



## **MANAGEMENT'S DISCUSSION & ANALYSIS**

**FOR THE YEARS ENDED  
December 31, 2025 and 2024**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis ("MD&A") is a summary review of core operations, strategy, outlook, risks, the results of operations, liquidity, and capital resources of High Arctic Energy Services Inc. ("High Arctic" or the "Corporation"). This MD&A is based on information available to March 31, 2026 and should be read in conjunction with the audited consolidated financial statements and notes for the years ended December 31, 2025, and 2024 (the "Financial Statements"). Additional information relating to the Corporation, including the Corporation's Annual Information Form ("AIF") for the year ended December 31, 2025, is available under the Corporation's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). This MD&A and the Financial Statements were reviewed by High Arctic's Audit Committee and approved by the Board of Directors on March 31, 2026. Throughout the MD&A, all amounts are expressed in thousands of Canadian dollars ("CAD") unless otherwise noted and have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Readers are cautioned that this MD&A contains certain forward-looking information. Please refer to the "Forward-Looking Statements" section of this MD&A for the Corporation's discussion on forward looking information including risk factors that could cause actual results to differ materially and certain assumptions used to underlie the forward-looking information. Definitions of certain non-IFRS financial measures are included under the "Non-IFRS Measures" section of this MD&A. Please refer to abbreviations listed on the last page of this MD&A.

In the following discussion, the three months ended December 31, 2025, may be referred to as the "quarter" or "Q4 2025" and the comparative three months ended December 31, 2024, may be referred to as "Q4 2024". References to other quarters may be presented as "QX 20XX" with X/XX being the quarter/year to which the commentary relates. Additionally, the year ended December 31, 2025, may be referred to as "FY 2025" and the comparative year may be referred to as "FY 2024".

### Corporate Profile

Headquartered in Calgary, Alberta, Canada, High Arctic's operations involve the provision of 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. High Arctic is also vested in the energy service pressure control snubbing business in Western Canada and Alaska, US, through a minority interest equity investment in Team Snubbing Services Inc. ("Team Snubbing").

High Arctic conducts its business activities through two reporting segments. The rental services segment consists of its rental equipment assets in Western Canada. The investments and corporate segment contains all other assets and activity, namely, High Arctic's equity investment in Team Snubbing, industrial property, head office functional support, and other monetary investments and borrowings.

The Corporation's reporting segments were adjusted in the first quarter of 2025 to better align with the existing oversight and evaluation of the operating and financial performance of the business activities. See Note 3(o) and Note 24 of the Financial Statements for additional information.

### 2024 Corporate Reorganization and Spinoff of the PNG Business

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 spinoff of the Corporation's former 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. The approved return of capital of \$0.76 per pre-Arrangement common share was distributed to shareholders on July 17, 2024. 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. Throughout this MD&A, the legacy PNG business has been presented as discontinued operations.

### 2025 Highlights

- Revenue from continuing operations of \$10,641 for FY 2025 increased by \$171 compared to FY 2024.
- High Arctic realized a \$138 increase in oilfield services operating margin while also increasing oilfield services operating percentage to 48.9% for 2025 compared to 47.8% in the prior year.
- Improved financial and operating performance in 2025 compared to 2024 despite a challenging Western Canada oil and gas environment throughout 2025 as a result of volatile crude oil and natural gas pricing.
- Realized Adjusted EBITDA of \$2,007 for FY 2025, being 19% of 2025 revenue and a 90% increase from 2024 Adjusted EBITDA.
- Maintained operational excellence and safety as evidenced by the continuation of recordable incident free work.
- Achieved expected improvements in general and administrative expenses, a reduction of 34% compared to FY 2024.
- High Arctic's share of Team Snubbing's net income for FY 2025 was \$882 compared to a net loss of \$690 for FY 2024. This income was a significant contributor to overall net income of \$356 achieved in 2025.
- Maintained strong financial liquidity throughout the year, with net working capital of \$3.6 million, including \$3.3 million of cash.
- The Corporation's financial liquidity position was further enhanced with the closing of a credit facility in Q4 2025, providing up to \$3.0 million of incremental liquidity.

## Select Comparative Financial Information

The following is a summary of select financial information of the Corporation:

(thousands of Canadian Dollars, except per share amounts)	Year ended December 31,		
	2025	2024	2023
<b>Operating results from continuing operations:</b>			
Revenue – continuing operations	10,641	10,470	3,384
Net income (loss) - continuing operations	356	(2,117)	(989)
<i>Per share (basic &amp; diluted) <sup>(1) (4)</sup></i>	<i>0.03</i>	<i>(0.17)</i>	<i>(0.08)</i>
Oilfield services operating margin - continuing operations <sup>(2)</sup>	4,966	4,828	2,058
<i>Oilfield services operating margin as a % of revenue <sup>(2)</sup></i>	<i>48.9%</i>	<i>47.8%</i>	<i>60.8%</i>
EBITDA - continuing operations <sup>(2)</sup>	2,864	(527)	(2,311)
<i>Per share (basic &amp; diluted) <sup>(1) (4)</sup></i>	<i>0.23</i>	<i>(0.04)</i>	<i>(0.19)</i>
Adjusted EBITDA - continuing operations <sup>(2)</sup>	2,007	1,054	(2,703)
<i>Per share (basic &amp; diluted) <sup>(1) (4)</sup></i>	<i>0.16</i>	<i>0.09</i>	<i>(0.22)</i>
Operating loss - continuing operations <sup>(2)</sup>	(689)	(2,965)	(5,163)
<i>Per share (basic &amp; diluted) <sup>(1) (4)</sup></i>	<i>(0.05)</i>	<i>(0.24)</i>	<i>(0.42)</i>
<b>Cash flow from continuing operations:</b>			
Cash flow from (used in) continuing operating activities	1,060	(109)	(515)
<i>Per share (basic &amp; diluted) <sup>(1) (4)</sup></i>	<i>0.08</i>	<i>(0.01)</i>	<i>(0.04)</i>
Funds flow from (used in) continuing operating activities <sup>(2)</sup>	1,789	191	(1,292)
<i>Per share (basic &amp; diluted) <sup>(1) (4)</sup></i>	<i>0.14</i>	<i>0.02</i>	<i>(0.11)</i>
2024 return of capital distribution and 2023 dividends <sup>(5)</sup>	-	37,842	2,190
Capital expenditures - continuing operations	1,233	1,947	501

(thousands of Canadian Dollars, except per share amounts and common shares outstanding)	As at December 31,		
	2025	2024	2023
<b>Financial position:</b>			
Working capital <sup>(2)</sup>	3,644	2,692	62,985
Cash and cash equivalents	3,294	3,123	50,331
Total assets	29,883	30,867	123,137
Long-term debt (non-current)	3,003	3,178	3,352
Shareholders' equity	22,043	21,105	99,332
<i>Per share <sup>(6)</sup></i>	<i>1.74</i>	<i>1.70</i>	<i>8.09</i>
Common shares outstanding <sup>(3)(6)</sup>	12,696,959	12,448,166	12,280,568

<sup>(1)</sup> The weighted average number of common shares used in calculating both basic and diluted net income (loss) per share, EBITDA (Earnings before interest, tax, depreciation and amortization) per share, Adjusted EBITDA per share, operating income (loss) per share, cash flow from operating activities per share, and funds flow from operating activities per share is detailed in Note 17(b) of the Financial Statements.

<sup>(2)</sup> Readers are cautioned that oilfield services operating margin, oilfield services operating margin as percentage of revenue, EBITDA (earnings before interest, tax, depreciation, and amortization), Adjusted EBITDA, operating income (loss), funds flow from operating activities and working capital do not have standardized meanings prescribed by IFRS. See "Non-IFRS Measures" for additional details on the calculations of these measures.

<sup>(3)</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 have been retroactively adjusted to effect the common share consolidation for all prior period comparatives.

<sup>(4)</sup> The number of weighted average common shares used in per share basic calculations for the year ended December 31, 2025, was 12,653,335 (12,653,335 diluted per share calculations), for the year ended December 31, 2024, was 12,366,198 (12,366,198 diluted per share calculations), and for the year ended December 31, 2023, was 12,178,990 (12,178,990 diluted per share calculations). For periods when the Corporation incurs a net loss or equivalent negative measure, certain potentially dilutive instruments were excluded from the calculation of diluted per share metrics as the inclusion would be anti-dilutive.

<sup>(5)</sup> Dividends for the year ended December 31, 2023, reflect cash dividends declared.

<sup>(6)</sup> Shareholders' equity per share calculated based on common shares outstanding as at the relevant date.

## Outlook

2025 resulted in numerous positive developments for High Arctic and Team Snubbing that are expected to favourably impact both businesses in 2026. High Arctic realized an acceleration in customer activity levels in central Alberta through 2025, particularly in the second half of 2025, as oil and gas producers continue to ramp their capital spending as they drill, complete and tie-in their Duvernay wells which are conveniently located in close proximity to our primary operations center in Red Deer. For Team Snubbing, securing steady work on the Alaskan North Slope and additional plug and abandonment work in late 2025 validated their decision to enter the Alaskan market, providing Team with a foundation on which they can profitably scale their business in this marketplace. Although High Arctic's revenues, Adjusted EBITDA and liquidity position are not directly impacted by the results of Team Snubbing due to the Corporation's minority equity ownership, the continued management of the liquidity/capitalization of Team Snubbing, including its debt leverage levels continue to be a top priority for High Arctic.

High Arctic's business is driven by its customers' decisions to drill new oil and natural gas wells combined with the subsequent activity to complete these wells for production, both of which are tied to their expectations for commodity prices. As such, the financial and operational performance of High Arctic's rental assets and investment in the snubbing industry are highly dependent on the forecast for commodity prices combined with the fundamentals associated with both drilling and well completion trends in the WCSB and in the US state of Alaska.

Despite ongoing economic uncertainty, persistent geopolitical conflicts and OPEC+ production behavior, global energy supply-demand dynamics have remained relatively resilient. Industry fundamentals, recently impacted by the conflict in the Middle East involving Iran, the US and Israel, continue to support oil and natural gas drilling and production activity and provide cautious optimism for supportive commodity pricing over the medium to longer term.

In the near term our customers are closely monitoring volatility in oil and gas prices in the context of their underlying production economics, which may influence activity levels, capital spending plans, and, by extension, product pricing. Additionally, the current political landscape and the impact of recently imposed tariffs in both the United States and Canada continue to introduce potential near-term uncertainty, including within the energy sector.

While global economic uncertainty persists, Canada's energy industry has opportunities for future growth, as evidenced by recent energy infrastructure developments and a new and seemingly more aggressive mandate at the federal level for Canada to become a global energy superpower. The completion of the Trans Mountain pipeline system expansion in 2024, and the commencement, and subsequent output ramp-up of West coast LNG exports in 2025 are positive developments supporting improved long-term fundamentals for High Arctic's business and the upstream energy services sector.

In summary, the Corporation will build on the positive results achieved in 2025 as it continues to execute on its strategic objectives, with progress to date being evidenced by our leadership, safety performance, balance sheet preservation, general and administrative expense reductions, selective capital expenditure investments supporting organic growth in the rentals business, and oversight of its equity investments.

## 2026 Strategic Objectives

The Corporation's 2026 strategic objectives include:

- Relentless focus on safety excellence and quality service delivery;
- Grow the core businesses through selective and opportunistic investments;
- Seek accretive acquisitions in Canada to drive shareholder value;
- Steward capital and liquidity to preserve balance sheet strength and financial flexibility; and
- Actively manage direct operating costs and general and administrative expenses.

## 2025 Strategic Objectives

At the beginning of 2025, High Arctic established a set of strategic priorities for the year. The following is a summary of these priorities and highlights of objectives met:

- Grow the core businesses through selective and opportunistic investments.
  - The Corporation invested \$1,233 in capital expenditures in the year with the vast majority focused on incremental growth in the high margin rental equipment business.
- Actively manage direct operating costs and general and administrative costs.
  - Strong focus on operating costs throughout the year resulting in a positive improvement in operating margin percentage.
  - Corporate functions have been right sized for the size and complexity of the existing business while providing a strong foundation for future growth initiatives.
  - General and administrative expenses of \$3,552 in fiscal 2025 were \$1,860 or 34% lower than the prior year.
- Steward capital to preserve balance sheet strength and financial flexibility.
  - The Canadian rentals business continues to deliver strong cash flow and operating margins.
  - The Corporation currently maintains low debt levels and associated leverage ratios.
  - Exited 2025 with an improved working capital ratio of 1.9:1
  - Entered into a credit facility in the year to provide up to \$3,000 in additional liquidity.
- Execute on accretive acquisitions or strategic alternatives in Canada to drive shareholder value.
  - The Corporation continues to seek and evaluate opportunities to grow its business through the acquisition of existing rentals businesses or complementary businesses.
  - Ongoing and recent geopolitical developments have resulted in widespread economic uncertainty which has created a difficult environment to execute on acquisitions.
- Relentless focus on safety excellence and quality service delivery.
  - High Arctic's Canadian business completed 2025 without any recordable incidents, resulting in six continuous calendar years with a zero Total Recordable Incident Frequency Rate ("TRIF") rate.

## Discussion of Operations

### Fourth Quarter 2025 Summary

- Revenue from continuing operations for Q4 2025 of \$2,985 was 22% or \$542 higher than the prior year quarter. The increase in revenue is attributable to improved overall underlying customer demand.
- Oilfield services operating margin from continuing operations was \$1,112 in the current year quarter compared to \$1,046 in the prior year quarter, an increase of \$66 or 6%, driven by the increase in revenue as noted above, offset by reduction in operating margin percentage.
- EBITDA from continuing operations was \$521 in the current year quarter compared to EBITDA of \$178 in the prior year quarter. EBITDA from continuing operations benefitted from higher revenue and related operating margin as noted above, combined with improved earnings from the Corporation's equity accounted investment in Team Snubbing.
- Operating loss from continuing operations of \$415 in the quarter compared to \$553 in Q4 2024. The decrease in operating loss is attributable to higher revenue and oilfield services operating margin, offset in part, by a weaker operating margin percentage and modestly higher general and administrative expenses.
- Net loss from continuing operations was \$160 in Q4 2025 compared to a net loss from continuing operations of \$715 in Q4 2024. Net loss from continuing operations was impacted by the same items impacting operating loss as noted above combined with higher income from the equity accounted investment in Team Snubbing and reduced non-cash accretion expenses, all of which more than offset a reduction of foreign exchange gains.

## Annual 2025 Summary

- Revenue from continuing operations for 2025 of \$10,641 compared to revenue of \$10,470 realized in 2024. Consistent with the summary of the fourth quarter results, the increase in revenue is attributable to improved overall customer demand, particularly in the second half of 2025.
- Oilfield services operating margin from continuing operations was \$4,966 in the current year compared to \$4,828 in the prior year, an increase of \$138 or 3%, driven by improved overall customer demand as noted above.
- EBITDA from continuing operations was \$2,864 in the current year compared to an EBITDA loss of \$527 in the prior year. EBITDA from continuing operations benefitted from higher revenue, improved earnings from the Corporation's equity accounted investment in Team Snubbing and reduced general and administrative expenses.
- Operating loss from continuing operations improved to \$689 in the current year compared to \$2,965 in 2024. The decrease in operating loss is attributable to the significant reduction in general and administrative expenses combined with the modest improvement in oilfield services operating margin noted above.
- Net income from continuing operations of \$356 compared to a net loss of \$2,117 in FY 2024. In addition to the factors that positively impacted the reduction in operating loss as noted above, net income for FY 2025 was driven by improved earnings from Team Snubbing, gains on the disposal of property and equipment and a positive net change related to the fair value adjustment of the Corporation's contingent consideration payable, all of which more than offset the net change of reduced foreign exchange gains.
- The Corporation's 42% equity investment share of Team Snubbing's net earnings was \$882 for the year ended December 31, 2025, compared to a net loss of \$690 in the prior year. The significant improvement in Team Snubbing's earnings in 2025 is due to improved financial performance in the international business in Alaska combined with a modest improvement in the financial results of the Canadian business.
- Cash flow from operating activities from continuing operations was \$1,060 for the year, an improvement of \$1,169 as compared to the prior year use of \$109, driven by the improvement in EBITDA from continuing operations noted above combined with the continued focus on working capital management.

## Operating Results

### Rental Services Segment

(thousands of Canadian Dollars, unless otherwise noted)	Three months ended Dec 31,		Year ended Dec 31,	
	2025	2024	2025	2024
Revenue	2,791	2,346	10,153	10,091
Oilfield services expenses	(1,679)	(1,300)	(5,187)	(5,263)
Oilfield services operating margin <sup>(1)</sup>	1,112	1,046	4,966	4,828
Operating margin (%) <sup>(1)</sup>	39.8%	44.6%	48.9%	47.8%

<sup>(1)</sup> See "Non-IFRS Measures"

The rental services segment consists of High Arctic's oilfield rental equipment in Canada, centered upon pressure control equipment and equipment supporting the high-pressure stimulation of oil and gas wells in the WCSB.

Revenue for Q4 2025 was \$445 or 19% higher than the prior year comparative quarter. Revenue for FY 2025 of \$10,153 was consistent with the prior year. The increase in revenue for Q4 2025 compared to Q4 2024 is primarily the result of the Corporation's successful completion of a large-scale high-pressure stimulation project completed in Q4 2025 combined with stronger general customer activity throughout the current year quarter as compared to the prior year quarter. FY 2025 revenue was impacted by improved customer activity levels in the second half of 2025 which was partially offset by reduced overall customer demand in the first half of 2025 due to the timing of large-scale customer activity combined with the incremental impact of continued volatility in oil and gas prices. The increase in gross operating expenses in the current year quarter was the result of the increase in revenues for the quarter. Operating expenses for FY 2025 were modestly improved on a percentage basis compared to the prior year with the change driven by strong expense management and the impact of customer sales mix.

Oilfield services operating margin for Q4 2025 of 39.8% was approximately five percent lower (on a gross basis) than the 44.6% realized in Q4 2024. Operating margin in Q4 2025 was negatively impacted by the timing of significant repairs and maintenance activity on certain pressure control equipment in the current year quarter as compared to the prior year quarter. Excluding the impact of higher repairs and maintenance costs, gross operating expenses in the current year quarter were driven by the increase in revenues. Operating margin for FY 2025 of 48.9% was modestly higher than the prior year's margin of 47.8%. The modest improvement in FY 2025 margin is attributable to an increased percentage of higher margin revenues, reduced direct operating costs as a percentage of revenue and lower utilization of third-party rental equipment, all of which more than offset the increase in repairs and maintenance incurred in Q4 2025 as noted above.

Operating margins in the current year continue to benefit from the ongoing focus on aggressively managing costs in light of the current economic environment. The reduction in third-party rental equipment expenses is due primarily to specific customer requirements and related sales mix.

### **Investments and Corporate Segment**

The investments and corporate segment contains all other assets and activity of the Corporation, namely, High Arctic's equity investment in Team Snubbing, its equity investment in the Seh' Chene Well Servicing Partnership ("Seh' Chene Partnership"), idled snubbing units in Colorado, US, industrial property in Clairmont, Alberta, head office functional support, and monetary investments and borrowings. Select analysis and discussion of these results follows by major heading. Readers are advised to reference Note 24, Segmented Information, in the Corporation's Financial Statements.

#### *Clairmont Industrial Property*

Revenue attributable to the Corporation's industrial property in Clairmont, Alberta, was \$194 for Q4 2025 compared to \$97 in the prior year comparative quarter and \$488 for FY 2025 compared to \$379 in the prior year comparative period. The change in revenue is due largely to the reclassification of the reimbursement of property taxes from the lessee as a component of revenue in Q4 2025; previously, the reimbursement was included as a reduction of the underlying operating expense. Gross lease revenue was positively impacted by inflation escalators that are provided for under the lease agreement.

#### *Team Snubbing Equity Investment*

The Corporation accounts for the results of its 42% interest in Team Snubbing using the equity method of accounting. The Corporation's proportionate share of Team Snubbing's net income for Q4 2025 was \$462 compared to a net loss of \$396 for Q4 2024. For FY 2025, the Corporation's proportionate share of Team Snubbing's net income was \$882 compared to a net loss of \$690 for FY 2024. Team Snubbing realized revenues for FY 2025 of \$34,763 compared to \$26,064 for the prior year comparative. See Note 12 in the Corporation's Financial Statements for additional details.

Team Snubbing realized improved financial and operational performance for FY 2025 compared to the prior comparative year. The improvements in both revenue and net income for FY 2025 are primarily attributable to improved customer activity in Team Snubbing's operations in Alaska, US combined with modestly improved activity levels within the Canadian operations. Activity levels in the US operations, particularly in the second half of the year were positively impacted by strong customer activity levels on the Alaskan North Slope. Canadian operations benefitted from improved customer activity as a result of certain work which had previously been deferred earlier in the year recommencing in the second half of FY 2025.

#### *Seh' Chene Partnership*

The Seh' Chene Partnership has experienced limited business activity since 2022. The partnership is still active and the Corporation, together with its partner, are looking to reposition their customer offerings by actively exploring other avenues to generate business activity in the future. In light of the limited business activity, and in order to provide the partners with access to idled cash holdings, the partnership declared and paid a distribution to the Corporation of \$137 in the fourth quarter of 2025. This distribution represented the Corporation's proportionate share of the majority of the partnership's excess cash. The Corporation does not anticipate any additional distributions in the near term.

#### *US Snubbing Assets*

The Corporation has a fleet of snubbing equipment, which includes both stand-alone and rig-assist units located in Greeley, Colorado, US. The equipment was originally positioned to provide fluid pumping, cleanup, pipe movement, equipment transportation, completion, well repair and well control services to producers in the Rockies region of the US. In light of overall market conditions and the Corporation's focus on its western Canadian rental assets, these assets were subsequently disposed of in Q1 2026 for proceeds of US\$120.

**General and Administrative Expenses ("G&A")**

(thousands of Canadian Dollars, unless otherwise noted)	Three months ended Dec 31,		Year ended Dec 31,	
	2025	2024	2025	2024
G&A	1,042	958	3,552	5,412
Percent of revenue (%)	34.9%	39.2%	33.3%	51.7%

High Arctic recorded G&A expenses of \$1,042 in Q4 2025 compared to \$958 in the comparative quarter with FY 2025 G&A costs of \$3,552 compared to \$5,412 in the comparative year. G&A expenses for Q4 2025 as compared to Q4 2024 were impacted by costs associated with closing the Corporation's credit facility combined with higher provisions for bad debts. G&A for FY 2025 was considerably less than the \$5,412 (\$4,153 net of \$1,259 in costs associated with the Arrangement transaction) incurred FY 2024 due to management's ongoing focus of aligning G&A expense levels with its existing Western Canadian focused rentals business.

G&A expenses for 2025 were consistent with management's expectations. Management continues to focus on actively managing G&A, ensuring that the cost structure is appropriately aligned with High Arctic's existing business.

**Depreciation and Amortization Expenses**

Depreciation and amortization expenses of property and equipment, intangibles and right-of-use assets totaled \$660 in Q4 2025 compared to \$697 for Q4 2024. Depreciation and amortization expenses for the year ended December 31, 2025, totaled \$2,428 compared to \$2,600 during the same period in 2024. Depreciation and amortization expenses were impacted by the normal course decline in these expenses offset in part by the impact of new capital spending which was directed primarily towards property and equipment.

**Share-based Compensation**

Share-based compensation expense is the charge to income over the service period relating to stock option or unit plans which generally contemplate the issuance of common shares upon vesting. The Corporation recorded \$19 of expense in Q4 2025 compared to \$21 in Q4 2024 and \$163 of expense for the year ended December 31, 2025, compared to \$160 for the comparative period.

No stock options or other equity-based awards were issued during 2025. On November 18, 2024, 575,000 stock options were granted at an exercise price of \$1.19 per common share. On July 2, 2024, the Corporation settled its historical equity-based incentive awards it had outstanding prior to the completion of the Arrangement.

## Interest and Finance Expenses

(thousands of Canadian Dollars)	Three months ended Dec 31,		Year ended Dec 31,	
	2025	2024	2025	2024
Interest on long-term debt and standby fees	35	36	143	150
Finance expense – lease liabilities	17	20	72	82
Accretion on contingent consideration	51	292	216	292
Other expenses	18	-	78	11
Interest and finance expenses	121	348	509	535
Notes receivable accretion income	49	66	216	265
Interest income	44	86	199	1,289
Foreign currency gain (loss)	(2)	661	(11)	795

Interest expense is pursuant to a mortgage secured by lands and buildings owned by High Arctic located within Alberta, Canada. The reduction in interest expense for both the fourth quarter and FY 2025 relative to the prior year comparative periods is due to the normal course repayments of the outstanding mortgage balance throughout 2025 resulting in modestly lower interest charges. The mortgage has a remaining initial term of less than one year with a fixed interest rate of 4.30% and payments occurring monthly. The Corporation's mortgage financing contains certain non-financial covenants requiring lenders' consent including changes to the underlying business. As at December 31, 2025, the total principal balance outstanding was \$3,178 (December 31, 2024: \$3,353).

Finance expense associated with lease liabilities for Q4 2025 was \$17 compared to \$20 in Q4 2024 and \$72 for the year ended December 31, 2025, compared to \$82 for the prior year comparative. The decrease in finance expense is due to a reduction in average lease obligations in 2025 compared to 2024.

Accretion expense, which relates to the Corporation's contingent consideration payable for Q4 2025 was \$51 compared to \$292 in Q4 2024 and \$216 for the year ended December 31, 2025, compared to \$292 for the prior year comparative. The reduction in accretion expense in 2025 compared to 2024 is the result of the normal course payment of the first year payable in 2025. Additional details related to the Corporation's contingent consideration payable are provided later in this MD&A.

Other expenses of \$18 for Q4 2025 and \$78 for FY 2025 includes financing and related costs associated with establishing the Corporation's credit facility combined with various interest and penalties related to historical tax filings.

### Notes Receivable

As at December 31, 2025, the Corporation has two notes receivable outstanding, with a combined carrying value of \$2,028 for which accretion income is required to be recognized. The carrying value of each note is adjusted over the individual note terms, resulting in the recognition of accretion income of \$49 and \$216 during the three and twelve month periods ended December 31, 2025 (2024: \$66 and \$265 for the comparative periods). The reduction in accretion income in the current year periods is due to the normal course reduction in the notes receivable as amounts are collected throughout the year. A summary of the individual note receivables is detailed below.

#### 1) Team Snubbing Note Receivable

As part of the sale of the Canadian snubbing assets in 2022, the Corporation received a convertible promissory note for \$3,365 with a five-year term, annual interest rate of 4.5% accruing from January 1, 2023, and principal payments commencing in July 2024. As at December 31, 2025, the carrying value of the note receivable was \$1,749.

#### 2) Delta Rentals Note Receivable

In 2023, as part of the assets acquired in the acquisition of Delta Services Ltd. ("Delta"), High Arctic received an interest-free note receivable for \$880 with a three-year term, accruing from December 28, 2023, with principal repayments commencing December 2024 in three equal payments. The carrying value of the note is determined by discounting the anticipated future cash flow impact 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. As at December 31, 2025 the carrying value of the note receivable was \$279.

### Interest Income

Interest income from cash invested in high-interest accounts and GICs totalled \$44 during Q4 2025 (Q4 2024: \$86) and \$199 for FY 2025 (2024: \$1,289). As at December 31, 2025, the Corporation had \$3,294 maintained in a savings account earning an interest rate of approximately 2.5%.

### Foreign Exchange Gains and Losses

Foreign exchange gains and losses are the result of changes in the US dollar ("USD") to CAD foreign currency exchange rate related to the revaluation of the Corporation's USD-denominated assets and liabilities. As a result of the Arrangement transaction completed in 2024, the Corporation has minimal USD-denominated assets and liabilities. As such, gains and losses associated with the revaluation of USD-denominated assets and liabilities and the underlying exposure to changes in the US and CAD dollar are not expected to have a significant impact on the Corporation's net earnings.

### Contingent Consideration Payable

On December 28, 2023, High Arctic completed the acquisition of all the shares of Delta for cash consideration of \$3,430 and contingent consideration of \$2,952. The contingent consideration is payable in a combination of cash and common shares of the Corporation over a thirty-six-month period following the transaction's close. Common shares of the Corporation can be issued to settle a component of the contingent consideration if the Corporation's capital structure provides the ability to do so. As at December 31, 2025, the Corporation does not anticipate that any additional common shares would be issued as a component of existing or future settlements.

The contingent consideration is to be paid in three instalments being Year 1 (calculated based on fiscal 2024 financial results), Year 2 (calculated based on fiscal 2025 financial results) and Year 3 (calculated based on fiscal 2026 financial results). Payment of each respective year will occur during the first quarter of the fiscal year subsequent to the most recently completed fiscal year.

The contingent consideration is based on Delta achieving specific profitability targets, and is adjusted for capital expenditures incurred. The seller will receive a percentage of the profitability target achieved based on the following schedule:

Calculation of Contingent Consideration Percentage Multiplier:

Percent of profitability target achieved	Percentage multiplier
Less than 50% of profitability target	= 0x
50.1% to 95.0% of profitability target	= 1x minus (2 multiplied by (100% - % of profitability target achieved))
95.1% to 120.0% of profitability target	= 1x
120.1% of profitability target	= 1.2x plus (1.5 multiplied by (% of profitability target achieved – 120%))

As at December 31, 2025, the contingent consideration payable outstanding was \$2,484 (\$2,191 net of the note receivable) of which \$2,191 was a current liability. In the first quarter of 2026, the Corporation settled the 2025 financial liability (Year 2 liability) of \$1,147 through a cash payment of \$854 and the net settlement of amounts due to the Corporation related to the note receivable of \$293.

### Other Comprehensive Income

(thousands of Canadian Dollars)	Three months ended Dec 31,		Year ended Dec 31,	
	2025	2024	2025	2024
Foreign currency translation gain from foreign operations	-	(1,284)	1	228
Share of other comprehensive income from equity investments	145	-	145	-
Total	145	(1,284)	146	228

The Corporation recognized \$146 of other comprehensive income for FY 2025 compared to \$228 for FY 2024. As detailed above, included in other comprehensive income is a \$1 foreign currency translation gain for 2025 (2024: \$228 gain) associated with the translation of the Corporation's wholly-owned subsidiaries that have a functional currency other than CAD. In addition, the Corporation recognized comprehensive income of \$145 during 2025 (2024: nil) associated with its proportionate share of Team Snubbing's other comprehensive income.

As a result of the Arrangement transaction, with the exception of the Corporation's equity investment in Team Snubbing, the Corporation currently has minimal exposure to subsidiaries with a functional currency other than CAD. As such, the translation of the Corporation's foreign subsidiaries and the resulting gains or losses recognized as a component of other comprehensive income (loss) are not expected to have a significant impact on the Corporation's comprehensive income (loss) for current or future reporting periods. The gain in 2024 is a result of the stronger USD at the end of 2024 relative to the beginning of 2024. The USD to CAD exchange rate at year end 2024 was 1.4389 compared to the USD to CAD exchange rate of 1.3226 at year end 2023.

## Liquidity and Capital Resources

(thousands of Canadian Dollars)	Three months ended Dec 31,		Year ended Dec 31,	
	2025	2024	2025	2024
<b>Cash provided by (used in) continuing operations:</b>				
Operating activities	102	(67)	1,060	(109)
Investing activities	144	(310)	(458)	(997)
Financing activities	(3)	(137)	(421)	(38,336)
Effect of exchange rate changes on cash	(1)	(469)	(10)	717
Increase (decrease) in cash from continuing operations	242	(983)	171	(38,725)

(thousands of Canadian Dollars, unless otherwise noted)	As at	As at
	Dec 31, 2025	Dec 31, 2024 <sup>(2)</sup>
Current assets	7,662	7,221
Working capital <sup>(1)</sup>	3,644	2,692
Working capital ratio <sup>(1)</sup>	1.9:1	1.6:1
Cash and cash equivalents	3,294	3,123

<sup>(1)</sup> See "Non-IFRS Measures"

<sup>(2)</sup> Continuing operations

### Operating Activities

In Q4 2025, cash from operating activities from continuing operations was \$102, compared to an outflow of \$67 from operating activities from continuing operations in Q4 2024. Funds from operating activities from continuing operations totaled \$240 in Q4 2025 versus \$237 for Q4 2024 (see "Non-IFRS Measures"). In Q4 2025, changes in non-cash operating working capital from continuing operations totaled an outflow of \$138 compared to an outflow of \$304 in Q4 2024.

For the year ended 2025, cash from operating activities from continuing operations was \$1,060 as compared to a use of cash of \$109 from operating activities from continuing operations in 2024. Funds from operating activities from continuing operations totaled \$1,789 for the year ended 2025, versus funds of \$191 for 2024. In 2025, changes in non-cash operating working capital from continuing operations totaled an outflow of \$729 compared to an outflow of \$300 in 2024.

Cash from operating activities from continuing operations and funds from operating activities from continuing operations for the three months ended December 31, 2025 were consistent with the prior year comparative period. For FY 2025 as compared to FY 2024, these measures were primarily impacted by improved operational financial performance in 2025, reduced G&A expenses and the absence of share-based compensation payments that were completed in 2024. The reduction in G&A expense and the timing of the share-based compensation payments in 2024 relate to the completion of the Arrangement transaction in the third quarter of 2024.

### Investing Activities

During Q4 2025, the Corporation's net cash from investing activities from continuing operations totaled \$144 compared to an outflow of \$310 for the prior year comparative quarter. For the year ended 2025, net cash used in investing activities from continuing operations totaled \$458 compared to an outflow of \$997 in the prior year. For the fourth quarter of 2025 and FY 2025, the majority of investing related cash outflows related to sustaining and growth capital expenditures for the rental services segment combined with the payment of the contingent consideration payable related to the Corporation's 2023 acquisition of Delta. Offsetting investing cash outflows was the receipt of payments on notes receivables and proceeds received on the disposition of assets.

### Financing Activities

During Q4 2025, the Corporation's net cash used in financing activities from continuing operations was \$3 compared to \$137 in the prior year comparative quarter. For the year ended 2025, net cash used in financing activities from continuing operations was \$421 compared to \$38,336 in the prior year. Cash flow from financing activities for the year ended 2024 was impacted by a one-time \$37,842 distribution to shareholders in accordance with the completion of the Arrangement transaction. Excluding the impact of the one-time distribution, cash flows related to finance activities were impacted by the normal course receipts and payments on the Corporation's lease liabilities and long-term debt. In addition, during 2025, the Corporation received a one-time \$137 distribution from its investment in Seh' Chene Well Services Limited Partnership.

### Working Capital

As at December 31, 2025, the Corporation's working capital balance was \$3,644 compared to \$2,692 as at December 31, 2024. The increase in working capital was driven by the net positive impact of improved financial performance of the Corporation's business, particularly in the third and fourth quarters of FY 2025.

## Long-term Debt

(thousands of Canadian Dollars)	As at Dec 31, 2025	As at Dec 31, 2024
Current	175	175
Non-current	3,003	3,178
Total	3,178	3,353

The Corporation has mortgage financing secured by lands and buildings owned by High Arctic located within Alberta, Canada. The mortgage has a remaining initial term of under two years with a fixed interest rate of 4.30% with payments occurring monthly. The mortgage financing contains certain non-financial covenants requiring lenders' consent including changes to the underlying business. As at December 31, 2025 and 2024, the Corporation was compliant with all covenants associated with the mortgage financing.

### Credit Facility

On December 29, 2025, the Corporation entered into a revolving credit facility (the "Facility") with a Canadian financial institution (the "Lender") for a maximum principal amount of \$3,000. The Facility is secured by a general security agreement, which specifically provides the Lender with a first priority lien over the majority of the Corporation's personal property, inclusive of the Corporation's trade accounts receivable (the "Borrowing Base"). The availability of the Facility is limited to eligible trade accounts receivable, subject to monthly borrowing base certificates and eligibility requirements, with eligibility requirements based on the age and credit worthiness of the Corporation's trade accounts receivables.

As at December 31, 2025, there was no amount drawn on the Facility. As at December 31, 2025, in accordance with the Borrowing Base calculation, the maximum amount available under the Facility was \$1,424.

The Facility matures on December 28, 2026. Amounts drawn under the Facility are due on demand at the discretion of the Lender, whilst the Corporation maintains the ability to draw on, and make repayments at its discretion.

The interest rate on any drawn amounts is Canadian prime plus 2.25%. The Facility requires the payment of standby fees on any undrawn amounts.

The Facility has a number of financial covenants which include the Corporation maintaining certain financial ratios related to current assets and current liabilities, debt obligations to earnings before interest, income taxes, depreciation and amortization expenses, as defined in the Facility agreement, and a debt service coverage ratio. The Corporation, was in compliance with all financial and non-financial covenants as at December 31, 2025.

### Off-Balance Sheet Arrangements

As at December 31, 2025, and December 31, 2024, the Corporation did not have any material off-balance sheet arrangements.

### Acquisitions and Dispositions

For the years ended December 31, 2025 and 2024, with the exception of the Arrangement transaction which was completed in 2024, the Corporation did not enter into any acquisitions or divestitures.

### Related Party Transactions

Refer to Note 25 of the Corporation's 2025 Financial Statements for disclosures related to related parties.

## Outstanding Share Capital

The Corporation's authorized share capital consists of an unlimited number of common shares and an unlimited number of preferred shares. Directors, officers, and certain employees have been granted stock options under the Corporation's approved equity-based compensation plan.

(Common shares issued and outstanding) <sup>(1)</sup>	Year ended Dec 31, 2025		Year ended Dec 31, 2024	
	Shares <sup>(2)</sup>	Amount	Shares <sup>(2)</sup>	Amount
Balance, beginning of year	12,448,166	\$133,153	12,280,568	\$169,992
Issuance of common shares	248,793	273		
Exercise of performance share units	-	-	70,545	422
Exercise of deferred share units	-	-	97,053	(581)
Return of capital <sup>(3)</sup>	-	-	-	(37,842)
Balance, end of year	12,696,959	\$133,426	12,448,166	\$133,153

<sup>(1)</sup> The Corporation's common shares do not have a par value and all issued shares are fully paid.

<sup>(2)</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 have been retroactively adjusted to effect the common share consolidation for all prior year/period comparatives.

<sup>(3)</sup> On June 28, 2024, the Corporation announced the reduction of stated capital of the common shares for the purpose of distribution to shareholders of a return of capital of \$0.76 per pre-Arrangement common share of High Arctic. The return of capital, which totaled \$37.8 million, was paid to the Corporation's shareholders on July 17, 2024.

On March 5, 2025, the Corporation issued 248,793 shares as part of the settlement of the first-year contingent consideration payable pursuant to the 2023 acquisition of Delta.

As at the date of this MD&A, the number of common shares of the Corporation outstanding was 12,696,959.

## PNG Business Spinoff – Discontinued Operations

The operating results of the Corporation's PNG business, which includes activity from its drilling services and international rental services segments, reported herein as discontinued operations for the three and twelve months ended December 31, 2025 and 2024 are as follows.

(thousands of Canadian Dollars)	Three months ended Dec 31,		Year ended Dec 31,	
	2025	2024 <sup>(1)</sup>	2025	2024 <sup>(1)</sup>
Revenue	-	-	-	27,352
Oilfield services expense	-	-	-	(16,890)
General and administrative expense	-	-	-	(4,192)
Depreciation and amortization expenses	-	-	-	(3,591)
Interest income and finance expense	-	-	-	(65)
Foreign exchange gain (loss)	-	-	-	(12)
Gain (loss) on sale of property and equipment	-	-	-	-
Asset impairment loss	-	-	-	-
Reclassification of cumulative foreign currency translation gain on distribution to SpinCo	-	-	-	28,686
Pre-tax income (loss) for the period	-	-	-	31,288
Income tax recovery (expense)	-	-	-	(860)
Net income (loss) from discontinued operations	-	-	-	30,428

<sup>(1)</sup> The 2024 operating results of the PNG Business includes operating results from January 1, 2024 to August 12, 2024.

The Corporation's legacy PNG business, as previously discussed, was disposed of by transferring the underlying assets and liabilities to a new publicly listed entity, HOH in the prior year. As such, there are no financial or operating results to disclose or discuss for 2025.

## Summary of Quarterly Results – Continuing Operations

The following is a summary of selected consolidated financial information from continuing operations of the Corporation for the last eight completed quarters:

(thousands of Canadian Dollars, except per share amounts)	Three months ended							
	Dec 31, 2025	Sept 30, 2025	Jun 30, 2025	Mar 31, 2025	Dec 31, 2024	Sept 30, 2024	Jun 30, 2024	Mar 31, 2024
Revenue	2,985	2,930	2,391	2,335	2,443	2,506	2,553	2,988
Net income (loss)	(160)	931	(295)	(120)	(715)	125	(1,709)	182
Net earnings (loss) per share – basic and diluted <sup>(1)</sup>	(0.01)	0.07	(0.02)	(0.01)	(0.06)	0.01	(0.14)	0.01

<sup>(1)</sup> See “Non-IFRS Measures”

Revenue from operations is typically the highest in Q1 and Q3, traditionally the busiest periods for energy services in Canada, as customers execute major drilling and completions work ahead of the spring break-up usually experienced in Q2. Energy services activity is typically curtailed in Q2 due to restrictions on the movement of heavy equipment due to road bans in certain locations. Activity levels are usually subdued in Q4 due to the onset of winter weather conditions combined with lost work days as a result of year-end time off.

Fluctuations in net income reported quarter-over-quarter have largely been due to the impacts of G&A expenses related to the Arrangement transaction (Q2 2024) and income and losses associated with the Corporation’s equity investment in Team Snubbing. Net income realized in Q3 2025 was primarily driven by earnings of \$756 from the Corporation’s equity investment in Team Snubbing, whereas losses reported in the second quarters of 2025 and 2024 were the result of net losses associated with the same of \$348 and \$889, respectively. The loss reported in the fourth quarter of 2024 is primarily a result of net losses associated with Team Snubbing of \$396 combined with G&A expenses related to the arrangement transaction of \$207. Team Snubbing results have historically fluctuated as a result of the seasonality in oil and gas activity levels combined with costs associated with the start-up of operations in Alaska, US.

### Seasonality of Operations

The western Canadian oil and gas industry is subject to seasonality with drilling and well completion activity usually peaking during the winter months in the first and fourth quarters of a given calendar year. As temperatures rise in the spring, the ground thaws and becomes unstable, resulting in government road bans, which severely restrict activity in the second quarter. These seasonal trends typically lead to quarterly fluctuations in the Corporation’s operating results, including the results of the Corporation’s equity investment in Team Snubbing, which should be considered in any quarter over quarter analysis of the Company.

## Industry Indicators and Market Trends

The following table provides information for the last eight quarters to assist with the understanding of the Canadian oilfield services industry and the effect that commodity prices have on industry activity levels.

	Three months ended							
	Dec 31, 2025	Sept 30, 2025	Jun 30, 2025	Mar 31, 2025	Dec 31, 2024	Sept 30, 2024	Jun 30, 2024	Mar 31, 2024
Oil and natural gas prices – Average for each period:								
West Texas Intermediate (WTI) (USD/bbl) <sup>(1)</sup>	59	65	63	71	70	75	81	77
West Canada Select (WCS) (CAD/bbl) <sup>(1)</sup>	67	75	76	84	81	85	92	78
Canada Light Sweet Oil (CLS) (CAD/bbl) <sup>(1)</sup>	77	85	87	95	93	98	106	95
AECO (CAD/mmbtu) <sup>(1)</sup>	2.28	0.61	1.72	2.13	1.48	0.70	1.17	2.18
USDCAD Exchange Rate <sup>(2)</sup>	1.3901	1.3836	1.3737	1.4433	1.3990	1.3637	1.3684	1.3488
Cdn Average Rig Count <sup>(3)</sup>	180	178	128	214	193	207	134	208

<sup>(1)</sup> Source: Sproule

<sup>(2)</sup> Period end closing spot rate

<sup>(3)</sup> Source: JuneWarren-Nickles and/or ATB

During Q4 2025 the average WTI, WCS and CLS index prices were lower than the pricing experienced in the first three quarter of 2025. Throughout Q4 2025, crude oil prices continued to be volatile, due largely to increased supply announcements by OPEC+, ongoing global economic uncertainty that was driven by political tensions and trade disputes and ongoing tensions in the Middle East. In general, average prices traded down on fears of a broad global economic slowdown as a result of threatened and/or enacted US tariffs and successive OPEC+ meetings that resulted in the cartel adding more supply into the market. The Trans Mountain pipeline expansion has increased Canadian oil transportation capacity, which in turn has positively impacted oil price differentials on certain Canadian oil products. The

combination of these factors should be favourable to the Canadian energy industry, providing oil and gas producers with support for continued upstream capital investment.

AECO and US natural gas pricing improved in Q4 2025, particularly when compared to Q3 2025. The improvement in natural gas pricing was largely due to a combination of seasonal strength, as a result of colder weather conditions in the fourth quarter, combined with incremental international export volumes as a result of the commencement of LNG Canada shipments in Q3 2025.

Canadian based natural gas pricing has been impacted disproportionately relative to other North American pricing points as a result of the greater physical distance Canadian AECO pricing is from certain natural gas markets, combined with variations in regional natural gas storage levels. Future AECO pricing is expected to experience reduced volatility and potentially stronger pricing, supported by LNG Canada's commencement of shipments in Q3 2025 and continued ramp-up toward the facility's design capacity.

## **Financial Risk Management**

### **Financial and other risks**

The Corporation is exposed to financial risks arising from its financial assets and liabilities. These include geopolitical risks which are potential risks that a business may face due to changes in global events, policies, or regulations. These could impact the Corporation's workforce and operations by limiting market access and increasing costs. Cyber-security risks increase as the Corporation outsources its IT servers to cloud providers and employees work remotely. Also, pandemic and/or endemic disease risk or the risk that operations and/or administration are forced to run at less than full capacity due to an absence or reduction of members of the workforce, either through forced closures by government both within countries and across national borders, by internally imposed rotational schedules and/or quarantine or illness of the workforce. This risk was significant in 2021 in relation to COVID-19. Such restrictions or risks could significantly impact the ability of the Corporation to operate and therefore impact financial results.

### **Market and other related risk**

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:

#### *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 has mortgage financing with a fixed interest rate of 4.30%. The Corporation is exposed to interest rate risk upon renewal or expiration of the initial term on December 15, 2026. In addition, the Corporation is also exposed to interest rate risk on any future borrowing, including its undrawn credit facility, as rates fluctuate in response to changes in monetary policy and the prime interest rates. The Corporation had no risk management contracts that would be affected by interest rates in place as at December 31, 2025.

#### *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, given that almost all the Corporation's customers are oil and gas producers. High Arctic's customer's 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 changing oil demand and supply, policy direction taken by OPEC including the role taken by Russia, ongoing conflict in the Middle East, climate change driven transitions to lower emission energy sources, and the implications of changes to government and government policy.

While the Corporation recognizes it will be impacted by these risks, the Corporation also strongly believes that there is a significant role for the energy services industry in the current, transitional, and future phases of energy industry changes.

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

### **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 and cash balances held in banks. The Corporation mitigates credit risk by regularly monitoring its accounts receivable position and depositing cash in properly capitalized banks. The Corporation also institutes credit reviews prior to commencement of contractual arrangements.

The Corporation's accounts receivable is predominantly with customers who explore for and develop petroleum reserves and are subject to industry credit risk consistent with the industry. The Corporation assesses the creditworthiness of its customers on an ongoing basis and monitors the amount and age of balances outstanding.

In providing for expected credit losses, the Corporation uses the historical default rates within the industry between investment grade and non-investment grade customers as well as forward-looking information 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 comprised of small independent, intermediate and large multinational oil and gas producers in North America.

The Corporation's continuing operations provided services to one customer who individually accounted for greater than 10% of its consolidated revenues during the three months ended December 31, 2025, with total sales of \$857 (2024: one customer with total sales of \$250).

The Corporation's continuing operations provided services to one customer who individually accounted for greater than 10% of its consolidated revenues during the year ended December 31, 2025, with total sales of \$2,817 (2024: one customer with total sales of \$1,283).

As at December 31, 2025, two customers represented a total of \$1,499 or 51% of outstanding accounts receivable (2024: two customers represented a total of \$750 or 27% of outstanding accounts receivable).

The aging of the Corporation's accounts receivable is as follows:

(thousands of Canadian Dollars)	As at Dec 31, 2025	As at Dec 31, 2024
Less than 31 days	967	1,180
31 days to 60 days	857	552
61 days to 90 days	999	444
Greater than 90 days	234	611
Provision for expected credit losses	(109)	(38)
<b>Total</b>	<b>2,948</b>	<b>2,749</b>

### 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, managing compliance to debt finance agreements, and remaining attentive to the relationship with High Arctic's bankers and other creditors. The Corporation seeks to manage its financing based on the results of these processes.

The Corporation's future financial results and longer-term success are dependent upon its working capital, and its ability to secure additional capital from debt or equity financings or complete 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.

### Critical Accounting Judgements and Estimates and Material Accounting Policies

Information on the Corporation's critical accounting judgements and estimates can be found in Note 2 Basis of Presentation – Critical Accounting Judgements and Estimates in the Financial Statements for the year ended December 31, 2025. Although estimates and assumptions must be made during the financial statement preparation process, it is management's opinion that none of the estimates or assumptions were highly uncertain at the time they were made. The Corporation's material accounting policies can be found in Note 3 in the Financial Statements for the year ended December 31, 2025.

The audited consolidated financial statements of Team Snubbing for the year ended December 31, 2025 include a note stating that they are prepared on a going concern basis which contemplates that Team Snubbing will be able to continue its operations in the foreseeable future and realize its assets and discharge its liabilities in the normal course of operations. This note identified the following factors which may cast doubt on the appropriateness of the going concern assumption, specifically: Team Snubbing's negative working capital as at December 31, 2025 and non-compliance with certain bank indebtedness. If in the future the going concern assumption is not appropriate for Team Snubbing then the carrying value of the equity investment in and the note receivable from Team Snubbing, as reflected in the Corporation's Financial Statements, would be subject to impairment and that impairment amount may be material.

## **Future Accounting Pronouncements**

### *Future accounting policy changes*

In April 2024, the IASB issued IFRS 18, Presentation and Disclosures in Financial Statements, to replace IAS 1, Presentation of Financial Statements, effective January 1, 2027, with early adoption permitted. The new standard sets out the requirements for presentation and disclosures in the financial statements. Management is presently reviewing the impact the standard will have on the Financial Statements.

In May 2024, the IASB issued amendments to IFRS 9, Financial Instruments, and IFRS 7, Financial Instruments: Disclosures to address the classification and measurement of financial instruments, with an emphasis to clarify the date of recognition and derecognition of financial asset and liabilities, effective January 1, 2026, with early adoption permitted. Management is currently reviewing the impact of these amendments, but they are not expected to have a material impact on the Corporation's Financial Statements.

## **Disclosure Controls and Procedures ("DC&P") and Internal Controls over Financial Reporting ("ICFR")**

ICFR is a process designed by or under the supervision of management and effected by the Board, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and preparation of consolidated financial statements for external purposes in accordance with IFRS. Management is responsible for establishing and maintaining adequate ICFR, which no matter how well designed, has inherent limitations and can provide only reasonable assurance with respect to the preparation and fair presentation of published financial statements. There have been no changes to High Arctic's internal controls over financial reporting during the year ended December 31, 2025, that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

ICFR is a process designed by or under the supervision of management and effected by the Board, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and preparation of consolidated financial statements for external purposes in accordance with IFRS. Management is responsible for establishing and maintaining adequate ICFR, which no matter how well designed, has inherent limitations and can provide only reasonable assurance with respect to the preparation and fair presentation of published financial statements. There have been no changes to High Arctic's internal controls over financial reporting during the year ended December 31, 2025, that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting. As at December 31, 2025, an evaluation of the effectiveness of High Arctic's DC&P as defined under the rules adopted by the Canadian securities regulatory authorities was carried out under the supervision of and with the participation of management, including the CEO and the CFO. Based on this evaluation, the CEO and CFO concluded that as at December 31, 2025, the design and operation of the Corporation's DC&P was effective. The Internal Control – Integrated Framework (2013) as issued by the Committee of Sponsoring Organizations of the Treadway Commission was utilized for this purpose.

For information regarding the corporate governance policies and practices of High Arctic, the reader should refer to High Arctic's Annual Information Form ("AIF") dated March 31, 2026, in respect of the year ended December 31, 2025.

## **Business Risks and Uncertainties**

In addition to the financial risks discussed above under "Financial Risk Management", below under "Forward-Looking Statements" and elsewhere in this MD&A, High Arctic is exposed to a number of business risks and uncertainties that could have a material impact on the Corporation. Readers of the Corporation's MD&A should carefully consider the risks described under the heading "Risk Factors" in the Corporation's December 31, 2025, AIF, which are specifically incorporated by reference herein. The AIF is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), and copies of the AIF can be obtained on request from the Corporation.

## Non-IFRS Measures

This MD&A contains references to certain financial measures that do not have a standardized meaning prescribed by IFRS and may not be comparable to the same or similar measures used by other companies. High Arctic uses these financial measures to assess performance and believes these measures provide useful supplemental information to shareholders and investors. These financial measures are computed on a consistent basis for each reporting period and include the following:

### Earnings from continuing operations before interest, taxes, depreciation, and amortization (“EBITDA from continuing operations”)

EBITDA from continuing operations is a non-IFRS financial measure that does not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. EBITDA from continuing operations is defined as net income (loss) adjusted for income taxes, interest and finance expenses, depreciation and amortization expenses. Management believes that, in addition to net income (loss) reported in the consolidated statements of income (loss) and comprehensive income (loss), EBITDA from continuing operations is a useful supplemental measure of the Corporation's performance prior to consideration of how operations are financed or how results are taxed or how depreciation and amortization affects results. EBITDA from continuing operations is not intended to represent or be construed as an alternative to net income (loss) calculated in accordance with IFRS. Refer to table in Adjusted EBITDA from continuing operations below that provides a reconciliation of net income (loss), as disclosed in the consolidated statements of comprehensive income (loss) to EBITDA from continuing operations.

### Adjusted EBITDA from continuing operations

Adjusted EBITDA from continuing operations is a non-IFRS financial measure that does not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. Adjusted EBITDA from continuing operations is defined as EBITDA from continuing operations (as defined above) prior to the effect of share-based compensation, gains or losses on sales or purchases of assets or investments, business acquisition costs, impairment charges, equity earnings from investments, foreign exchange gains or losses, certain fair value adjustments, and other costs related to reorganization or restructurings, consolidating facilities or excess of insurance proceeds over costs.

Management believes the addback for these items provides a more comparable measure of the Corporation's operational financial performance between periods. Adjusted EBITDA from continuing operations as presented is not intended to represent or be construed as an alternative to net income (loss) in accordance with IFRS.

The following table provides a quantitative reconciliation of consolidated net income (loss) from continuing operations, as disclosed in the consolidated statements of comprehensive income (loss), to EBITDA from continuing operations and Adjusted EBITDA from continuing operations for the three and twelve months ended December 31, 2025, and 2024:

(thousands of Canadian Dollars)	Three months ended Dec 31,		Year ended Dec 31,	
	2025	2024	2025	2024
Net income (loss) from continuing operations	(160)	(715)	356	(2,117)
<u>Adjustments to net income (loss):</u>				
Interest and other income	(44)	(86)	(199)	(1,289)
Interest and finance expenses	121	348	509	535
Accretion income on notes receivable	(49)	(66)	(216)	(265)
Income tax expense (recovery)	(7)	-	(14)	9
Depreciation and amortization expenses	660	697	2,428	2,600
EBITDA from continuing operations	521	178	2,864	(527)
<u>Adjustments to EBITDA:</u>				
Share-based compensation expense	19	21	163	160
Loss (income) from equity investments	(462)	396	(882)	690
Loss (gain) on sale of property and equipment	(89)	(8)	(165)	8
Foreign exchange loss (gain)	2	(661)	11	(795)
Fair value adjustment to contingent consideration	273	259	(89)	259
G&A related to reorganization or restructuring activities <sup>(1)</sup>	-	207	105	1,259
Adjusted EBITDA from continuing operations	264	392	2,007	1,054

<sup>(1)</sup> G&A related to the reorganization are net of any recoveries from SpinCo.

### Oilfield services operating margin

Oilfield services operating margin is a non-IFRS financial measure that does not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. Oilfield services operating margin is used by management to analyze overall operating performance. Management believes this non-IFRS financial measure provides useful information to investors and others in understanding the Corporation's operating performance. Oilfield services operating margin is calculated as revenue less oilfield services expense. Oilfield services operating margin as presented is not intended to represent or be construed as an alternative to revenue or net income (loss) or other measures of financial performance calculated in accordance with IFRS. The table disclosed under "Oilfield services operating margin %" below provides a quantitative reconciliation of revenue, as disclosed in the consolidated statements of comprehensive income (loss), to oilfield services operating margin and oilfield operating margin % for the three and twelve months ended December 31, 2025, and 2024.

### Oilfield services operating margin %

Oilfield services operating margin % is a non-IFRS measure in line with oilfield services operating margin discussed above. Oilfield services operating margin % is used by management to analyze overall operating performance. Oilfield services operating margin % is calculated as oilfield services operating margin divided by revenue.

The following table provides a quantitative calculation of oilfield services operating margin and %:

(thousands of Canadian Dollars, unless otherwise noted)	Three months ended Dec 31,		Year ended Dec 31,	
	2025	2024	2025	2024
Revenue from continuing operations	2,791	2,346	10,153	10,091
Oilfield services expenses from continuing operations	(1,679)	(1,300)	(5,187)	(5,263)
Oilfield services operating margin	1,112	1,046	4,966	4,828
Oilfield services operating margin %	39.8%	44.6%	48.9%	47.8%

### Operating income (loss) from continuing operations

Operating income (loss) from continuing operations is a non-IFRS financial measure that does not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. Operating income (loss) from continuing operations is used by management to analyze overall operating performance. Management believes this non-IFRS financial measure provides useful information to investors and others in understating the Corporation's operating performance. Operating income (loss) from continuing operations is calculated as revenue less oilfield services expenses, general and administrative expenses, depreciation and amortization expenses, and share-based compensation expense. Operating income (loss) from continuing operations as presented is not intended to represent or be construed as an alternative to revenue or net earnings (loss) or other measures of financial performance calculated in accordance with IFRS.

The table disclosed below provides a quantitative reconciliation of revenue, as disclosed in the consolidated statements of comprehensive income (loss) to operating income (loss) from continuing operations for the three and twelve months ended December 31, 2025, and 2024:

(thousands of Canadian Dollars)	Three months ended Dec 31,		Year ended Dec 31,	
	2025	2024	2025	2024
Revenue from continuing operations	2,985	2,443	10,641	10,470
Oilfield services expenses from continuing operations	(1,679)	(1,300)	(5,187)	(5,263)
G&A expenses from continuing operations	(1,042)	(958)	(3,552)	(5,412)
Depreciation from continuing operations	(660)	(697)	(2,428)	(2,600)
Share-based compensation	(19)	(21)	(163)	(160)
Operating loss from continuing operations	(415)	(533)	(689)	(2,965)

### Percentage of revenue

Certain figures are stated as a percentage of revenue and are used by management to analyze individual components of expenses to evaluate the Corporation's performance from prior periods and to compare its performance to other companies.

### Funds flow from continuing operations

Funds flow from continuing operations is a non-IFRS financial measure that does not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. Funds flow from continuing operations is defined as net cash generated from (used in) continuing operating activities adjusted for changes in non-cash working capital. Management believes that, in addition to net cash generated from operating activities as reported in the consolidated statements of cash flows, cash generated from operating activities before changes in non-cash working capital adjustments is a useful supplemental measure as it provides an indication of the funds generated by High Arctic's principal business activities prior to consideration of changes in items of working capital. This measure is not intended to represent or be construed as an alternative to net cash generated from operating activities as calculated in accordance with IFRS.

The following tables provide a quantitative reconciliation of net cash generated from (used in) operating activities, as disclosed in the consolidated statements of cash flows, to funds flow from (used in) continuing operations for the three and twelve months ended December 31, 2025, and 2024:

(thousands of Canadian Dollars)	Three months ended Dec 31,		Year ended Dec 31,	
	2025	2024	2025	2024
Net cash generated from (used in) continuing operating activities	102	(67)	1,060	(109)
Less: Changes in non-cash working capital balances – operating	(138)	(304)	(729)	(300)
Funds flow from continuing operations	240	237	1,789	191

### Working capital

Working capital is a non-IFRS financial measure that does not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. Working capital is used by management as another measure to analyze the operating liquidity available to the Corporation. It is defined as current assets less current liabilities. Working capital ratio is defined as current assets divided by current liabilities. This measure is not intended to represent or be construed as an alternative to current assets as calculated in accordance with IFRS.

The following tables provide a quantitative reconciliation of current assets, as disclosed in the consolidated statements of financial position, to working capital as at December 31, 2025 and 2024:

(thousands of Canadian Dollars)	As at	As at
	Dec 31, 2025	Dec 31, 2024
Current assets	7,662	7,221
Current liabilities	(4,018)	(4,529)
Working capital	3,644	2,692
Working capital ratio	1.9:1	1.6:1

## Forward-Looking Statements

This MD&A contains forward-looking statements. When used in this document, the words “may”, “would”, “could”, “will”, “intend”, “plan”, “anticipate”, “believe”, “seek”, “propose”, “estimate”, “expect”, and similar expressions are intended to identify forward-looking statements. Such statements reflect the Corporation’s current views with respect to future events and are subject to certain risks, uncertainties, and assumptions. Many factors could cause the Corporation’s actual results, performance, or achievements to vary from those described in this MD&A.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this MD&A as intended, planned, anticipated, believed, estimated or expected. Specific forward-looking statements in this MD&A include, among others, statements pertaining to the following: general economic and business conditions, which will include, among other things, the outlook for the energy industry inclusive of commodity prices, producer activity levels (inclusive of drilling and completions activity) and general energy supply and demand fundamentals that may impact the energy industry as a whole and more specifically as it relates to the Corporation’s customers in Western Canada and Alaska, United States; expectations related to current and future LNG export projects and the impact, if any, on future pricing; the impact, if any, of geo-political events, changes in government, changes to tariffs or related trade policies and the potential impact on the Corporation’s ability to execute its 2026 strategic objectives; the Corporation’s belief that the execution of its 2025 strategic objectives will favourably impact its business in 2026; fluctuations in interest rates and commodity prices; expectations regarding the Corporation’s ability to manage its liquidity risk, raise capital and manage its debt finance agreements; expectations regarding the impact, if any, of foreign currency exchange rate changes; the nature and the timing of the settlement of future contingent consideration payments; projections of market prices and costs; factors upon which the Corporation will decide whether or not to undertake a specific course of operational action or expansion; the Corporation’s ongoing relationship with its major customers; the Corporation’s ability to seek and execute accretive acquisitions including the timing thereof and the potential operational and financial benefits; management of general and administrative expenses; the maintenance of a strong balance sheet and related financial flexibility; the performance of the Corporation’s investment in Team Snubbing and Team Snubbing’s ability to continue as a going concern; operational and financial performance of the Corporation’s Canadian rental equipment business in 2026; the Corporation’s expectation for customer activity levels for 2026; scaling the Corporation’s Canadian business; execution on one or more corporate transactions; and estimated credit risks.

With respect to forward-looking statements contained in this MD&A, the Corporation has made assumptions regarding, among other things, its ability to: maintain its ongoing relationship with major customers; successfully market its services to current and new customers; devise methods for, and achieve its primary objectives; source and obtain equipment from suppliers; successfully manage, operate, and thrive in an environment which is facing much uncertainty; remain competitive in all its operations; attract and retain skilled employees; obtain equity and debt financing on satisfactory terms and manage its liquidity risk.

The Corporation’s actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth above and elsewhere in this MD&A, along with the risk factors set out in the most recent Annual Information Form filed on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

The forward-looking statements contained in this MD&A are expressly qualified in their entirety by this cautionary statement. These statements are given only as of the date of this MD&A. The Corporation does not assume any obligation to update these forward-looking statements to reflect new information, subsequent events or otherwise, except as required by law.

## Abbreviations

The following is a summary of abbreviations used in this Management Discussion and Analysis:

AIF	- Annual information form
AECO	- Alberta Energy Company natural gas spot price
bbl	- Barrel
CAD	- Canadian dollars
CLS	- Canadian Light Sweet
DCP	- Disclosure controls and procedures
EBITDA	- Earnings before interest, tax, depreciation, and amortization
FY	- Financial Year
ESG	- Environmental, Social and Corporate Governance
G&A	- General and administrative expenses
ICFR	- Internal controls over financial reporting
IFRS	- International Financial Reporting Standards
MD&A	- Management discussion and analysis
Nm	- Not meaningful
mmbtu	- Million British thermal units
NCIB	- Normal course issuer bid
OPEC	- Organization of Petroleum Exporting Countries
PNG	- Papua New Guinea
US	- United States of America
USD	- United States dollars
USDCAD	- Exchange rate that represents the amount of CAD required to buy one USD
WCS	- West Canada Select
WCSB	- Western Canadian Sedimentary Basin
WTI	- West Texas Intermediate