



**CONDENSED INTERIM  
CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE AND NINE MONTHS ENDED  
September 30, 2025 and 2024**

**(Unaudited)**

## HIGH ARCTIC ENERGY SERVICES INC.

### CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited) (thousands of Canadian Dollars)	As at September 30, 2025	As at December 31, 2024
<b>Assets</b>		
Current assets		
Cash and cash equivalents	3,052	3,123
Accounts receivable (Note 4)	2,806	2,749
Inventory	21	66
Prepaid expenses and other assets	158	221
Current portion of notes receivable (Note 5)	1,071	1,062
	7,108	7,221
Non-current assets		
Property and equipment (Note 6)	10,232	10,599
Notes receivable (Note 5)	1,452	2,029
Right of use assets (Note 7(a))	1,135	1,204
Intangible assets (Note 8)	1,261	1,510
Goodwill (Note 8)	812	812
Equity investments (Note 9)	7,912	7,492
	22,804	23,646
<b>Total assets</b>	<b>29,912</b>	<b>30,867</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 10)	1,246	2,741
Current portion of long-term debt (Note 11)	175	175
Current portion of lease liabilities (Note 7(b))	345	368
Current portion of contingent consideration payable (Note 12)	1,159	1,245
	2,925	4,529
Non-current liabilities		
Long-term debt (Note 11)	3,047	3,178
Lease liabilities (Note 7(b))	900	943
Contingent consideration payable (Note 12)	1,001	1,112
	4,948	5,233
<b>Total liabilities</b>	<b>7,873</b>	<b>9,762</b>
<b>Shareholders' Equity</b>		
Share capital (Note 13(a))	133,426	133,153
Contributed surplus	13,300	13,156
Accumulated and other comprehensive loss	(1,477)	(1,478)
Deficit	(123,210)	(123,726)
	22,039	21,105
<b>Total liabilities and shareholders' equity</b>	<b>29,912</b>	<b>30,867</b>

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Subsequent events (Note 20)

## HIGH ARCTIC ENERGY SERVICES INC.

### CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(unaudited)	Three months ended		Nine months ended	
	September 30,		September 30,	
(thousands of Canadian Dollars, except per share amounts)	2025	2024	2025	2024
Revenue (Note 18)	2,930	2,506	7,656	8,027
Oilfield services expenses (Note 15)	(1,291)	(1,171)	(3,508)	(3,963)
General and administrative expenses (Note 15)	(882)	(759)	(2,510)	(4,454)
Depreciation and amortization expenses (Notes 6, 7(a), 8)	(609)	(575)	(1,768)	(1,903)
Share-based compensation expense (Note 14)	(40)	-	(144)	(139)
Operating income (loss)	108	1	(274)	(2,432)
Interest and other income	47	165	155	1,203
Interest and finance expenses (Note 15)	(111)	(61)	(388)	(187)
Accretion income on notes receivable	52	69	167	199
Foreign exchange gain (loss)	2	(137)	(9)	134
Gain (loss) on disposal of property and equipment	70	(16)	76	(16)
Fair value adjustment to contingent consideration (Note 12)	-	-	362	-
Income (loss) from equity investments (Note 9)	756	105	420	(294)
Income (loss) before income tax from continuing operations	924	126	509	(1,393)
Income tax recovery (expense)	7	(1)	7	(9)
Net income (loss) from continuing operations	931	125	516	(1,402)
Net income from discontinued operations (Note 3)	-	27,097	-	30,428
<b>Net income</b>	<b>931</b>	<b>27,222</b>	<b>516</b>	<b>29,026</b>
Other comprehensive income:				
Items that may be reclassified subsequently to net income:				
Foreign currency translation gain from foreign operations	-	234	1	1,512
<b>Comprehensive income for the period</b>	<b>931</b>	<b>27,456</b>	<b>517</b>	<b>30,538</b>

  

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2025	2024	2025	2024
Net income (loss) per share: (Note 13(b))				
Continuing operations – basic and diluted	0.07	0.01	0.04	(0.11)
Discontinued operations – basic	-	2.18	-	2.47
Discontinued operations – diluted	-	2.18	-	2.43

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

## HIGH ARCTIC ENERGY SERVICES INC.

### CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(unaudited) (thousands of Canadian Dollars, except number of common shares)	Number of common shares <sup>(1)</sup>	Share capital	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total shareholders' equity
Balance, December 31, 2023	12,280,568	169,992	14,550	26,980	(112,190)	99,332
Exercise of performance share units (Note 13)	70,545	422	(422)	-	-	-
Exercise of deferred share units (Note 13)	97,053	581	(1,132)	-	-	(551)
Distribution – return of capital (Note 13)	-	(37,842)	-	-	-	(37,842)
Share-based compensation expense (Note 14)	-	-	139	-	-	139
Other comprehensive income – foreign currency translation gain	-	-	-	1,512	-	1,512
Reclassification of AOCI to net income from discontinued operations	-	-	-	(28,686)	-	(28,686)
Net loss for the period from continuing operations	-	-	-	-	(1,402)	(1,402)
Net income for the period from discontinued operations (Note 3)	-	-	-	-	30,428	30,428
Balances removed in relation to distribution to SpinCo	-	-	-	-	(39,847)	(39,847)
<b>Balance, September 30, 2024</b>	<b>12,448,166</b>	<b>133,153</b>	<b>13,135</b>	<b>(194)</b>	<b>(123,011)</b>	<b>23,083</b>

  

Balance, December 31, 2024	12,448,166	133,153	13,156	(1,478)	(123,726)	21,105
Common share issuance related to contingent consideration (Notes 12, 13)	248,793	273	-	-	-	273
Share-based compensation expense (Note 14)	-	-	144	-	-	144
Other comprehensive income – foreign currency translation gain	-	-	-	1	-	1
Net income for the period	-	-	-	-	516	516
<b>Balance, September 30, 2025</b>	<b>12,696,959</b>	<b>133,426</b>	<b>13,300</b>	<b>(1,477)</b>	<b>(123,210)</b>	<b>22,039</b>

<sup>(1)</sup> Pursuant to the de facto four-to-one consolidation of the Corporation's outstanding common shares effective August 12, 2024, the number of common shares outstanding have been retroactively adjusted to effect the stock consolidation.

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

## HIGH ARCTIC ENERGY SERVICES INC.

### CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)	Three months ended		Nine months ended	
	September 30,		September 30,	
(thousands of Canadian Dollars)	2025	2024	2025	2024
<b>Cash flows from operating activities:</b>				
Net income (loss) from continuing operations	931	125	516	(1,402)
Adjustments for:				
Depreciation and amortization expenses (Notes 6, 7(a), 8)	609	575	1,768	1,903
Unrealized foreign exchange loss (gain)	(2)	116	9	(194)
Share-based compensation expense (Note 14)	40	-	144	139
Non-cash interest and accretion income on notes receivable	(77)	(107)	(250)	(313)
Non-cash finance expenses	69	20	220	62
Loss (gain) on disposal of property and equipment	(70)	16	(76)	16
Fair value adjustment to contingent consideration	-	-	(362)	-
Share-based compensation payment	-	-	-	(551)
Loss (income) from equity investments	(756)	(105)	(420)	294
Funds from (used in) operating activities from continuing operations	744	640	1,549	(46)
Change in non-cash working capital (Note 16)	(193)	(153)	(591)	4
Cash from (used in) operating activities from continuing operations	551	487	958	(42)
Cash from operating activities from discontinued operations (Note 3)	-	2,838	-	14,090
<b>Net cash from operating activities</b>	<b>551</b>	<b>3,325</b>	<b>958</b>	<b>14,048</b>
<b>Cash flows from investing activities:</b>				
Property and equipment expenditures (Note 6)	(173)	(630)	(966)	(1,445)
Proceeds on disposal of property and equipment	115	92	125	92
Payments received on notes receivable (Note 5)	273	589	1,112	589
Payment related to contingent consideration (Note 12)	-	-	(873)	-
Change in non-cash working capital (Note 16)	-	77	-	77
Cash from (used) in investing activities from continuing operations	215	128	(602)	(687)
Cash used in investing activities from discontinued operations (Note 3)	-	(21,373)	-	(22,097)
<b>Net cash from (used) in investing activities</b>	<b>215</b>	<b>(21,245)</b>	<b>(602)</b>	<b>(22,784)</b>
<b>Cash flows from financing activities:</b>				
Repayment of long-term debt (Note 11)	(43)	(43)	(131)	(130)
Lease liabilities payments (Note 7(b))	(100)	(86)	(287)	(257)
Distribution – return of capital (Note 13)	-	(37,842)	-	(37,842)
Cash used in financing activities from continuing operations	(143)	(37,971)	(418)	(38,229)
Cash used in financing activities from discontinued operations (Note 3)	-	(112)	-	(446)
<b>Net cash used in financing activities</b>	<b>(143)</b>	<b>(38,083)</b>	<b>(418)</b>	<b>(38,675)</b>
Effect of foreign exchange changes	1	67	(9)	1,186
Total change in cash and cash equivalents	624	(55,936)	(71)	(46,225)
Total cash and cash equivalents, beginning of period	2,428	60,042	3,123	50,331
<b>Total cash and cash equivalents, end of period</b>	<b>3,052</b>	<b>4,106</b>	<b>3,052</b>	<b>4,106</b>

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

# HIGH ARCTIC ENERGY SERVICES INC.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

(Stated in Thousands of Canadian Dollars)

### 1. Nature of business

High Arctic Energy Services Inc. ("High Arctic" or the "Corporation") is incorporated under the laws of Alberta, Canada and is a publicly traded corporation listed on the Toronto Stock Exchange under the symbol "HWO". High Arctic provides pressure control equipment and equipment supporting the high-pressure stimulation of oil and gas wells and other oilfield equipment on a rental basis to exploration and production companies in Canada. The Corporation's head office address is located at Suite 2350, 330 – 5th Ave SW Calgary, Canada T2P 0L4.

As at September 30, 2025, 5,479,159 common shares of the Corporation were owned by FBC Holdings S.A.R.L., representing 43.2% of the outstanding common shares. In addition, High Arctic directors and officers collectively own 759,174 common shares, representing 6.0% of the outstanding common shares.

On June 17, 2024, the Corporation held its Annual and Special General Meeting where the Corporation's shareholders approved, amongst other things, a special resolution approving a reorganization of the Corporation by way of a plan of arrangement ("the Arrangement") and a return of capital of \$0.76 per pre-Arrangement common share of High Arctic. The reorganization was completed on August 12, 2024, and resulted in the spin-off of the Corporation's former Papua New Guinea ("PNG") business to High Arctic shareholders through a new publicly listed entity High Arctic Overseas Holdings Corp. ("SpinCo") that trades on the TSX Venture Exchange under the trading symbol HOH. Finally, as part of the Arrangement, the Corporation effected a de facto four-to-one share consolidation whereby each High Arctic shareholder received one-quarter of one post-Arrangement common share for every pre-Arrangement common share held prior to August 12, 2024.

The following table lists the Corporation's subsidiaries and significant corporate holdings. The jurisdiction of formation or incorporation of such subsidiaries or significant corporate holdings and the percentage of shares owned, directly or indirectly, by the Corporation as at September 30, 2025 is as follows:

Name of subsidiary/entity	Jurisdiction of formation or incorporation	Percentage ownership of shares beneficially owned or controlled (in) directly by the Corporation
HAES SD Holding Corp.	Alberta	100%
Powerstroke Well Control, Inc.	United States ("US")	100%
Seh' Chene GP Inc.	Alberta	49%
Seh' Chene Well Services Limited Partnership ("Seh' Chene")	Alberta	49%
Team Snubbing Services Inc. ("Team Snubbing")	Alberta	42%

### 2. Basis of presentation

#### (a) Statement of compliance and approval

These unaudited condensed interim consolidated financial statements ("Financial Statements") have been prepared in accordance with International Accounting Standards 34 – Interim Financial Reporting. These Financial Statements were authorized for issuance by the Board of Directors on November 6, 2025.

#### (b) Basis of preparation

Unless otherwise noted, these Financial Statements follow the same accounting policies and methods of computation as described in the annual audited consolidated financial statements for the year ended December 31, 2024. Accordingly, these Financial Statements should be read in conjunction with the audited consolidated financial statements.

#### (c) Functional and presentation currency

The Financial Statements are presented in Canadian Dollars, which is also the currency of the primary economic operating environment ("functional currency") of the parent company.

The US dollar is the functional currency of one of the Corporation's subsidiaries.

All values are rounded to the nearest thousand dollars (\$000), except where otherwise indicated.

(d) *Judgments, estimates and assumptions*

The Financial Statements were prepared using the same judgments, estimates and assumptions as described in the audited consolidated financial statements for the year ended December 31, 2024.

(e) *Reorganization and spin-off of PNG business*

With the completion of the Arrangement on August 12, 2024, the assets and liabilities of the legacy High Arctic PNG business were removed from the Corporation's condensed interim consolidated statement of financial position and distributed to SpinCo. Details of the legacy High Arctic PNG business' operating results and resultant cashflows for the period of January 1, 2024 to August 11, 2024 are presented as discontinued operations in the Corporation's interim consolidated statements of income and comprehensive income, statements of changes in shareholders' equity and cashflows and further detailed in Note 3.

(f) *Re-presentation of operating segments*

Certain comparative operating results of these Financial Statements have been re-presented to present operations of High Arctic's legacy PNG business as discontinued operations. In particular, the former Drilling services segment which consisted of the Corporation's Drilling services provided in PNG was distributed to SpinCo on August 12, 2024. The results from this entire segment have been captured in discontinued operations (Note 18). In addition, the PNG oilfield rental equipment business (formerly part of the Rental services segment) and hydraulic workover rig in PNG (formerly part of the Production services segment) are also captured in discontinued operations.

### 3. Discontinued operations

The operating results of the Corporation's PNG business reported herein as discontinued operations are as follows:

(thousands of Canadian Dollars)	Three months ended Sept 30,		Nine months ended Sept 30,	
	2025	2024 <sup>(1)</sup>	2025	2024 <sup>(1)</sup>
Revenue	-	1,904	-	27,352
Oilfield services expenses	-	(1,357)	-	(16,890)
General and administrative expenses	-	(1,324)	-	(4,192)
Depreciation and amortization expenses	-	(479)	-	(2,713)
Interest and finance income	-	(150)	-	(65)
Foreign exchange loss	-	(22)	-	(12)
Asset impairment loss	-	-	-	(878)
Reclassification of cumulative foreign currency translation gain on distribution to SpinCo	-	28,686	-	28,686
Net income before income tax from discontinued operations	-	27,258	-	31,288
Income tax expense	-	(161)	-	(860)
Net income from discontinued operations	-	27,097	-	30,428

The cashflows from the Corporation's PNG business reported herein as discontinued operations are as follows:

(thousands of Canadian Dollars)	Three months ended Sept 30,		Nine months ended Sept 30,	
	2025	2024 <sup>(1)</sup>	2025	2024 <sup>(1)</sup>
Cash flow from operating activities	-	2,838	-	14,090
Cash used in investing activities <sup>(2)</sup>	-	(21,373)	-	(22,097)
Cash used in financing activities	-	(112)	-	(446)

<sup>(1)</sup> The 2024 operating results and related cash flows from the Corporation's PNG business, reported as discontinued operations, for the three and nine months ended September 30, 2024 include results from July 1, 2024 and January 1, 2024 to August 12, 2024, respectively.

<sup>(2)</sup> Included in cash used in investing activities is \$21,287 of cash retained by SpinCo as per the Arrangement.

#### 4. Accounts receivable

The aging and expected credit loss associated with accounts receivable are as follows:

(thousands of Canadian Dollars)	As at Sept 30, 2025	As at Dec 31, 2024
Less than 31 days	1,786	1,180
31 days to 60 days	761	552
61 days to 90 days	172	444
Greater than 90 days	141	611
	2,860	2,787
Expected credit loss provision	(54)	(38)
	2,806	2,749

#### 5. Notes receivable

(thousands of Canadian Dollars)	As at Sept 30, 2025	As at Dec 31, 2024
Convertible promissory note	2,153	2,888
Less: Interest accretion on convertible promissory note	(195)	(340)
Note receivable on Delta acquisition	587	587
Less: Interest accretion on note receivable on Delta acquisition	(22)	(44)
Notes receivable	2,523	3,091
Current	1,071	1,062
Non-current	1,452	2,029

In 2022, as part of the consideration received on the sale of the Corporation's snubbing assets, High Arctic received a convertible promissory note from Team Snubbing of \$3,365 with a five-year term, annual interest of 4.5% accruing from January 1, 2023 and principal repayments which commenced in July 2024. The note receivable is being recorded at amortized cost using the effective interest rate method. In the event of default, the outstanding principal amount plus accrued interest is convertible to common shares of Team Snubbing. Repayments, inclusive of principal and interest, totaling \$273 and \$819 were received during the three and nine months ended September 30, 2025.

In 2023, as part of the acquisition of Delta Rental Services Ltd. ("Delta"), High Arctic received an interest-free note receivable of \$880 with a three-year term, accruing from December 28, 2023, and principal repayments commencing December 2024. The note receivable is being recorded at amortized cost using the effective interest rate method. The carrying value of the note is determined by discounting the anticipated future cash flows of the note using an effective interest rate of 5.0% which approximates the credit risk associated with the principal amount outstanding of the note. During the three months ended September 30, 2025, no repayments were received or required, for the nine months ended September 30, 2025, \$293 was received in accordance with the terms of the note.

## 6. Property and equipment

(thousands of Canadian Dollars)	Vehicles	Rental equipment	Office, computer equipment and software	Land and building	Total
<b>Costs</b>					
Balance, December 31, 2024	182	18,558	2,248	6,866	27,854
Additions	43	918	5	-	966
Dispositions	(43)	(175)	-	-	(218)
Balance, September 30, 2025	182	19,301	2,253	6,866	28,602
<b>Accumulated depreciation</b>					
Balance, December 31, 2024	180	13,056	2,170	1,849	17,255
Depreciation	1	1,116	37	130	1,284
Dispositions	-	(169)	-	-	(169)
Balance, September 30, 2025	181	14,003	2,207	1,979	18,370
Net book value, December 31, 2024	2	5,502	78	5,017	10,599
Net book value, September 30, 2025	1	5,298	46	4,887	10,232

## 7. Right of use assets and lease liabilities

### (a) Right of use assets:

(thousands of Canadian Dollars)	As at September 30, 2025	As at December 31, 2024
<b>Costs</b>		
Opening balance	1,611	3,653
Distributed to SpinCo as per the Arrangement	-	(2,087)
Additions	198	49
Dispositions	(90)	(4)
Closing balance	1,719	1,611
<b>Accumulated amortization</b>		
Opening balance	407	998
Distributed to SpinCo as per the Arrangement	-	(881)
Amortization	235	290
Dispositions	(58)	-
Closing balance	584	407
Net closing balance	1,135	1,204

The right of use assets relate to various types of real estate assets and vehicles.

### (b) Lease liabilities:

(thousands of Canadian Dollars)	As at September 30, 2025	As at December 31, 2024
Opening balance	1,311	2,819
Distributed to SpinCo as per the Arrangement	-	(1,286)
Effect of foreign exchange rate changes	-	49
Lease disposals	(32)	(4)
Lease payments	(287)	(349)
Lease additions	198	-
Lease finance expense (Note 15(c))	55	82
Closing balance	1,245	1,311
Current	345	368
Non-current	900	943

The lease liabilities relate to various types of real estate assets and vehicles which are recorded as right of use assets.

The undiscounted cash flows relating to the lease liabilities at September 30, 2025 and December 31, 2024 are as follows:

(thousands of Canadian Dollars)	As at September 30, 2025	As at December 31, 2024
Less than one year	407	435
One year to five years	977	1,047
More than five years	-	-
<b>Total undiscounted lease liabilities</b>	<b>1,384</b>	<b>1,482</b>

#### 8. Intangible assets and goodwill

(thousands of Canadian Dollars)	Customer relationships	Brand and non- compete agreement	Software	Total intangibles	Goodwill
<b>Costs</b>					
Balance, December 31, 2024	1,215	286	322	1,823	812
Additions	-	-	-	-	-
<b>Balance, September 30, 2025</b>	<b>1,215</b>	<b>286</b>	<b>322</b>	<b>1,823</b>	<b>812</b>
<b>Accumulated amortization</b>					
Balance, December 31, 2024	243	57	13	313	-
Amortization	182	43	24	249	-
<b>Balance, September 30, 2025</b>	<b>425</b>	<b>100</b>	<b>37</b>	<b>562</b>	<b>-</b>
<b>Net book value, December 31, 2024</b>	<b>972</b>	<b>229</b>	<b>309</b>	<b>1,510</b>	<b>812</b>
<b>Net book value, September 30, 2025</b>	<b>790</b>	<b>186</b>	<b>285</b>	<b>1,261</b>	<b>812</b>

The intangible assets acquired in the Delta acquisition included customer relationships with a fair value of \$1,215, brand with a fair value of \$76 and a non-compete agreement with a fair value of \$210. The fair value of customer relationships was determined using an income approach using the multi-period excess earnings method. The significant assumptions used in determining the fair value of the customer relationships include forecasted revenues and cash flows from existing customer relationships, customer attrition rates, contributory asset charges and discount rates.

## 9. Equity investments

(thousands of Canadian Dollars)	As at September 30, 2025	As at December 31, 2024
Equity investment – Team Snubbing Services Inc.	7,764	7,344
Equity investment – Seh' Chene Well Services Limited Partnership	148	148
	7,912	7,492

In 2022, as part of the consideration received on the sale of the Corporation's snubbing assets, High Arctic received an equity ownership investment in Team Snubbing.

Select unaudited balance sheet and income statement information for Team Snubbing as at September 30, 2025 and December 31, 2024 and for the three and nine months ended September 30, 2025 and 2024 is as follows:

(thousands of Canadian Dollars)	As at September 30, 2025	As at December 31, 2024
Cash	181	334
Current assets, excluding cash	6,461	5,838
Non-current assets	20,061	19,992
Current liabilities	(14,754)	(13,452)
Non-current liabilities	(4,381)	(6,145)

(thousands of Canadian Dollars)	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Revenue	9,985	6,070	23,974	18,249
Net income (loss) after income tax	1,801	252	1,000	(701)
Net income (loss) after income tax – 42% share	756	105	420	(294)

## 10. Accounts payable and accrued liabilities

The nature of the Corporation's accounts payable and accrued liabilities are as follows:

(thousands of Canadian Dollars)	As at September 30, 2025	As at December 31, 2024
Trade accounts payable	544	883
Accrued liabilities	532	515
Contingent consideration payable (Note 12)	-	1,146
Wages and payroll taxes payable	90	105
Other accounts payable	80	92
Accounts payable and accrued liabilities	1,246	2,741

## 11. Long-term debt

(thousands of Canadian Dollars)	As at September 30, 2025	As at December 31, 2024
Current	175	175
Non-current	3,047	3,178
Total	3,222	3,353

The Corporation has mortgage financing, with an initial term of December 15, 2026, secured by lands and buildings owned by High Arctic located within Alberta, Canada. The mortgage has a fixed interest rate of 4.30% with payments occurring monthly. The Corporation's mortgage financing contains certain non-financial covenants requiring lender's consent including changes to the underlying business.

## 12. Contingent consideration payable

(thousands of Canadian Dollars)	As at September 30, 2025	As at December 31, 2024
Opening balance	2,357	2,952
Accretion expense	165	292
Fair value adjustment	(362)	259
First year contingent consideration transferred to accounts payable and accrued liabilities (Note 10)	-	(1,146)
Closing balance	2,160	2,357
Current	1,159	1,245
Non-current	1,001	1,112

On December 28, 2023, High Arctic completed the acquisition of all the shares of Delta for cash consideration of \$3,540 and contingent consideration of \$2,952. The calculation of the contingent consideration payable is based on the historical Delta business achieving specific profitability targets, adjusted for certain capital expenditures incurred. In accordance with the purchase agreement, the seller will receive a set percentage of the profitability target achieved. The percentage increases when the profitability target is exceeded by 20% and is reduced if the target is less than 95%. No contingent consideration is payable if less than 50% of the profitability target is achieved. The contingent consideration is payable in a combination of cash and shares of the Corporation. The first year component of the contingent consideration payable, which consisted of \$873 in cash and \$273 of common shares of the Corporation was settled in Q1 2025.

Based on results for the nine months ended September 30, 2025, combined with the Corporation's estimate of future profitability and capital expenditure levels, as compared to the targets established in the purchase agreement, a fair value adjustment of \$362 reducing the contingent consideration payable was recognized in the Corporation's net income for the nine months ended September 30, 2025. No adjustments were required to the contingent consideration payable for the three months ended September 30, 2025.

### 13. Shareholders' equity

#### (a) Share capital

The Corporation is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. No preferred shares have been issued by the Corporation. The common shares do not have a par value and all issued shares are fully paid.

On June 28, 2024, the Corporation announced a distribution to its shareholders by way of a return of capital distribution of \$0.76 per common share of High Arctic. The total amount of this distribution, \$37.8 million, was paid on July 17, 2024.

(thousands of Canadian Dollars, except number of common shares)	Nine months ended September 30, 2025		Year ended December 31, 2024	
Common shares issued and outstanding:	Shares	Amount	Shares <sup>(1)</sup>	Amount
Balance, beginning of period	12,448,166	133,153	12,280,568	169,992
Exercise of performance share units (Note 14)	-	-	70,545	422
Exercise of deferred share units (Note 14)	-	-	97,053	581
Issuance of common shares (Note 12)	248,793	273	-	-
Return of capital distribution	-	-	-	(37,842)
Balance, end of period	12,696,959	133,426	12,448,166	133,153

<sup>(1)</sup> Pursuant to the de facto four-to-one consolidation of the Corporation's outstanding common shares effective August 12, 2024, the number of common shares outstanding and all per-share amounts for 2024 have been retroactively adjusted to effect the stock consolidation.

#### (b) Per share amounts <sup>(1)</sup>

(thousands of Canadian Dollars, except per share amounts and number of common shares)	Three months ended Sept 30, 2025		Nine months ended Sept 30, 2025	
	2025	2024	2025	2024
Continuing Operations:				
Net income (loss)	931	125	516	(1,402)
Basic - weighted average number of common shares	12,696,959	12,448,166	12,638,634	12,338,676
Basic net income (loss) per share	0.07	0.01	0.04	(0.11)
Diluted - weighted average number of common shares <sup>(2)</sup>	12,696,959	12,448,270	12,638,634	12,338,676
Diluted net income (loss) per share	0.07	0.01	0.04	(0.11)
Discontinued Operations:				
Net income	-	27,097	-	30,428
Basic - weighted average number of common shares	-	12,448,166	-	12,338,676
Basic net income per share	-	2.18	-	2.47
Diluted - weighted average number of common shares	-	12,448,270	-	12,498,699
Diluted net income per share	-	2.18	-	2.43

<sup>(1)</sup> Pursuant to the de facto four-to-one consolidation of the Corporation's outstanding common shares effective August 12, 2024, the number of common shares outstanding and all per-share amounts for 2024 have been retroactively adjusted to effect the stock consolidation.

<sup>(2)</sup> Stock options with an exercise price less than the market value of the underlying common shares have been excluded from the determination of the weighted average number of common shares outstanding in the calculation of diluted net income (loss) per share.

#### 14. Share-based compensation expense

On June 19, 2025, the Corporation adopted a new omnibus equity incentive plan which allows for the issuance of stock options, performance share units, restricted share units and deferred share units. The new incentive plan replaces all of the Corporation's legacy equity incentive plans. The general terms and conditions of the new omnibus equity incentive plan remain consistent with the Corporation's legacy plans.

The Corporation's new omnibus equity incentive plan (the "equity-based compensation plan") allows up to 1,269,696 common shares (being 10% of all outstanding shares) to be issued as at September 30, 2025. The following table summarizes the all of the Corporation's current outstanding grants under its equity-based compensation plan:

	As at September 30, 2025	As at December 31, 2024
(number of stock options and share units)		
Stock options	575,000	575,000
Common shares available for grants	1,269,696	1,244,817
Percentage used of total available	45%	46%
Remaining common shares available for grant	694,696	669,817

Share-based compensation expense associated with the Corporation's equity-based compensation plan can be summarized as follows:

	Three months ended September 30,		Nine months ended September 30,	
(thousands of Canadian Dollars)	2025	2024	2025	2024
Stock options	40	-	144	(16)
Performance share unit plan – restricted and performance units	-	-	-	121
Deferred share units	-	-	-	34
Share-based compensation expense	40	-	144	139

#### Stock options

The Corporation's equity-based compensation plan provides for the issuance of stock options to purchase common shares which may be granted to directors, management, and certain employees. These stock options are typically exercisable over a term of five years and are subject to a three-year vesting period with 33.3 percent exercisable by the holder after the first anniversary date, another 33.3 percent after the second anniversary date and the balance after the third anniversary date.

Details regarding the stock options outstanding and the weighted average exercise price is as follows:

	Number of stock options	Weighted average exercise price (\$)
As at December 31, 2024 and September 30, 2025	575,000	1.19

No stock options were granted during the nine month period ended September 30, 2025 (nine months ended September 30, 2024 – nil). As at September 30, 2025, none of the issued and outstanding stock options were exercisable.

## 15. Supplementary expense disclosures

### (a) Oilfield services expenses by nature:

	Three months ended September 30,		Nine months ended September 30,	
(thousands of Canadian Dollars)	2025	2024	2025	2024
Personnel	464	399	1,234	1,213
Equipment operating and maintenance	367	263	940	909
Material and supplies	368	463	1,096	1,671
Other	92	46	238	170
Oilfield services expenses	1,291	1,171	3,508	3,963

### (b) General and administrative expenses by nature:

	Three months ended September 30,		Nine months ended September 30,	
(thousands of Canadian Dollars)	2025	2024	2025	2024
Personnel	529	422	1,573	2,341
Professional, legal and advisory fees	189	34	410	1,336
Information technology services	21	136	92	293
Corporate	57	96	180	325
Office and warehouse	48	49	134	148
Expected credit losses (recovery)	27	5	15	(55)
Vehicle, supplies and other	11	17	106	66
General and administrative expenses	882	759	2,510	4,454

### (c) Interest and finance expenses:

	Three months ended September 30,		Nine months ended September 30,	
(thousands of Canadian Dollars)	2025	2024	2025	2024
Interest on long-term debt	35	38	108	114
Finance expense – lease liabilities	18	20	55	62
Accretion expense on contingent consideration	51	-	165	-
Other expenses	7	3	60	11
Interest and finance expenses	111	61	388	187

## 16. Supplementary cash flow information

Changes in non-cash working capital balances:

	Three months ended September 30,		Nine months ended September 30,	
(thousands of Canadian Dollars)	2025	2024	2025	2024
<u>Source (use) of cash:</u>				
Accounts receivable	(445)	(254)	(57)	(293)
Inventory, prepaid expenses and other assets	68	60	108	149
Accounts payable and accrued liabilities	184	126	(642)	225
Income taxes payable	-	(8)	-	-
	(193)	(76)	(591)	81
<u>Attributable to:</u>				
Operating activities	(193)	(153)	(591)	4
Investing activities	-	77	-	77
Financing activities	-	-	-	-
	(193)	(76)	(591)	81

## 17. Financial instruments and risk management

### **Financial instrument measurement and classification:**

The Corporation's financial assets and liabilities consist of cash and cash equivalents, accounts receivable, notes receivable, accounts payable and accrued liabilities, long-term debt, and contingent consideration payable. The carrying values of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate fair value due to the short-term nature of these instruments. The carrying value of long-term debt where interest is charged at a fixed rate is not significantly different than its fair value.

At September 30, 2025, the estimated fair value of the Corporation's notes receivable was \$2,523 (December 31, 2024 - \$3,091). This determination of fair value is based on level 3 inputs as there are no active market valuation inputs available in order to support a different valuation for the notes receivable.

At September 30, 2025, the estimated fair value of the contingent consideration payable was calculated to total \$2,160 (December 31, 2024 - \$2,357).

### **Market risks:**

Market risk is the risk that the fair value or future cash flows of financial assets or liabilities will fluctuate due to movements in market rates:

#### *a) Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates. The Corporation currently has mortgage financing with a fixed interest rate of 4.30% (Note 11). The Corporation is exposed to interest rate risk upon renewal or expiration of the initial term. The Corporation had no risk management contracts that would be affected by interest rates in place at September 30, 2025 and December 31, 2024.

#### *b) Commodity price risk*

Commodity price risk is the risk that the Corporation's future cash flows will fluctuate due to changes in demand for High Arctic's services, where almost all the Corporation's customers are oil and gas producers. High Arctic's customers' activity and strategic decisions are impacted by the fluctuations of oil and gas pricing.

These prices are sensitive to not only the relationship between the Canadian and US dollar, but more importantly local, regional and world economic and geopolitical events. This includes implications from changes or potential changes related to tariffs, changing oil demand and supply, policy direction by OPEC, the ongoing effect of the conflicts between Russia and Ukraine and in the Middle East, climate change driven transitions to lower emission energy sources and the impact of future pandemics upon economic activity including the emergence of variants of COVID-19.

The Corporation had no risk management contracts that would be affected by commodity prices in place at September 30, 2025 and December 31, 2024.

#### *c) Foreign currency risk*

Foreign currency risk is the risk that a variation in the exchange rate between Canadian and foreign currencies will affect the Corporation's results. The Corporation's continuing operations have nominal USD exposure. USD expenditures are typically only made when purchasing property and equipment. Accordingly, no changes to the net income would result if there was a \$0.10 change in the exchange rate of the Canadian Dollar relative to the USD. The Corporation had no risk management contracts that would be affected by changes in foreign currency exchange rates in place at September 30, 2025 and December 31, 2024.

**Credit risk, customers, and economic dependence:**

Credit risk is the risk of a financial loss occurring as a result of a default by a counter party on its obligation to the Corporation. The Corporation's financial instruments that are exposed to credit risk consist primarily of accounts receivable, cash balances held in banks and notes receivable. The Corporation mitigates credit risk by regularly monitoring its accounts receivable and notes receivable positions and depositing cash in properly capitalized banks. The Corporation also institutes credit reviews prior to commencement of contractual arrangements.

The Corporation's accounts receivable are primarily comprised of balances from customers operating in the oil and natural gas industry, whose revenues may be affected by fluctuations in oil and natural gas prices and are subject to credit risk consistent with the industry. The Corporation manages credit risk by assessing the creditworthiness of its customers and counterparties on an ongoing basis and continuously reviews individual customer trade receivables, taking into consideration payment history and the aging of the account receivable, to assess collectability.

In providing for expected credit losses ("ECL"), the Corporation uses historical default rates within the industry which range between .04 percent to 0.3 percent for customers with an investment grade credit rating and 0.5 percent to 5.0 percent for customers with a non-investment grade credit rating. Additionally, the Corporation utilizes forward-looking information, as appropriate, to determine the appropriate loss allowance provision.

The net carrying amount of accounts receivable represents the estimated maximum credit exposure on the accounts receivable balance. The Corporation has a range of customers, typically comprised of small independent, intermediate and large multinational oil and gas producers in North America.

The Corporation provided services to one customer who individually accounted for greater than 10% of its consolidated revenues during the three months ended September 30, 2025 with total sales of \$1,052 (2024: one customer with total sales of \$323).

The Corporation provided services to one customer who individually accounted for greater than 10% of its consolidated revenues during the nine months ended September 30, 2025 with total sales of \$1,961 (2024: one customer with total sales of \$1,099).

As at September 30, 2025, one customer represented a total of \$1,057 or 38% of outstanding accounts receivable (December 31, 2024 – two customers represented a total of \$750 or 27% of outstanding accounts receivable).

**Liquidity risk:**

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

The Corporation's processes for managing liquidity risk include preparing and monitoring capital and operating budgets, working capital management, coordinating, and authorizing project expenditures, authorization of contractual agreements, and managing compliance to debt finance agreements.

The Corporation's future financial results and longer-term success are dependent upon its working capital, its ability to secure additional capital from debt or equity financings or completing other arrangements to fund the Corporation's activities while the Corporation attempts to generate recurring positive cash flows from operations. The Corporation will continue to monitor its liquidity position in future periods.

The following table details the remaining contractual maturities of the Corporation's financial liabilities as at September 30, 2025:

Payments due by period						
(thousands of Canadian Dollars)	Less than 3 months	3 months to 1 year	1-2 years	2-5 years	>5 years	Total
Accounts payable and accrued liabilities	1,246	-	-	-	-	1,246
Lease liabilities	94	313	362	615	-	1,384
Long-term debt	52	260	304	867	3,056	4,539
Contingent consideration payable	-	1,197	1,139	-	-	2,336
Total	1,392	1,770	1,805	1,482	3,056	9,505

## 18. Segmented information

The Corporation determines its operating segments based on the internal information reviewed by the executive management team and Board of Directors to allocate resources and assess performance. As discussed in Note 2(f), the Corporation has two reporting segments as follows:

### a) Rental services

Rental services segment consists of High Arctic's oilfield rental equipment of pressure control and other oilfield equipment to exploration and production companies in Canada.

### b) Investments and corporate

This segment provides management and administrative services to all the Corporation's operations and consists of the Corporation's owned industrial property which it leases, idle snubbing assets in the US and equity investments.

Details associated with each segment are provided as at September 30, 2025 and December 31, 2024 and for the three and nine months ended September 30, 2025 and 2024 in the tables which follow.

#### i. Income (loss) and capital expenditures from reportable segments

Three months ended September 30, 2025		Investments and corporate		Total
(thousands of Canadian Dollars)		Rental services		
Revenue		2,832	98	2,930
Oilfield services expenses		(1,291)	-	(1,291)
General and administrative expenses		(224)	(658)	(882)
Depreciation and amortization expenses		(528)	(81)	(609)
Share-based compensation expenses		-	(40)	(40)
Interest and other income		-	47	47
Interest and finance expenses		-	(111)	(111)
Accretion income on notes receivable		-	52	52
Foreign exchange gain		-	2	2
Gain on disposal of property and equipment		70		70
Fair value adjustment to contingent consideration		-	-	-
Income from equity investments		-	756	756
Net segment income before income tax expense		859	65	924
Capital expenditures		173	-	173

Three months ended September 30, 2024	Investments and				
(thousands of Canadian Dollars)	Drilling services	Rental services	Production services	corporate	Total
Revenue	-	2,412	-	94	2,506
Oilfield services expenses	-	(1,171)	-	-	(1,171)
General and administrative expenses	-	(226)	-	(533)	(759)
Depreciation and amortization expenses	-	(317)	-	(258)	(575)
Interest and other income	-	-	-	165	165
Interest and finance expenses	-	-	-	(61)	(61)
Accretion income on notes receivable	-	-	-	69	69
Foreign exchange loss	-	-	-	(137)	(137)
Loss on sale of property and equipment	-	-	-	(16)	(16)
Income from equity investments	-	-	-	105	105
Net segment income (loss) before income tax expense from continuing operations	-	698	-	(572)	126
Capital expenditures from continuing operations	-	610	-	20	630
Net segment income (loss) before income tax expense from discontinued operations	(1,040)	1	(17)	28,314	27,258

Nine months ended September 30, 2025			
(thousands of Canadian Dollars)	Rental services	Investments and corporate	Total
Revenue	7,362	294	7,656
Oilfield services expenses	(3,508)	-	(3,508)
General and administrative expenses	(682)	(1,828)	(2,510)
Depreciation and amortization expenses	(1,482)	(286)	(1,768)
Share-based compensation expenses	-	(144)	(144)
Interest and other income	-	155	155
Interest and finance expenses	-	(388)	(388)
Accretion income on notes receivable	-	167	167
Foreign exchange loss	-	(9)	(9)
Gain on disposal of property and equipment	76	-	76
Fair value adjustment to contingent consideration	-	362	362
Income from equity investments	-	420	420
Net segment income (loss) before income tax expense	1,766	(1,257)	509
Capital expenditures	966	-	966

Nine months ended September 30, 2024					
(thousands of Canadian Dollars)	Drilling services	Rental services	Production services	Investments and corporate	Total
Revenue	-	7,745	-	282	8,027
Oilfield services expenses	-	(3,963)	-	-	(3,963)
General and administrative expenses	-	(745)	-	(3,709)	(4,454)
Depreciation and amortization expenses	-	(1,013)	-	(890)	(1,903)
Share-based compensation expenses	-	-	-	(139)	(139)
Interest and other income	-	-	-	1,203	1,203
Interest and finance expenses	-	-	-	(187)	(187)
Accretion income on notes receivable	-	-	-	199	199
Foreign exchange gain	-	-	-	134	134
Loss on sale of property and equipment	-	-	-	(16)	(16)
Loss from equity investments	-	-	-	(294)	(294)
Net segment income (loss) before income tax expense from continuing operations	-	2,024	-	(3,417)	(1,393)
Capital expenditures from continuing operations	-	1,123	-	322	1,445
Net segment income (loss) before income tax expense from discontinued operations	1,066	1,709	(83)	28,596	31,288

ii. Asset breakdown by reportable segments

As at September 30, 2025:

(thousands of Canadian dollars)	Rental services	Investments and corporate	Total
Property and equipment	6,214	4,018	10,232
Right of use assets	1,098	37	1,135
Equity investments	-	7,912	7,912
Total assets	12,212	17,700	29,912

As at December 31, 2024:

(thousands of Canadian dollars)	Rental services	Investments and corporate	Total
Property and equipment	6,350	4,249	10,599
Right of use assets	1,151	53	1,204
Equity investments	-	7,492	7,492
Total assets	12,638	18,229	30,867

## 19. Related party transactions

The Corporation and SpinCo provide administrative services for each other subsequent to the completion of the Arrangement. The Corporation and SpinCo were deemed to be related parties as a result of having common senior management in the CEO and CFO positions. As at September 30, 2025, the Corporation and SpinCo no longer maintained common senior management, as such, the entities ceased to be related parties during the third quarter of 2025.

The following tables represent the balances owing to and receivable from SpinCo as at September 30, 2025 and December 31, 2024, in addition to a summary of the administrative services provided to and from SpinCo for the three and nine months ended September 30, 2025:

(thousands of Canadian Dollars)	As at September 30, 2025	As at December 31, 2024
Accounts receivable from SpinCo	23	192
Accounts payable to SpinCo	-	-

(thousands of Canadian Dollars)	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Administrative services provided to SpinCo	1	-	86	-
Administrative services provided from SpinCo	-	-	30	-

The Corporation routinely conducts business with Team Snubbing in which it holds a 42% ownership interest (Note 9). The following table represents accounts receivable due to the Corporation from Team Snubbing as at September 30, 2025 and December 31, 2024 and transaction totals for revenue and expected credit losses for the nine months ended September 30, 2025 and 2024 and with Team Snubbing:

(thousands of Canadian Dollars)	2025	2024
Accounts receivable	286	446
Revenue	687	1,099
Expected credit loss provision	1	99

All related party transactions are conducted in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

## 20. Subsequent events

There were no reportable subsequent events between the end of the reporting period and the date these statements were authorized for issuance.