitte LLP
Calgary, Alberta

Banker

Royal Bank of Canada
Calgary, Alberta

Registrar and Transfer Agent

Computershare Trust Company of Canada
Calgary, Alberta

Stock Trading

Toronto Stock Exchange
Trading Symbol: PSI.TO

Eligible Dividend Designation

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