



**2025
ANNUAL
REPORT**

LETTER TO SHAREHOLDERS

To my fellow Shareholders:

“The resiliency in our business model was on full display in the fourth quarter, as we delivered 4Q 2025 Adjusted EBITDAS⁽¹⁾ of \$17.4mm - nearly in line with the fourth quarter of 2024 - despite 15% lower revenue from reduced activity levels. Continued progress in our organic build out and deployment of Measurement-While-Drilling (“MWD”) technology, together with higher Rotary Steerable (“RSS”) utilization, also supported the business, driving significantly higher Adjusted gross margin⁽¹⁾ and Adjusted EBITDAS margin percentages⁽¹⁾ versus the fourth quarter one year ago.”

“In Canada, we increased revenue per operating day in the fourth quarter as we continued to expand our footprint in higher-value RSS work for customers. As is typical for the season, activity tapered near year-end due to the holiday shutdown and, for some customers, budget exhaustion.”

“While activity in the U.S. slowed during 2025, we exited the year with our U.S. business strategically positioned for future growth. Our experience drilling longer laterals and increasingly complex wellbores drove higher demand for advanced solutions, with rotary steerable activity representing more than 20% of total operating days in the fourth quarter. We believe our breadth of capabilities, particularly our ability to service the higher-value segment of the market, positions us well to benefit as customers increasingly focus on improved drilling performance, greater efficiencies, and more complex well designs.”

“As we enter 2026, our capital allocation strategy remains centered on long-term value creation and strengthening business resilience. Our plan is to:

- Invest selectively in high-return, organic growth opportunities that improve customer productivity and support continued margin expansion.
- Return capital to shareholders through our Normal Course Issuer Bid (NCIB) share repurchase program.
- Position the Company with modest leverage to preserve flexibility for strategic acquisitions, as demonstrated by the recently completed Stryker Acquisition and proposed SB Acquisition.

“With this disciplined and balanced approach to capital allocation, we believe we will continue to build an increasingly durable business model - one that optimizes shareholder returns over the long term,” stated Tom Connors, ACT President and Chief Executive Officer.

ANNUAL GENERAL MEETING

Shareholders are invited to attend the Annual General Meeting which will be held at 3:30 pm on May 7, 2026 at ACT Energy Technologies Ltd.'s head office, 6030 – 3 Street SE, Calgary, Alberta.

¹ As defined in the ‘Non-GAAP measures’ section of this MD&A

MANAGEMENT'S DISCUSSION & ANALYSIS

ACT Energy Technologies Ltd. ("ACT" or the "Company"), is a publicly traded company listed on the Toronto Stock Exchange ("TSX") under the symbol "ACX". The Company is primarily involved and engaged in the business of providing directional drilling services and related downhole technologies to oil and natural gas companies in Western Canada and the United States ("U.S."). The Company operates under three brands, Altitude Energy Partners, Discovery Downhole Services and Rime Downhole Technologies ("Rime").

This Management's Discussion & Analysis ("MD&A") for the year ended December 31, 2025 is dated March 24, 2026 and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2025, the Company's MD&A and audited consolidated financial statements for the year ended December 31, 2024, and Annual Information Form ("AIF") for the year ended December 31, 2025. This MD&A is intended to assist the reader in the understanding and assessment of significant changes and trends, as well as the risks and uncertainties, related to the results of the operations and financial position of the Company. These documents are filed on SEDAR+ (www.sedarplus.ca) and appear on the Company's website (www.actenergy.com). Tabular amounts are in '000's of Canadian dollars, unless otherwise noted.

ACT uses certain performance measures throughout this MD&A that are not defined under International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). In this MD&A, the Company has modified its definition of Free Cash Flow and added Net debt as a new Non-GAAP measure to help users better understand the Company's financial position and results. See the 'Non-GAAP Measures' section in this MD&A.

2025 KEY FINANCIAL RESULTS

- The Company generated improved gross margins of 23% in 2025 despite a decline in revenues to \$474.9 million in 2025 (2024 - \$571.8 million).
- Net income of \$15.6 million in 2025, compared to \$57.9 million in 2024. The decrease is mainly due to decreased revenue from reduced U.S. operational activity, magnified by a change in the effect of foreign exchange of \$14.9 million (primarily on inter-company lending activities), provisions for legacy sales and use tax audits of \$4.8 million and inventory provisions of \$2.5 million.
- Adjusted EBITDAS⁽¹⁾ of \$76.3 million in 2025, decreased 19% compared to \$93.8 million in 2024 primarily attributable to the lower abovementioned revenues, offset by lower direct costs related to lower third-party rental costs as a result of the Rime measurement-while-drilling ("MWD") build-out.
- Canadian operating days⁽²⁾ decreased 6% in 2025, compared to 2024, which was in line with a 5% decrease in the Western Canadian rig count⁽²⁾.
- U.S. operating days⁽²⁾ decreased 25% in 2025, compared to 2024, which was higher than the 6% decline in the U.S. land rig count⁽²⁾ primarily related to consolidation of certain of the Company's customers.
- The Canadian average revenue per operating day⁽²⁾ stayed the same in 2025, compared to 2024, as increased revenue per rig due to increasing deployment of ancillary technologies was offset by a reduction in lost-in-hole revenue.
- The U.S. average revenue per operating day⁽²⁾ increased by 4% in 2025, compared to 2024, primarily due to a different job mix.
- The Company's Adjusted gross margin⁽¹⁾ improved by 11% to an average of 30% in 2025, compared to an average of 27% in 2024. Positively affecting margins is a reduction of third-party rental costs from the utilization of internally supplied Rime MWD systems. Further durability of Adjusted gross margin⁽¹⁾ is expected as the Company's U.S. business returns to more normalized operating activity levels, which will be complemented further by the internal MWD deployment.
- Cash flow - operating activities of \$91.7 million in 2025, compared to \$90.2 million in 2024.
- Free cash flow⁽¹⁾ of \$14.9 million in 2025, compared to Free cash flow⁽¹⁾ of \$24.2 million in 2024.
- Net debt⁽¹⁾ was \$53.6 million as at December 31, 2025, compared to 77.7 million as at December 31, 2024.
- The Company purchased 1,907,386 common shares under the normal course issuer bid ("NCIB") for a total purchase price of \$10.2 million at an average cost of \$5.32 per common share. Subsequent to December 31, 2025, the Company purchased 280,072 common shares for a total purchase price of \$1.6 million, at an average cost of \$5.76 per common share.
- Subsequent to December 31, 2025, the Company acquired all the assets of Stryker Energy Directional Services, LLC for cash, shares and through the issuance of a promissory note, total consideration being \$32.9 million (the "Stryker Acquisition").
- On March 9, 2026, the Company entered into an agreement to acquire the directional drilling services business of SB Directional Services for total consideration \$64.3 million in cash and shares (the "SB Acquisition"). The transaction is expected to close in early April 2026.

¹ As defined in the 'Non-GAAP measures' section of this MD&A

² Per 'Supplementary financial measures and other definitions' section in this MD&A.

FINANCIAL HIGHLIGHTS

<i>(stated in thousands of Canadian dollars, except net income per common share amounts)</i>	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Revenues	\$ 109,301	\$ 128,083	\$ 474,928	\$ 571,785
Gross margin percentage	19%	17%	23%	22%
Adjusted gross margin percentage ⁽¹⁾	29%	23%	30%	27%
Adjusted EBITDAS ⁽¹⁾	\$ 17,431	\$ 17,582	\$ 76,284	\$ 93,805
Adjusted EBITDAS margin percentage ⁽¹⁾	16%	14%	16%	16%
Net income	\$ 3,136	\$ 14,892	\$ 15,579	\$ 57,907
Per common share - basic	\$ 0.09	\$ 0.43	\$ 0.46	\$ 1.67
Per common share - diluted	\$ 0.08	\$ 0.38	\$ 0.42	\$ 1.51
Cash flow - operating activities	\$ 40,453	\$ 20,934	\$ 91,679	\$ 90,177
Free cash flow ⁽¹⁾	\$ (8,388)	\$ 941	\$ 14,949	\$ 24,240
Weighted average common shares outstanding:				
Basic (000s)	33,482	35,027	33,785	34,705
Diluted (000s)	37,034	38,800	37,339	38,468

<i>Balance (stated in thousands of Canadian dollars)</i>	December 31, 2025	December 31, 2024
Working capital ⁽¹⁾	\$ 84,092	\$ 84,417
Total assets	\$ 462,382	\$ 472,881
Loans and borrowings	\$ 61,534	\$ 63,527
Exchangeable promissory notes ("EP notes")	\$ 26,697	\$ 26,962
Shareholders' equity	\$ 248,773	\$ 241,580

⁽¹⁾ Refer to the 'Non-GAAP measures' section in this MD&A.

RESULTS OF OPERATIONS

Financial

<i>(stated in thousands of Canadian dollars, except percentages)</i>	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Revenues				
United States	\$ 62,732	\$ 79,300	\$ 287,917	\$ 371,879
Canada	46,569	48,783	187,011	199,906
Total revenues	109,301	128,083	474,928	571,785
Cost of sales				
Direct costs	(80,528)	(99,054)	(336,668)	(415,994)
Depreciation and amortization	(8,233)	(6,677)	(30,890)	(30,924)
Share-based compensation	(66)	(145)	(457)	(610)
Total cost of sales	(88,827)	(105,876)	(368,015)	(447,528)
Gross margin	\$ 20,474	\$ 22,207	\$ 106,913	\$ 124,257
Gross margin percentage	19%	17%	23%	22%
Adjusted gross margin percentage ⁽¹⁾	29%	23%	30%	27%

⁽¹⁾ Refer to the 'Non-GAAP measures' section in this MD&A.

Operational

<i>(stated in Canadian dollars, except operating days and average industry land rig counts)</i>	Three months ended December 31,			Year ended December 31,		
	2025	2024	% Change	2025	2024	% Change
Operating days⁽¹⁾						
United States	1,942	2,841	(32%)	9,972	13,337	(25%)
Canada	3,166	3,471	(9%)	13,563	14,502	(6%)
	5,108	6,312	(19%)	23,535	27,839	(15%)
Average industry land rig count⁽²⁾						
United States	512	541	(5%)	528	560	(6%)
Canada	167	178	(6%)	163	171	(5%)
Average revenues per operating day⁽¹⁾						
United States	\$ 32,303	\$ 27,913	16%	\$ 28,873	\$ 27,883	4%
Canada	\$ 14,709	\$ 14,054	5%	\$ 13,788	\$ 13,785	—%
	\$ 21,398	\$ 20,292	5%	\$ 20,180	\$ 20,539	(2%)
Net lost-in-hole equipment reimbursements⁽³⁾						
	\$ 4,286	\$ 5,062	(15%)	\$ 19,598	\$ 25,277	(22%)

⁽¹⁾ Per 'Supplementary financial measures and other definitions' section in this MD&A.

⁽²⁾ Per JWN RigLocator and Enverus.

⁽³⁾ Refer to the 'Non-GAAP measures' section in this MD&A.

Summary

The Company improved gross margin and Adjusted gross margin percentages⁽¹⁾ despite a 19% and 15% decline in the Company's operating days⁽²⁾ in the three months ended December 31, 2025 and the year ended December 31, 2025, compared to prior periods, respectively. The reduction in operating days⁽²⁾, particularly in the U.S., was the primary contributing factor to the decline in the Company's revenues for the three months ended December 31, 2025 and the year ended December 31, 2025, compared to prior periods.

The Company improved the resiliency of gross margins through replacement of third-party rental equipment with owned equipment, primarily focused on Rime MWD systems. Typically, decreased revenue of 15% and 17% in the three months ended December 31, 2025 and the year ended December 31, 2025, respectively, would result in the Company's fixed components of direct costs negatively impacting margin percentages. However, gross margins improved meaningfully over the prior year periods despite the decline in revenue.

SEGMENTED INFORMATION

United States

Revenues

U.S. revenues were \$62.7 million in the three months ended December 31, 2025, a decrease of \$16.6 million or 21%, compared to \$79.3 million in for the same period in 2024. The Company experienced a 32% decrease in operating days⁽²⁾ in the three months ended December 31, 2025 (2025 - 1,942 days; 2024 - 2,841 days). The Company's activity declines exceeded the 5% decrease in the average U.S. land rig count, magnified by certain of the Company's customers consolidating. In addition, the Company felt the impact of the increasingly competitive U.S. market given the general broad market uncertainties contributing to commodity price volatility. The average revenues per operating day⁽²⁾ increased 16% in the three months ended December 31, 2025 (2025 - \$32,303 per day; 2024 - \$27,913 per day) due to higher portion of rental revenue and a favorable job mix requiring additional revenue generating technologies.

U.S. revenues were \$287.9 million in the year ended December 31, 2025, a decrease of \$84.0 million or 23%, compared to \$371.9 million for the same period in 2024. The Company experienced a 25% decrease in operating days⁽²⁾ in the year ended December 31, 2025 (2025 - 9,972 days; 2024 - 13,337 days). The Company's activity declines exceeded the 6% decrease in the average U.S. land rig count mainly as a result of consolidation by some of the Company's customers. In addition, the Company felt the impact of the increasingly competitive U.S. market given the general market uncertainty contributing to commodity price volatility. The average revenues per operating day⁽²⁾ increased 4% in the year ended December 31, 2025 (2025 - \$28,873 per day; 2024 - \$27,883 per day), with the same period in 2024.

Direct costs

U.S. direct costs included in cost of sales were \$47.8 million in the three months ended December 31, 2025, a decrease of \$14.3 million or 23%, compared to \$62.1 million in for the same period in 2024. Direct costs as a percentage of revenues were 76% in the three months ended December 31, 2025, compared to 78% in for the same period in 2024. The decrease is mainly due to lower

¹ Refer to the 'Non-GAAP measures' section in this MD&A.

² Per 'Supplementary financial measures and other definitions' section in this MD&A.

MWD third-party rental costs, resulting from the Rime MWD build-out and lower labour and repair costs related to cost reduction initiatives in the three months ended December 31, 2025.

U.S. direct costs included in cost of sales were \$211.5 million in the year ended December 31, 2025, a decrease of \$70.1 million or 25%, compared to \$281.6 million for the same period in 2024. The decrease is mainly due to lower MWD third-party rental costs, resulting from the Rime MWD build-out, and lower labour and repair costs related to lower activity and cost reduction initiatives in the year ended December 31, 2025. Direct costs as a percentage of revenues were 73% in the year ended December 31, 2025, compared to 76% for the same period in 2024, primarily as a result of lower MWD third-party rental costs resulting from the Rime MWD build-out.

Canadian

Revenues

Canadian revenues were \$46.6 million in the three months ended December 31, 2025, a decrease of \$2.2 million or 5%, compared to \$48.8 million in for the same period in 2024, due to an 9% decrease in operating days⁽¹⁾ in the three months ended December 31, 2025 (2025 - 3,166 days; 2024 - 3,471 days) consistent with the Western Canada average land rig count decrease of 6%. The average revenues per operating day⁽¹⁾ increased 5% in the three months ended December 31, 2025 (2025 - \$14,709 per day; 2024 - \$14,054 per day). The increase in the average revenues per operating day⁽¹⁾ is mainly attributable to a favorable job mix requiring additional revenue generating technologies.

Canadian revenues were \$187.0 million in the year ended December 31, 2025, a decrease of \$12.9 million or 6%, compared to \$199.9 million for the same period in 2024, with the decline primarily attributable to a 6% decrease in operating days⁽¹⁾ in the year ended December 31, 2025 (2025 - 13,563 days; 2024 - 14,502 days). Consistent with a decline in the Western Canada average land rig count of 5%, ACT had a slight decline in activity during the year ended December 31, 2025, relative to the comparative period. The average revenues per operating day⁽¹⁾ were consistent in the year ended December 31, 2025 (2025 - \$13,788 per day; 2024 - \$13,785 per day), with the same period in 2024.

Direct costs

Canadian direct costs included in cost of sales were \$32.7 million in the three months ended December 31, 2025, a decrease of \$4.3 million or 12%, compared to \$37.0 million in for the same period in 2024. The decrease is mainly due to lower repair, third-party rental and labour costs in the three months ended December 31, 2025, consistent with lower activity levels. As a percentage of revenues, direct costs were 70% in the three months ended December 31, 2025, compared to 76% in for the same period in 2024. A more favorable revenue mix in the three months ended December 31, 2025, relative to for the same period in 2024, is the primary factor in direct costs being lower as a percentage of revenues in the three months ended December 31, 2025.

Canadian direct costs included in cost of sales were \$125.2 million in the year ended December 31, 2025, a decrease of \$9.2 million or 7%, compared to \$134.4 million for the same period in 2024. The decrease is mainly due to lower repair, third-party rental and labour costs in the year ended December 31, 2025, consistent with lower activity levels. As a percentage of revenues, direct costs were 67% in the year ended December 31, 2025, compared to 67% for the same period in 2024.

CONSOLIDATED

Revenues

The Company's revenues were \$109.3 million in the three months ended December 31, 2025, a decrease of \$18.8 million or 15%, compared to \$128.1 million in for the same period in 2024. The decrease is driven by a 19% decrease in operating days⁽¹⁾ (2025 - 5,108 days; 2024 - 6,312 days) offset by a 5% increase in the average revenues per operating day⁽¹⁾ (2025 - \$21,398; 2024 - \$20,292).

The Company recognized \$474.9 million of revenues in the year ended December 31, 2025, a decrease of \$96.9 million or 17%, compared to \$571.8 million for the same period in 2024. The decrease is driven by a 15% decrease in operating days⁽¹⁾ (2025 - 23,535 days; 2024 - 27,839 days), and a 2% decrease in the average revenues per operating day⁽¹⁾ (2025 - \$20,180; 2024 - \$20,539). The decline in the consolidated average revenues per operating day⁽¹⁾ was primarily due to a higher weighting of Canadian operating days⁽¹⁾, which has lower average equipment intensity per job, and therefore lower average revenues per operating day⁽¹⁾ compared to U.S. jobs.

Direct Costs

The Company recognized \$80.5 million of direct costs in the three months ended December 31, 2025, a decrease of \$18.6 million or 19%, compared to \$99.1 million in for the same period in 2024. The decrease is mainly due to lower labour and repair costs resulting from the decrease in operating days⁽¹⁾ and cost reduction initiatives, and lower third-party MWD rental costs mainly related to the Rime MWD build-out.

The Company recognized \$336.7 million of direct costs in the year ended December 31, 2025, a decrease of \$79.3 million or 19%, compared to \$416.0 million for the same period in 2024. The decrease is mainly due to lower labour and repair costs resulting from the decrease in operating days⁽¹⁾, and lower third-party MWD rental costs mainly related to the Rime MWD build-out.

Direct costs as a percentage of revenues decreased to 74% in the three months ended December 31, 2025, compared to 77% in for the same period in 2024. Lower third-party MWD rental costs mainly related to the Rime MWD build-out contributed to this

¹ Per 'Supplementary financial measures and other definitions' section in this MD&A.

reduction. Also contributing to the reduction was higher Lost-in-hole revenues⁽¹⁾ in the three months ended December 31, 2025, relative to the comparative period, since lost-in-hole activity typically has lower associated costs than other forms of revenue. Direct costs as a percentage of revenues were 71% for the year ended December 31, 2025, compared to 73% for the same period in 2024.

Gross margin and Adjusted gross margin⁽¹⁾

The Gross margin and Adjusted gross margin percentages improved in for the fourth quarter and year ended December 31, 2025 compared to the same periods in 2024 despite a 15% and 17% decrease in revenues in the three months ended December 31, 2025 and the year ended December 31, 2025, respectively. This improvement is primarily due to the ongoing deployment of its newly built MWD fleet, reducing third-party rental costs.

Depreciation and amortization expense

Depreciation and amortization expense included in cost of sales increased to \$8.2 million in the three months ended December 31, 2025, compared to \$6.7 million in for the same period in 2024, mainly due to a higher portion of the MWD build-out being depreciated. Depreciation and amortization expense included in cost of sales remained consistent for the years ended December 31, 2025 and 2024 at \$30.9 million.

Selling, general and administrative (“SG&A”) expenses

<i>(stated in thousands of Canadian dollars)</i>	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Selling, general and administrative expenses:				
Direct costs	\$ 11,565	\$ 10,559	\$ 56,349	\$ 54,540
Depreciation and amortization	2,760	2,670	11,033	10,109
Share-based compensation	471	605	2,969	2,565
Selling, general and administrative expenses	\$ 14,796	\$ 13,834	\$ 70,351	\$ 67,214

The Company recognized direct costs included in SG&A expenses of \$11.6 million and \$56.3 million in the three months ended December 31, 2025 and the year ended December 31, 2025, which were slightly higher than \$10.6 million and \$54.5 million for the same periods in 2024, respectively. As a result of SG&A being more fixed cost in nature, against lower revenues, direct costs included in SG&A expenses as a percentage of revenues were 11% and 12% in the three months ended December 31, 2025 and the year ended December 31, 2025, compared to 8% and 10% for the same periods in 2024, respectively.

Depreciation and amortization included in SG&A expenses were \$2.8 million and \$11.0 million in the three months ended December 31, 2025 and the year ended December 31, 2025, compared to \$2.7 million and \$10.1 million for the same periods in 2024, respectively. The slight increases are mainly due to amortization expense associated with RSS licenses acquired in the latter part of 2024.

Stock-based compensation included in SG&A expenses were \$0.5 million and \$3.0 million in the three months ended December 31, 2025 and the year ended December 31, 2025, compared to \$0.6 million and \$2.6 million for the same periods in 2024, respectively. The increase for the year ended December 31, 2025 is mainly due to restricted shares granted in 2025.

Provision

<i>(stated in thousands of Canadian dollars)</i>	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Provision	\$ —	\$ —	\$ 4,846	\$ —

The Company is subject to a historical U.S. sales and use tax audit (the “Audit”) period that originated prior to the Company’s acquisition of Altitude Energy Partners (“AEP Acquisition”) on July 14, 2022, with certain errors determined to extend into the period after the AEP Acquisition (the “Post-Closing Audit Period”). In 2025 the Company received additional information relating to this Audit impacting the Post-Closing Audit Period and recorded an incremental provision of \$4.8 million. No revisions to this estimate were made in the three months ended December 31, 2025. In the fourth quarter of 2025, the Company paid \$4.1 million to the tax authorities in partial settlement of the Audit. As at December 31, 2025, the Company’s Post-Closing Audit Period provision accrued is \$8.0 million.

Also in relation to the Audit, certain liabilities originated prior to the AEP Acquisition (the “Pre-Closing Audit Period”). The Company has recognized a provision of \$14.8 million in Trade and other payables related to the Pre-Closing Audit Period. Pursuant to the Equity Purchase Agreement related to the AEP Acquisition, the sellers provided the Company with an indemnity related to pre-closing tax issues, specifically identifying the risk around the Audit. Accordingly, the Company has recognized an offsetting indemnity receivable of \$14.8 million in Other receivable. This assessment relies on estimates and assumptions and may involve a series of judgments about future events.

All figures in this section are presented in Canadian dollars; however, the underlying figures are denominated in U.S. dollars and are therefore subject to fluctuations in foreign currency exchange rates. New information may become available that prompts the Company to adjust its judgment regarding the adequacy of this provision.

Research and development (“R&D”) costs

<i>(stated in thousands of Canadian dollars)</i>	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Research and development costs	\$ 1,276	\$ 1,010	\$ 4,980	\$ 5,238

The Company recognized R&D costs of \$1.3 million and \$5.0 million in the three months ended December 31, 2025 and the year ended December 31, 2025, compared to \$1.0 million and \$5.2 million for the same periods in 2024, respectively. R&D costs include salaries, benefits, purchased materials and shop supply costs related to new product development and technology and engineering.

Write-off of property, plant and equipment

<i>(stated in thousands of Canadian dollars)</i>	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Write-off of property, plant and equipment	\$ 972	\$ 642	\$ 3,719	\$ 3,508

The Company recognized a write-off of property, plant and equipment of \$1.0 million and \$3.7 million in the three months ended December 31, 2025 and the year ended December 31, 2025, compared to \$0.6 million and \$3.5 million for the same periods in 2024, respectively. The write-offs related to equipment lost-in-hole and damaged beyond repair. Lost-in-hole equipment and damaged beyond repair reimbursements from customers are based on service agreements held with clients and are recognized as revenue.

Finance costs

<i>(stated in thousands of Canadian dollars)</i>	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Finance costs - loans and borrowings and exchangeable promissory notes	\$ 1,914	\$ 1,963	\$ 7,090	\$ 8,771
Finance costs - lease liabilities	\$ 304	\$ 308	\$ 1,180	\$ 899

Finance costs - loans and borrowings and EP notes were \$1.9 million, a decrease of \$0.1 million, compared to \$2.0 million in for the same period in 2024. Finance costs - loans and borrowings and EP notes were \$7.1 million in the year ended December 31, 2025, a decrease of \$1.7 million, compared to \$8.8 million for the same period in 2024. The decrease is mainly due to a lower outstanding balance of loans and borrowings in the three months ended December 31, 2025 compared to for the same period in 2024, and a lower interest rate as a result of the Company’s refinancing completed in 2025 Q1.

In addition, the Company had finance costs - lease liabilities of \$0.3 million and \$1.2 million in the three months ended December 31, 2025 and the year ended December 31, 2025, related to lease liabilities, compared to \$0.3 million and \$0.9 million for the same periods in 2024, respectively.

Foreign exchange

<i>(stated in thousands of Canadian dollars)</i>	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Foreign exchange (loss) gain	\$ (2,055)	\$ 6,857	\$ (6,303)	\$ 8,628
Foreign currency translation (loss) gain on foreign operations	\$ (1,038)	\$ 4,759	\$ (3,679)	\$ 6,063

The Company recognized a foreign exchange loss of \$2.1 million and a foreign exchange loss of \$6.3 million in the three months ended December 31, 2025 and the year ended December 31, 2025, compared to a foreign exchange gain of \$6.9 million and a foreign exchange gain of \$8.6 million for the same periods in 2024, respectively. During the three months ended December 31, 2025 the Canadian dollar exchange rate decreased by 1% from \$1.39 at September 30, 2025 to \$1.37 at December 31, 2025. Therefore the Company recognized foreign exchange gain of \$0.3 million on revaluation of the Company’s USD denominated balances and foreign exchange loss of \$2.3 million on revaluation of the intercompany loans issued by the parent company to its self-sustaining foreign subsidiaries. The offsetting foreign exchange gain on intercompany loans held by the subsidiaries is recognized as part of the translation of foreign operations within other comprehensive income, as described below.

The Company’s foreign operations are denominated in USD and differences due to fluctuations in the foreign currency exchange rates are recorded in other comprehensive income. The Company recognized a foreign currency translation loss on foreign operations of \$1.0 million in the three months ended December 31, 2025, compared to a gain of \$4.8 million in for the same period in 2024. The Company recognized a foreign currency translation loss of \$3.7 million in the year ended December 31, 2025, compared to a gain of \$6.1 million for the same period in 2024.

Income tax (recovery) expense

<i>(stated in thousands of Canadian dollars)</i>	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Current tax expense (recovery)	\$ 18	\$ (2,318)	\$ (486)	\$ 141
Deferred tax recovery	(4,966)	(1,140)	(7,151)	(10,244)
Income tax recovery	\$ (4,948)	\$ (3,458)	\$ (7,637)	\$ (10,103)

The Company recognized an income tax recovery of \$4.9 million and \$7.6 million in the three months ended December 31, 2025 and the year ended December 31, 2025, compared to an income tax recovery of \$3.5 million and \$10.1 million for the same periods in 2024, respectively. In year ended December 31, 2025, the Company re-recognized \$3.1 million of its Canadian tax pools (2024 - \$15.3 million) due to management's assessment and estimates that they would likely be utilized within the next few years.

Income tax expense (recovery) is recognized based upon expected annualized rates using the statutory rates of 23% for both Canada and the U.S. adjusted for key items that will affect the Company's actual tax for the period.

LIQUIDITY AND CAPITAL RESOURCES

Annually, the Company's principal source of liquidity is cash generated from its operations. In addition, the Company has the ability to fund liquidity requirements through its credit facility and the issuance of additional debt and/or equity, if available.

In order to facilitate the management of its liquidity, the Company prepares an annual budget, which is updated, as necessary, depending on varying factors, including changes in capital structure, execution of the Company's business plan and general industry conditions. The annual budget is approved by the Board of Directors and updated forecasts are prepared as the fiscal year progresses with changes reviewed by the Board of Directors.

Cash flow - operating activities was \$40.5 million and \$91.7 million in the three months ended December 31, 2025 and the year ended December 31, 2025, compared to \$20.9 million and \$90.2 million for the same periods in 2024, respectively.

ACT remains focused on reducing its Net debt⁽¹⁾ and generating Free cash flow⁽¹⁾, as defined in the 'Non-GAAP measures' section of this MD&A. In addition, the Company will remain opportunistic in executing its NCIB and making strategic and accretive acquisitions.

At December 31, 2025, the Company had working capital⁽¹⁾, excluding current portion of debt (loans and borrowings and EP notes) of \$84.1 million (December 31, 2024 - \$84.4 million).

Common share consolidation

On May 9, 2024, the shareholders of the Company approved the consolidation of the issued and outstanding common shares of the Company, on the basis of one post-consolidation common share for a range of five to ten pre-consolidation common shares. On June 10, 2024, the Board of Directors approved a consolidation ratio of one post-consolidation share for seven pre-consolidation common shares (the "Consolidation"). As a result, on July 3, 2024, 243,383,392 common shares issued and outstanding prior to the Consolidation were reduced to 34,769,056 common shares. No fractional common shares were issued in connection with the Consolidation, and all fractional common shares that otherwise would have been issued was rounded to the nearest whole common share. The number of common shares and per common share amounts in this MD&A, as they relate to the pre-Consolidation period, were restated to reflect the Consolidation.

Normal course issuer bid

During the year ended December 31, 2025, 1,907,386 (2024 - 1,144,250) common shares were purchased under the NCIB for a total purchase amount of \$10.2 million (2024 - \$7.0 million) at an average price of \$5.32 (2024 - \$6.08) per common share. A portion of the purchase amount reduced share capital by \$10.1 million (2024 - \$6.5 million) and the residual purchase amount of \$0.1 million (2024 - \$0.4 million) was recorded to the surplus.

In connection with the NCIB, the Company established an automatic securities purchase plan ("the Plan"). Accordingly, the Company may repurchase its common shares under the Plan on any given trading day during the NCIB, including during regulatory restrictions or self-imposed trading blackout periods. The Plan commenced on August 11, 2025, and will terminate on August 10, 2026. As at December 31, 2025, the Company recognized \$1.4 million as an accrued liability (with a corresponding reduction to share capital) for the maximum number of common shares to be purchased under the Plan. As at December 31, 2024, the accrued liability related to the reduction of share capital was \$1.9 million. During the year ended December 31, 2025, the Company reversed the previously recognized accrual and recorded the new liability, resulting in a net decrease to share capital of \$0.5 million.

Subsequent to December 31, 2025, the Company purchased 280,072 common shares for a total purchase amount of \$1.6 million, at an average purchase price of \$5.76 per common share.

¹ Refer to the 'Non-GAAP measures' section in this MD&A.

Syndicated and revolving credit facilities

On March 21, 2025, the Company entered into a Fifth Amended and Restated Credit Agreement with its existing syndicate of lenders co-lead by ATB Financial and Royal Bank of Canada (“Amended Credit Agreement”). The Amended Credit Agreement provided for the following:

- i. A revolving facility with an approximate principal amount of \$124.3 million comprised of: i) \$100.0 million Syndicated Revolving Facility (“CAD Syndicated Revolving Facility”) and ii) \$10.0 million revolving facility provided by ATB Financial (“ATB Revolving Facility”), and iii) USD \$10.0 million (approximately CAD \$14.3 million equivalent) provided by HSBC Bank USA, N.A. (“HSBC Revolving Facility”). The revolving facility replaced the Company’s existing facilities (CAD Syndicated Term Facility of \$59.0 million, USD Syndicated Term Facility of USD \$21.0 million, Syndicated Operating Facility of \$35.0 million, Revolving Operating Facility of \$15.0 million and USD Revolving Operating Facility of \$10.0 million). As such, the contractual repayments of the CAD Syndicated Term Facility and USD Syndicated Term Facility are no longer required;
- ii. A lower amended interest rate updated to the financial institution’s prime rate plus 1.0% to 1.75% or Canadian Overnight Repo Rate Average rate / Secured Overnight Financing Rate plus 2.0% to 2.75% (previously prime rate plus 1.5% to 2.25% or Canadian Overnight Repo Rate Average rate / Secured Overnight Financing Rate plus 2.5% to 3.25%);
- iii. The maturity date extended from July 11, 2026 to March 21, 2028;
- iv. Replaced the financial covenant of Consolidated Fixed Charge Coverage ratio (previously required to be no less than 1.25:1) with a Consolidated Interest Coverage Ratio, which is required to be no less than 3.0:1. The Consolidated Funded Debt to Consolidated Credit Agreement EBITDA ratio remained unchanged and shall not exceed 2.5:1; and
- v. The syndicate of lenders remained unchanged with the exception of Royal Bank of Canada joining ATB Financial as the syndicate co-lead.

As at December 31, 2025, \$62.8 million of the \$123.7 million Revolving Facility remained undrawn. No repayments were made on the CAD Syndicated Revolving Facility subsequent to quarter-end. As at December 31, 2025, the Company was in compliance with all covenants. Financial covenants are as follows:

- Consolidated Funded Debt to Consolidated Credit Agreement EBITDA ratio shall not exceed 2.5:1.0 (calculated - 1.1); and
- Consolidated Interest Coverage ratio shall not be less than 3.0 :1.0 (calculated - 10.5).

Contractual obligations and contingencies

As at December 31, 2025, the Company's commitment to capital is approximately \$3.7 million (December 31, 2024 - \$11.9 million), which is expected to be incurred over the next six months.

The Company holds six letters of credit totaling \$1.7 million (December 31, 2024 - \$1.8 million) related to rent payments, corporate credit cards and a utilities deposit.

The Company is involved in various other legal claims and tax audits associated with the normal course of operations. The Company believes that any liabilities that may arise pertaining to such matters would not have a material impact on its financial position. Refer to the ‘Provision’ section in this MD&A for more details.

The following table outlines the anticipated payments related to contractual commitments subsequent to December 31, 2025:

<i>(stated in thousands of Canadian dollars)</i>	Carrying amount	One year	1-2 years	3-5 years	Thereafter
Loans and borrowings - principal	\$ 61,786	\$ 602	\$ —	\$ 61,184	\$ —
Exchangeable promissory (“EP”) notes - principal	27,412	27,412	—	—	—
Interest payments on loans and borrowings and EP notes	8,166	4,064	3,410	692	—
Lease liabilities - undiscounted	19,949	4,447	4,277	7,151	4,074
Trade and other payables	95,711	95,711	—	—	—
Total	\$ 213,024	\$ 132,236	\$ 7,687	\$ 69,027	\$ 4,074

The Company expects to meet its obligations through normal operating cash flows. If additional liquidity is required to fund near-term obligations, including those related to the EP notes maturity, the Company has access to its Revolving Credit Facility and subsequent to year end, the Company has entered into an arrangement with ATB Financial (“ATB”), as administrative agent, and ATB and Royal Bank of Canada, as co-lead arrangers, to increase the size of the Company’s existing syndicated credit facility which further supports the ability to refinance the EP notes, subject to bank agreement compliance (see the “Transactions” section of this MD&A for additional information).

Capital structure

As at March 24, 2026, the Company has 34,916,431 common shares, 1,882,764 stock options, and EP notes, that are exchangeable into a maximum of 3,510,000 common shares outstanding.

NET CAPITAL EXPENDITURES

The following table details the Company's Net capital expenditures ⁽¹⁾:

<i>(stated in thousands of Canadian dollars)</i>	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
MWD and related equipment	\$ 10,784	\$ 1,738	\$ 32,215	\$ 18,147
Motors and related equipment	1,414	35	14,066	19,413
Shop and automotive equipment	77	223	1,202	703
Other	190	840	1,899	3,664
Gross capital expenditures	12,465	2,836	49,382	41,927
Less: net lost-in-hole equipment reimbursements ⁽¹⁾	(4,286)	(5,062)	(19,598)	(25,277)
Net capital expenditures ⁽¹⁾	\$ 8,179	\$ (2,226)	\$ 29,784	\$ 16,650

⁽¹⁾ Refer to the 'Non-GAAP measures' section in this MD&A.

Equipment additions totaling \$49.4 million included \$8 million of items previously purchased and held in inventory for the Rime MWD system build-out in 2025 Q1.

As at December 31, 2025, property, plant and equipment included \$1.8 million (2024 - \$12.3 million) of MWD equipment not yet being depreciated as they are currently being manufactured and tested. Depreciation of the assets will commence upon the assets being fully operational.

Given the current market uncertainty, the Company's 2026 gross and Net capital expenditures⁽¹⁾ budget will be dynamic and adjusted to reflect management's expectation of future activity levels. Currently, the Company's target Net capital expenditures⁽¹⁾ budget is anticipated to relate to sustaining and growth capital expenditures that will enhance realized gross margin percentage levels, including optimizing ACT's high-performance mud motors, MWD in both Canada and the U.S., and selective RSS deployments. ACT intends to fund its 2026 capital plan from cash flow - operating activities.

OUTLOOK

Although we remain encouraged by the long-term fundamentals supporting energy demand, near-term conditions carry a higher degree of uncertainty and potential volatility as a result of geopolitical developments and trade-related uncertainty. Over the coming months, we expect to gain greater clarity on whether recent changes in commodity prices are temporary or more structural; however, based on current customer discussions, we do not expect a meaningful impact on drilling activity or capital spending in the short term.

In Canada, overall industry activity was 8–10% lower than the same quarter last year; however, we saw a modest increase in our activity levels and captured a higher share of industry job counts year over year. This improvement was primarily driven by increased RSS demand and the continued adoption of multi-lateral drilling techniques - areas where our deep experience and technology are ideally suited. Given the compelling economics for customers on these well types, we believe the environment for drilling activity in Western Canada will remain constructive. We anticipate second-quarter activity will continue to improve on a year-over-year basis as operators adopt more of our technology and further expand pad-style drilling.

In the U.S., job counts in our existing business remained relatively flat, while our overall job count increased following the Stryker Acquisition early in the quarter. The growing use of RSS technology by our clients continues to translate into stronger aggregate revenue per day and operating margins, consistent with the trend we saw in the latter parts of 2025. Looking ahead to the second quarter, we expect job counts to remain steady at recent levels, with the potential for additional activity once the SB Acquisition is completed in early April 2026.

TRANSACTIONS

On January 5, 2026 the Company acquired all the assets of Stryker Energy Directions Services, LLC for total purchase consideration of \$32.9 million, consisting of \$17.2 million cash, 1,299,394 of the Company's common shares and \$9.2 million in promissory notes. The preliminary purchase price allocation is based on Management's best estimate of fair value and consist of \$1.8 million of inventories, \$22.2 million of property, plant and equipment and \$8.9 million of intangible assets. Upon finalizing the fair value of net assets acquired, adjustment to initial estimates, including goodwill, may be required.

On March 9, 2026, the Company entered into an agreement to acquire the directional drilling services business of SB Directional Services. The total consideration is estimated around \$64.3 million. The consideration is comprised of US\$30 million in cash and US\$17 million, or 3,624,232 in ACT common shares. The transaction is expected to close in early April 2026. Upon completion of the SB Acquisition, the Company will have expanded its U.S. operating footprint and customer network.

In connection with the SB Acquisition, and partially to fund the SB Acquisition, ACT has entered into an arrangement with ATB, as administrative agent, and ATB and Royal Bank of Canada, as co-lead arrangers, to increase the size of the Company's existing syndicated credit facility from approximately CAD\$125 million to CAD\$145 million, and increase the U.S. dollar credit availability from USD \$10 million to USD\$30 million ("Amended Credit Facilities"). The USD committed credit facilities are comprised of (i) a

¹ Refer to the 'Non-GAAP measures' section in this MD&A.

US\$10 million revolving facility, and (ii) a new US\$20 million delayed draw term facility, having a term of 3 years with equal quarterly repayments of USD\$1.67 million, available for purposes of refinancing the US\$20 million EP notes issued in connection with a prior acquisition which matures in July 2026. The funded debt to EBITDA covenant has increased to 3.00:1.00 from 2.50:1.00 as part of the Amended Credit Facilities.

CONTROLS AND PROCEDURES

In order to ensure that information with regard to reports filed or submitted under securities legislation present fairly in all material respect the financial information of the Company, management including the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) are responsible for establishing and maintaining disclosure controls and procedures, as well as internal controls over financial reporting based upon The Committee of Sponsoring Organizations of the Treadway Commission (“2013 framework”).

Disclosure controls and procedures

The Company's disclosure controls and procedures (“DC&P”) are designed to provide reasonable assurance that information required to be disclosed by the Company is reported within the time periods specified under securities laws, and include controls and procedures that are designed to ensure that information is communicated to management of the Company, including the CEO and CFO, to allow timely decisions regarding required disclosure. An evaluation of the effectiveness of the Company's DC&P (as defined in Multilateral Instrument 52-109, Certification of Disclosure in Issuers' Annual Financial and Interim Filings) was conducted as at December 31, 2025. Based on this evaluation, the CEO and CFO of ACT have concluded that the design and operation of the Company's DC&P were effective as at December 31, 2025.

Internal controls over financial reporting

Management is responsible for establishing and maintaining adequate internal controls over financial reporting (“ICFR”) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards. The CEO and CFO have designed or have caused such ICFR (as defined in Multilateral Instrument 52-109, Certification of Disclosure in Issuers' Annual Financial and Interim Filings) to be designed under their supervision to provide reasonable assurance regarding the reliability of financial reporting and preparation of the Company's financial statements for external purposes in accordance with IFRS Accounting Standards. In addition, the CEO and CFO directed the assessment of the design and operating effectiveness of the Company's internal controls over financial reporting as at December 31, 2025 and based upon that assessment determined that the Company's internal controls over financial reporting were, in all material respects, appropriately designed and operating effectively.

Management of the Company believes that “cost effective” DC&P and internal controls over financial reporting, no matter how well conceived or implemented, can only provide reasonable assurance, and not absolute assurance, that the objective controls and procedures are met. Because of inherent limitations, DC&P and ICFR may not prevent errors or fraud.

RISK FACTORS

The operations of ACT face a number of risks and uncertainties in the normal course of business that may be beyond its control, but which could have a material adverse effect on ACT's financial condition, results of operations and cash flows. Many of these risk factors and uncertainties are outlined in the annual information form (“AIF”) of ACT for the year ended December 31, 2025, which is available on SEDAR+ at www.sedarplus.ca and appear on the Company's website (www.actenergy.com). Additional risks and uncertainties, including those that the Company does not know about now or that it currently deems immaterial, may also adversely affect its business, financial condition, results of operations or cash flows.

GOVERNANCE

The Audit Committee of the Board of Directors has reviewed this MD&A and the related audited consolidated financial statements and recommended they be approved to the Board of Directors. Following a review by the Board of Directors, the MD&A and the consolidated financial statements for the year ended December 31, 2025, were approved on March 24, 2026.

SUPPLEMENTARY INFORMATION

Additional information regarding the Company, including the AIF, is available on SEDAR+ at www.sedarplus.ca.

CURRENT AND FUTURE ACCOUNTING STANDARDS

Changes in accounting policy

Effective January 1, 2025, IAS 21 - The Effects of Changes in Foreign Exchange Rates, has been amended to provide clarification on when and how to estimate a spot rate. There was no material impact on the Company's financial statements for the adoption of this amended standard.

Accounting standards and amendments not yet effective

Other accounting pronouncements issued, but not yet effective, included those effective in January 2026 (IFRS 7 Financial Instruments: Disclosures and IFRS 9 Financial Instruments). The Company has concluded there will be no material effect on the Company's financial statements upon adoption of these amendments.

Effective on annual reports beginning on and after January 1, 2027 IFRS 18 - Presentation and Disclosure in Financial Statements replaces IAS 1 - Presentation of Financial Statements. Management is aware this standard will affect the income statement and certain other disclosures. The Company is currently in the process of assessing the full extent of the changes.

SUMMARY OF ANNUAL RESULTS

Year ended December 31,	2025		2024		2023	
Revenues	\$	474,928	\$	571,785	\$	545,297
Gross margin %		23%		22%		19%
Adjusted gross margin % ⁽¹⁾		30%		27%		27%
Adjusted EBITDAS ⁽¹⁾	\$	76,284	\$	93,805	\$	90,884
Adjusted EBITDAS margin % ⁽¹⁾		16%		16%		17%
Cash flow - operating activities	\$	91,679	\$	90,177	\$	69,984
Free cash flow ⁽¹⁾	\$	14,949	\$	24,240	\$	8,057
Net income	\$	15,579	\$	57,907	\$	10,628
Basic per share ⁽²⁾	\$	0.46	\$	1.67	\$	0.31
Diluted per share ⁽²⁾	\$	0.42	\$	1.51	\$	0.29
Weighted average shares outstanding						
Basic (000s) ⁽²⁾		33,785		34,705		33,938
Diluted (000s) ⁽²⁾		37,339		38,468		36,086
Working capital, excluding current portion of loans and borrowings and promissory notes ⁽¹⁾	\$	84,092	\$	84,417	\$	74,865
Total assets	\$	462,382	\$	472,881	\$	403,733
Loans and borrowings	\$	61,534	\$	63,527	\$	78,598
Shareholders' equity	\$	248,773	\$	241,580	\$	179,468

⁽¹⁾ Refer to the 'Non-GAAP Measures' section in this MD&A.

⁽²⁾ Restated to reflect the 7:1 share consolidation on July 3, 2024. Refer to the 'Share Consolidation' section in this MD&A.

SUMMARY OF QUARTERLY RESULTS

<i>(stated in thousands of Canadian dollars, except net income per share)</i>	2025 Q4	2025 Q3	2025 Q2	2025 Q1	2024 Q4	2024 Q3	2024 Q2	2024 Q1
Revenues	\$ 109,301	\$ 118,260	\$ 112,010	\$ 135,357	\$ 128,083	\$ 148,449	\$ 130,297	\$ 164,956
Gross margin	\$ 20,474	\$ 31,560	\$ 24,874	\$ 30,005	\$ 22,207	\$ 38,177	\$ 27,783	\$ 36,090
Gross margin %	19%	27%	22%	22%	17%	25%	21%	22%
Adjusted gross margin ⁽¹⁾	\$ 31,209	\$ 39,595	\$ 32,490	\$ 37,484	\$ 29,384	\$ 45,048	\$ 34,186	\$ 47,955
Adjusted gross margin % ⁽¹⁾	29%	33%	29%	28%	23%	30%	26%	29%
Adjusted EBITDAS ⁽¹⁾	\$ 17,431	\$ 23,433	\$ 14,824	\$ 20,596	\$ 17,582	\$ 30,169	\$ 17,305	\$ 28,752
Adjusted EBITDAS % ⁽¹⁾	16%	20%	13%	15%	14%	20%	13%	17%
Net income (loss)	\$ 3,136	\$ 15,154	\$ (9,959)	\$ 7,248	\$ 14,892	\$ 26,175	\$ 5,259	\$ 11,584
Net income (loss) per share - diluted ⁽²⁾	\$ 0.08	\$ 0.41	\$ (0.30)	\$ 0.19	\$ 0.38	\$ 0.68	\$ 0.14	\$ 0.30
Cash flow - operating activities	\$ 40,453	\$ 6,512	\$ 26,029	\$ 18,685	\$ 20,934	\$ 19,377	\$ 34,123	\$ 15,746
Free cash flow ⁽¹⁾	\$ (8,388)	\$ 16,558	\$ 1,048	\$ 5,731	\$ 941	\$ 17,056	\$ (2,584)	\$ 8,827
Net debt ⁽¹⁾	\$ 53,581	\$ 68,598	\$ 64,161	\$ 77,451	\$ 77,697	\$ 74,961	\$ 80,855	\$ 100,245
Weighted average common shares outstanding:								
Basic (000s) ⁽²⁾	33,482	33,892	33,626	34,160	35,027	34,965	34,439	34,383
Diluted (000s) ⁽²⁾	37,034	37,404	33,626	37,867	38,800	38,772	38,402	38,495

⁽¹⁾ Refer to the 'Non-GAAP measures' section in this MD&A.

⁽²⁾ Restated to reflect the 7:1 share consolidation on July 3, 2024. Refer to the 'Share Consolidation' section in this MD&A.

	2025 Q4	2025 Q3	2025 Q2	2025 Q1	2024 Q4	2024 Q3	2024 Q2	2024 Q1
Operating days ⁽¹⁾								
United States	1,942	2,152	2,838	3,040	2,841	3,080	3,746	3,670
Canada	3,166	4,036	2,107	4,254	3,471	4,527	2,130	4,374
	5,108	6,188	4,945	7,294	6,312	7,607	5,876	8,044
Average Industry land rig count ⁽²⁾								
United States	512	520	540	538	541	548	567	583
Canada	167	168	117	199	178	194	125	187
Net lost-in-hole equipment reimbursements ⁽³⁾	\$ 4,286	\$ 7,355	\$ 6,840	\$ 1,117	\$ 5,062	\$ 4,827	\$ 4,742	\$ 10,646

(1) Per 'Supplementary financial measures and other definitions' section of this MD&A.

(2) Per JWN RigLocator and Enverus.

(3) 'Non-GAAP measures' section of this MD&A.

A portion of the Company's operations are carried on in Western Canada where activity levels in the oilfield services industry are subject to a degree of seasonality. Operating activities in Western Canada are generally lower during "spring breakup" which normally commences in mid to late-March and continues through to May. Operating activities generally peak in the winter months from December until mid to late-March. Additionally, volatility in the weather and temperatures not only during this period, but year-round, can create additional unpredictability in operational results. Activity levels in the oil and natural gas basins in the U.S. are not subject to the same level of seasonality that occurs in the Western Canada region.

NON-GAAP MEASURES

ACT uses certain performance measures throughout this MD&A that are not defined under IFRS Accounting Standards or Generally Accepted Accounting Principles ("GAAP"). These non-GAAP measures do not have a standardized meaning and may differ from that of other organizations, and accordingly, may not be comparable. Investors should be cautioned that these measures should not be construed as alternatives to IFRS Accounting Standards measures as an indicator of ACT's performance.

These measures include the Adjusted gross margin, Adjusted gross margin percentage, Adjusted EBITDAS, Adjusted EBITDAS margin percentage, Free cash flow, Net debt, Working capital and Net capital expenditures. Management believes these measures provide supplemental financial information that is useful in the evaluation of ACT's operations.

These non-GAAP measures are defined as follows:

- i) **"Adjusted gross margin"** is a non-GAAP financial measure and has been reconciled to gross margin, being the most directly comparable measure calculated in accordance with IFRS. Adjusted gross margin is a non-GAAP measure of changes in financial performance that are closely related to the Company's core operating activities, by excluding items that management evaluates separately when evaluating underlying when assessing underlying margin trends, including inventory valuation adjustments, depreciation and amortization and equity dilution costs reflected as share based compensation, all included in cost of sales (see tabular calculation);
- ii) **"Adjusted gross margin percentage"** - calculated as Adjusted gross margin divided by revenues; is considered a primary indicator of operating performance (see tabular calculation);
- iii) **"Adjusted EBITDAS"** is a non-GAAP financial measure and has been reconciled to net income / (loss) for the applicable financial periods, being the most directly comparable measure calculated in accordance with IFRS. Management utilizes Adjusted EBITDAS to translate historical variability in the Company's principal business activities into future financial expectations. By isolating incremental items from net income, including income / expense items related to how the Company chooses to manage financing elements of the business (including elements affecting shareholder dilution), taxation, and non-cash charges, management can better predict future financial results from our principal business activities (see tabular calculation). The items included in this calculation are as follows:
 1. Non-cash expenditures, including depreciation, amortization and impairment of non-financial assets;
 2. Consideration as to how the Company chose to finance its business, generate financial income and incur financial expenses, including foreign exchange income / (expenses), share based compensation (reflected in common share dilution calculations) and finance costs;
 3. Other specified items are items impacting current period operating performance not reflect underlying operating performance for the period, including costs incurred for business acquisitions, inventory valuation adjustments; and
 4. Taxation in various jurisdictions.
- iv) **"Adjusted EBITDAS margin percentage"** - calculated as Adjusted EBITDAS divided by revenues; provides supplemental information to net income that is useful in evaluating the results and financing of the Company's business activities before considering certain charges as a percentage of revenues (see tabular calculation);

v) **“Free cash flow”** - calculated as cash flow - operating activities plus changes in non-cash working capital and non-recurring expenses, less: i) cash flow - investing activities (updated from property, plant and equipment (“PP&E”) and intangible asset additions, excluding assets acquired in business combinations), ii) cash interest paid and iii) repayments of lease liabilities, net of finance costs, offset by proceeds on disposal of PP&E. This is a useful supplemental measure of the Company's ability to generate funds from operations available for future capital expenditures, debt repayments, or other strategic initiatives (see tabular calculation).

Free cash flow was updated from prior periods to no longer add back cash taxes paid and to deduct cash interest expense instead of required debt repayments. This change was made in order to more accurately portray the ongoing operating cash flows of the business and align with disclosures from other oilfield services peers, in order to provide a more accurate depiction of ACT's cash generation and improve comparability for financial statement users.

vi) **“Net capital expenditures”** - calculated as the gross capital expenditures less Net lost-in-hole equipment reimbursements, as defined below - refer to the “Net capital expenditures” section of this MD&A for tabular calculation. The timing and amount of equipment lost-in-hole can vary from period to period. Therefore, Net capital expenditures is a useful supplemental financial measure as it provides insight on the amount of investing capital requirements attributable to lost-in-hole equipment. Components impacting Net capital expenditures are as follows:

1. **“Lost-in-hole revenues”** - represent reimbursements received from customers and insurance proceeds related to directional drilling equipment that is lost in-hole or damaged beyond repair. Management considers lost-in-hole revenue to be supplemental information that assists in understanding fluctuations in the Company's reported revenues under IFRS Accounting Standards. Although lost-in-hole revenues tend to remain relatively consistent over longer periods, they can vary significantly from period to period, causing fluctuations in the Company's financial results;
2. **“Net lost-in-hole equipment reimbursements”** - represent lost-in-hole revenues, as defined above, less outflows associated with vendor payments for insurance coverage and third-party rental equipment replacement related to equipment lost-in-hole or damaged beyond repair.

vii) **“Working capital”** - calculated as current assets less current liabilities, excluding the current portion of loans, borrowings and promissory notes. Management uses this measure as an indication of the Company's financial and cash liquidity position.

viii) **“Net debt”** - calculated as the sum of current and long-term loans and borrowings and EP notes, less cash. This is a useful supplemental measure of the company's total debt levels, adjusted for its cash position (see tabular calculation).

The following tables provide reconciliations from the IFRS Accounting Standards to non-GAAP measures included in this MD&A.

Adjusted gross margin

<i>(stated in thousands of Canadian dollars)</i>	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Gross margin	\$ 20,474	\$ 22,207	\$ 106,913	\$ 124,257
Add non-cash items included in cost of sales:				
Write-down of inventory included in cost of sales	2,436	355	2,518	782
Depreciation and amortization	8,233	6,677	30,890	30,924
Share-based compensation	66	145	457	610
Adjusted gross margin	\$ 31,209	\$ 29,384	\$ 140,778	\$ 156,573
Adjusted gross margin percentage	29%	23%	30%	27%

Adjusted EBITDAS

<i>(stated in thousands of Canadian dollars, except percentages)</i>	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Net income	\$ 3,136	\$ 14,892	\$ 15,579	\$ 57,907
Add (deduct):				
Income tax recovery	(4,948)	(3,458)	(7,637)	(10,103)
Non-cash expenditures, including depreciation, amortization and impairment	12,020	9,347	42,950	41,033
Share-based compensation	537	750	3,426	3,175
Finance costs - loans and borrowings and exchangeable promissory notes	1,914	1,963	7,090	8,771
Finance costs - lease liabilities	304	308	1,180	899
Unrealized foreign exchange (gain) loss	2,032	(6,575)	6,332	(8,692)
Other items - provision	—	—	4,846	—
Other items, including inventory write off and gain on settlement of lease liabilities	2,436	355	2,518	815
Adjusted EBITDAS	\$ 17,431	\$ 17,582	\$ 76,284	\$ 93,805
Adjusted EBITDAS margin percentage	16%	14%	16%	16%

Free cash flow

<i>(stated in thousands of Canadian dollars)</i>	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Cash flow - operating activities	\$ 40,453	\$ 20,934	\$ 91,679	\$ 90,177
Add (deduct):				
Changes in non-cash operating working capital	(27,470)	(3,235)	(17,942)	2,191
Non-recurring expenses	—	300	—	424
Less:				
Cash flow - investing activities	(18,465)	(14,021)	(47,706)	(56,482)
Interest paid	(1,700)	(1,968)	(6,833)	(8,469)
Repayments of lease liabilities	(1,206)	(1,069)	(4,249)	(3,601)
Free cash flow	\$ (8,388)	\$ 941	\$ 14,949	\$ 24,240

Changes in Free cash flow Methodology

The Company has modified its definition of Free cash flow to better align its internal reporting, how other similar entities report and how the Company evaluates using and making investments.

<i>(stated in thousands of Canadian dollars)</i>	2025 Q4	2025 Q3	2025 Q2	2025 Q1	2024 Q4	2024 Q3	2024 Q2	2024 Q1
Free cash flow (new methodology)	\$ (8,388)	\$ 16,558	\$ 1,048	\$ 5,731	\$ 941	\$ 17,056	\$ (2,584)	\$ 8,827
Free cash flow (old methodology)	\$ (6,796)	\$ 18,248	\$ 2,726	\$ 7,875	\$ (1,435)	\$ 14,162	\$ (1,766)	\$ 6,211

Net debt

<i>(stated in thousands of Canadian dollars)</i>	Year ended December 31,	
	2025	2024
Loans and borrowings, current	\$ 602	\$ 21,435
Loans and borrowings, long term	60,932	42,092
Exchangeable promissory notes, current	26,697	—
Exchangeable promissory notes, long term	—	26,962
Less:		
Cash	(34,650)	(12,792)
Net debt	\$ 53,581	\$ 77,697

SUPPLEMENTARY FINANCIAL MEASURES AND OTHER DEFINITIONS

- i) **“Operating days”** - are defined as the total number of calendar days during which directional drilling services were actively provided to a customer at a rig site, excluding any days where personnel or equipment were on location but not engaged in active drilling operations (such as standby, rig move days, or other non-operational periods, regardless of whether partial revenues were recognized);
- ii) **“Average revenues per operating day”** - is a supplemental operational metric calculated by dividing revenues, either for a specific geographic segment or on a consolidated basis as reported under IFRS Accounting Standards, by the corresponding number of operating days for that segment or on a consolidated basis. Management uses revenues per operating day to assess pricing strength, service intensity, and comparative financial performance against different periods and across different geographic markets; and
- iii) **“Job count”** - sometimes referred to as daily jobs, refers to the number of drilling rigs on which our directional equipment is used for operation.

COMMON INDUSTRY TERMS

- i) **“LNG”** - natural gas that typically is transported via pipeline with customer demand limited to regions with access to these pipelines. Through liquefaction, larger volumes of natural gas can be economically exported by sea to new markets;
- ii) **“LNG Train” or “Train”** - refers to a complete processing unit within an LNG facility that converts natural gas into liquefied natural gas (LNG). Each train includes all the required equipment — such as compressors, heat exchangers, and refrigeration systems — to carry out the liquefaction process independently;
- iii) **“Lost-in-hole” or “lost-in-hole equipment”** - refers to directional drilling tools or equipment (such as MWD or RSS systems) that become significantly damaged or unrecoverable downhole during drilling operations. This situation typically results in the customer being charged for the replacement cost of the lost equipment;
- iv) **“MWD”** - Measurement-while-drilling is a down-hole tool used in oil, natural gas and geothermal wells that provides real-time drilling data to the directional driller enabling more precise placement and optimized drilling operations;
- v) **“OPEC+”** - is a group of oil-producing countries that work together to control the supply of oil in the global market to help keep prices stable;
- vi) **“Rig count”** - is the estimated number of active rigs drilling directionally as tracked by JWN RigLocator for Canada and Enverus for the U.S. industry rig count levels. This industry data can help provide an indication of potential activity for the Company. During the year ended December 31, 2025, the Company has revised its source for the U.S. rig count to Enverus, replacing Baker Hughes. Rig count levels include only those estimated to be drilling directionally in both Canada and the U.S., excluding rigs drilling vertically. These revised rig count figures better reflect overall industry activity levels affecting the Company’s business, and as a result, all comparative periods have been adjusted; and
- vii) **“RSS”** - Rotary steerable system which is a high-technological drilling tool that simultaneously steers and rotates the drill bit without manual intervention enabling for more accurate drilling, especially in curved or horizontal wells.

INDUSTRY PRICING METRICS

Common industry pricing metrics that affect our business directly, such as \$CAD/\$US foreign exchange, and indirectly through our customer’s cash flows, such as WTI and and US NYMEX natural gas, are as follows:

	2025 Q4	2025 Q3	2025 Q2	2025 Q1	2024 Q4	2024 Q3	2024 Q2	2024 Q1
Average exchange rate (\$CAD/\$US)	0.717	0.726	0.723	0.697	0.714	0.733	0.731	0.741
WTI (\$US/bbl)	59.64	65.74	64.63	71.84	70.69	76.24	81.71	77.56
US NYMEX natural gas (\$US/Mmbtu)	3.75	3.03	3.19	4.15	2.44	2.11	2.09	2.13

- i) **“WTI”** - West Texas Intermediate is a widely used benchmark price for light, sweet crude oil in North America and is a key reference point for crude oil pricing and industry activity levels;
- ii) **“bbl”** - is the standard unit of measurement for crude oil and stands for one barrel, equivalent to 42 U.S. gallon;
- iii) **“US NYMEX”** - refers to the benchmark price for natural gas traded on the New York Mercantile Exchange (“NYMEX”) and is widely used as the reference pricing indicator for North American natural gas markets; and
- iv) **“Mmbtu”** - stands for one million British thermal units and is a standard unit of measurement used to quantify the energy content of natural gas.

FORWARD LOOKING STATEMENTS

This MD&A contains certain forward-looking statements and forward-looking information (collectively referred to herein as “forward-looking statements”) within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “anticipate”, “achieve”, “believe”, “plan”, “intend”, “objective”, “continuous”, “ongoing”, “estimate”, “outlook”, “expect”, “may”, “will”, “project”, “should” or similar words suggesting future outcomes. In particular, this MD&A contains forward-looking statements relating to, among other things:

- The 2026 Net capital expenditure budget and financing thereof;
- Given the current market uncertainty, partly as a result of the enacted and proposed U.S. tariffs, the Company’s 2026 Net capital expenditure budget will be dynamic and adjusted to reflect management’s expectation of future activity levels;
- The Company believes its breadth of capabilities, particularly its ability to service the higher-value segment of the market, positions it well to benefit as customers increasingly focus on improved drilling performance, greater efficiencies, and more complex well designs;
- The Company’s capital allocation strategy remains centered on long-term value creation and strengthening business resilience. The Company’s plan is to: (a) invest selectively in high-return, organic growth opportunities that improve customer productivity and support continued margin expansion; (b) return capital to shareholders through its Normal Course Issuer Bid (NCIB) share repurchase program; (c) position the Company with modest leverage to preserve flexibility for strategic acquisitions, as demonstrated by the recently completed Stryker Acquisition and proposed SB Acquisition;
- With the disciplined and balanced approach to capital allocation, the Company believes it will continue to build an increasingly durable business model - one that optimizes shareholder returns over the long term;
- Although the Company remains encouraged by the long-term fundamentals supporting energy demand, near-term conditions carry a higher degree of uncertainty and potential volatility as a result of geopolitical developments and trade-related uncertainty;
- Over the coming months, the Company expects to gain greater clarity on whether recent changes in commodity prices are temporary or more structural; however, based on current customer discussions, the Company does not expect a meaningful impact on drilling activity or capital spending in the short term;
- Given the compelling economics for customers on these well types, the Company believes the environment for drilling activity in Western Canada will remain constructive;
- The Company anticipates second-quarter activity will continue to improve on a year-over-year basis as operators adopt more of its technology and further expand pad-style drilling;
- The growing use of RSS technology by the Company’s clients continues to translate into stronger aggregate revenue per day and operating margins, consistent with the trend the Company saw in the latter parts of 2025;
- Looking ahead to the second quarter, the Company expects job counts to remain steady at recent levels, with the potential for additional activity once the SB Acquisition is completed in early April 2026;
- Upon completion of the SB Acquisition, the Company will have expanded its U.S. operating footprint and customer network;
- The Company will get access to the Amended Credit Facilities, including availability of the new term US\$20 million delayed draw term facility to refinance the EP notes which will require available undrawn capacity of \$40 million at completion of refinancing the EP notes;
- The Company will complete the SB Acquisition.

The Company believes the expectations reflected in such forward-looking statements are reasonable as of the date hereof but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon.

Various material factors and assumptions are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking statements. Those material factors and assumptions are based on information currently available to the Company, including information obtained from third-party industry analysts and other third-party sources. In some instances, material assumptions and material factors are presented elsewhere in this MD&A in connection with the forward-looking statements. You are cautioned that the following list of material factors and assumptions is not exhaustive. Specific material factors and assumptions include, but are not limited to:

- the performance of ACT’s business;
- impact of economic and social trends;
- oil and natural gas commodity prices and production levels;
- capital expenditure programs and other expenditures by ACT and its customers;
- the ability of ACT to attract and retain key management personnel;
- the ability of ACT to retain and hire qualified personnel;
- the ability of ACT to obtain parts, consumables, equipment, technology, and supplies in a timely manner to carry out its activities;
- the ability of ACT to maintain good working relationships with key suppliers;
- the ability of ACT to retain customers, market its services successfully to existing and new customers and reliance on major customers;
- risks associated with technology development and intellectual property rights;
- obsolescence of ACT’s equipment and/or technology;
- the ability of ACT to maintain safety performance;
- the ability of ACT to obtain adequate and timely financing on acceptable terms;

- the ability of ACT to comply with the terms and conditions of its credit facility;
- the ability to obtain sufficient insurance coverage to mitigate operational risks;
- currency exchange and interest rates;
- risks associated with future foreign operations;
- the ability of ACT to integrate its transactions and the benefits of any acquisitions, dispositions and business development efforts;
- environmental risks;
- business risks resulting from weather, disasters and related to information technology;
- changes under governmental regulatory regimes including tariffs and tax, environmental, climate and other laws in Canada and the U.S.; and
- competitive risks.

Forward-looking statements are not a guarantee of future performance and involve a number of risks and uncertainties some of which are described herein. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause the Company's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to, the risks identified in this MD&A and in the Company's Annual Information Form under the heading "Risk Factors". Any forward-looking statements are made as of the date hereof and, except as required by law, the Company assumes no obligation to publicly update or revise such statements to reflect new information, subsequent or otherwise.

All forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. Further information about the factors affecting forward-looking statements is available in the Company's current Annual Information Form that has been filed with Canadian provincial securities commissions and is available on www.sedarplus.ca and the Company's website (www.actenergy.com).

MANAGEMENT'S REPORT

The consolidated financial statements have been prepared by the management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") which is the basis for Canadian generally accepted accounting principles and, where appropriate, reflect estimates based upon management's judgment. Financial information contained elsewhere in the annual report has been prepared on a consistent basis with that in the consolidated financial statements. Additionally, management prepares the Management's Discussion and Analysis ("MD&A"). The MD&A is based on the Company's financial results prepared in accordance with IFRS Accounting Standards. The MD&A compares the audited financial results for the year ended December 31, 2025 and December 31, 2024.

Management is also responsible for a system of internal controls which is designed to provide reasonable assurance that the Company's assets are safeguarded and accounting systems provide timely, accurate financial reports.

The Audit Committee of the Board of Directors, which is comprised of three independent directors who are not employees of the Company, has reviewed in detail the consolidated financial statements with management and the external auditor. The Board of Directors has approved the consolidated financial statements on the recommendation of the Audit Committee.

PricewaterhouseCoopers LLP, an independent firm of chartered professional accountants, have examined the Company's financial statements for the year ended December 31, 2025 and December 31, 2024, respectively, in accordance with Canadian generally accepted auditing standards and provided independent professional opinions. The auditors have full and unrestricted access to the Audit Committee to discuss their audits and their related findings as to the integrity of the financial reporting process.

Signed: "*Tom Connors*"
Tom Connors
President and Chief Executive Officer
ACT Energy Technologies Ltd.

Signed: "*Rob Skilnick*"
Rob Skilnick
Chief Financial Officer
ACT Energy Technologies Ltd.



Independent auditor's report

To the Shareholders of ACT Energy Technologies Ltd.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of ACT Energy Technologies Ltd. and its subsidiaries (together, the Company) as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2025 and 2024;
- the consolidated statements of comprehensive income for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

PricewaterhouseCoopers LLP
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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Impairment assessment of goodwill associated with the U.S. Operations cash generating unit (CGU)</p> <p>Refer to note 3 – Material accounting policies and note 6 – Intangible assets and goodwill to the consolidated financial statements.</p> <p>The Company had goodwill of \$41 million as at December 31, 2025, which entirely relates to the Company’s U.S. Operations CGU. Goodwill is not amortized but it is tested for impairment at least annually, or more frequently, if certain indicators arise that indicate the goodwill might be impaired. An impairment loss is recognized if the carrying amount of a CGU exceeds its estimated recoverable amount. Management estimated the recoverable amount using discounted cash flows. Key assumptions used by management in the discounted cash flow model included the discount rate and the future growth rate in net income before finance costs, income tax, depreciation and amortization for one year. No impairment was recognized by management as a result of the 2025 impairment test.</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none">• Evaluated how management determined the recoverable amount of the goodwill associated with the U.S. Operations CGU, which included the following:<ul style="list-style-type: none">– Tested the appropriateness and the mathematical accuracy of the discounted cash flow model.– Tested the underlying data used in the discounted cash flow model.– Tested the reasonableness of the future growth rate in net income before finance costs, income tax expense, depreciation and amortization for one year by considering the current and past performance of the U.S. Operations CGU, management’s budget as approved by the Board of Directors, as well as external market and industry data.– Professionals with specialized skill and knowledge in the field of valuation assisted in testing the

Key audit matter	How our audit addressed the key audit matter
<p>We considered this a key audit matter due to (i) the significance of the goodwill balance and (ii) the significant judgement by management in determining the recoverable amount of the U.S. Operations CGU, including the use of key assumptions. This has resulted in a high degree of subjectivity and audit effort in performing procedures to test the key assumptions. Professionals with specialized skill and knowledge in the field of valuation assisted us in performing our procedures.</p>	<p>reasonableness of the discount rate and the recoverable amount of the U.S. Operations CGU.</p>

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a

material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Reynold Tetzlaff.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Calgary, Alberta

March 24, 2026

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2025 and December 31, 2024

Canadian dollars in '000s

Balance,	December 31, 2025	December 31, 2024
Assets		
Current assets:		
Cash	\$ 34,650	\$ 12,792
Trade receivables (note 17)	78,408	105,872
Other receivable (note 15)	14,789	15,526
Current taxes receivable	3,066	2,417
Prepaid expenses	6,320	6,678
Inventories (note 4)	47,017	51,498
Total current assets	184,250	194,783
Property, plant and equipment (note 5)	141,897	129,243
Intangible assets (note 6)	62,793	77,352
Right-of-use assets (note 7)	16,266	15,359
Goodwill (note 6)	41,382	43,444
Deferred tax asset (note 12)	15,794	12,700
Total non-current assets	278,132	278,098
Total assets	\$ 462,382	\$ 472,881
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade and other payables (note 15)	\$ 95,711	\$ 106,242
Loans and borrowings, current (note 8)	602	21,435
Exchangeable promissory notes (note 9)	26,697	—
Lease liabilities, current (note 7)	4,447	4,124
Total current liabilities	127,457	131,801
Loans and borrowings, long-term (note 8)	60,932	42,092
Exchangeable promissory notes (note 9)	—	26,962
Lease liabilities, long-term (note 7)	15,502	16,037
Deferred tax liability (note 12)	9,718	14,409
Total non-current liabilities	86,152	99,500
Total liabilities	213,609	231,301
Shareholders' equity:		
Share capital (note 9)	190,255	195,516
Treasury shares	(229)	(469)
Exchangeable promissory notes (note 9)	1,242	1,242
Contributed surplus	17,811	17,408
Accumulated other comprehensive income	15,472	19,151
Retained earnings	24,222	8,732
Total shareholders' equity	248,773	241,580
Total liabilities and shareholders' equity	\$ 462,382	\$ 472,881

Contractual obligations and contingencies (note 15), Subsequent events (note 18)

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2025 and 2024

Canadian dollars in '000s except per share amounts

	Year ended December 31,	
	2025	2024
Revenues (note 14)	\$ 474,928	\$ 571,785
Cost of sales:		
Direct costs	(336,668)	(415,994)
Depreciation and amortization (note 14)	(30,890)	(30,924)
Share-based compensation	(457)	(610)
Total cost of sales (note 14)	(368,015)	(447,528)
Gross margin	106,913	124,257
Selling, general and administrative expenses:		
Direct costs	(56,349)	(54,540)
Depreciation and amortization (note 14)	(11,033)	(10,109)
Share-based compensation	(2,969)	(2,565)
Total selling, general and administrative expenses (note 14)	(70,351)	(67,214)
Provision (note 15)	(4,846)	—
Research and development costs	(4,980)	(5,238)
Write-off of equipment (note 5)	(3,719)	(3,508)
Gain on disposal of equipment (note 5)	525	158
Gain on settlement of lease liabilities	—	391
Income from operating activities	23,542	48,846
Finance costs - loans and borrowings and exchangeable promissory notes	(7,090)	(8,771)
Finance costs - lease liabilities	(1,180)	(899)
Impairment and write-off of intangible assets (note 6)	(1,027)	—
Foreign exchange (loss) gain	(6,303)	8,628
Income before income taxes	7,942	47,804
Income tax recovery (expense) (note 12):		
Current	486	(141)
Deferred	7,151	10,244
Income tax recovery	7,637	10,103
Net income	15,579	57,907
Other comprehensive (loss) income		
Foreign currency translation differences on foreign operations	(3,679)	6,063
Total comprehensive income	\$ 11,900	\$ 63,970
Net income per share - basic (note 10)	\$ 0.46	\$ 1.67
Net income per share - diluted (note 10)	\$ 0.42	\$ 1.51

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Year ended December 31, 2025 and 2024

Canadian dollars in '000s

	Share capital	Treasury Shares	Exchangeable promissory ("EP") Notes	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Total shareholders' equity
Balance, December 31, 2023	\$ 197,380	\$ (709)	\$ 1,242	\$ 17,002	\$ 13,088	\$ (48,535)	\$ 179,468
Comprehensive income	—	—	—	—	6,063	57,907	63,970
Repurchased pursuant to normal course issuer bid (note 9)	(6,533)	—	—	—	—	(426)	(6,959)
Accrued purchases under the normal course issuer bid (note 9)	(1,855)	—	—	—	—	(214)	(2,069)
Contributed surplus on treasury shares vesting	—	240	—	(240)	—	—	—
Issued pursuant to stock option exercises (note 9)	6,524	—	—	(2,529)	—	—	3,995
Share-based compensation	—	—	—	3,175	—	—	3,175
Balance, December 31, 2024	\$ 195,516	\$ (469)	\$ 1,242	\$ 17,408	\$ 19,151	\$ 8,732	\$ 241,580

	Share capital	Treasury shares	EP Notes	Contributed surplus	Accumulated other comprehensive income (loss)	Retained earnings	Total shareholders' equity
Balance, December 31, 2024	\$ 195,516	\$ (469)	\$ 1,242	\$ 17,408	\$ 19,151	\$ 8,732	\$ 241,580
Comprehensive (loss) income	—	—	—	—	(3,679)	15,579	11,900
Repurchased pursuant to normal course issuer bid (note 9)	(10,062)	—	—	—	—	(89)	(10,151)
Accrued purchases under the normal course issuer bid (note 9)	502	—	—	—	—	—	502
Contributed surplus on treasury shares vested	—	240	—	(138)	—	—	102
Issued pursuant to stock options exercised (note 9)	4,299	—	—	(1,689)	—	—	2,610
Share-based compensation	—	—	—	2,230	—	—	2,230
Balance, December 31, 2025	\$ 190,255	\$ (229)	\$ 1,242	\$ 17,811	\$ 15,472	\$ 24,222	\$ 248,773

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2025 and 2024

Canadian dollars in '000s

	Year ended December 31,	
	2025	2024
Cash provided by (used in):		
Operating activities:		
Net income	\$ 15,579	\$ 57,907
Non-cash adjustments:		
Income tax recovery	(7,637)	(10,103)
Depreciation, amortization and impairment	42,691	41,033
Share-based compensation	2,330	3,175
Write-off of equipment (note 5)	3,719	3,508
Gain on disposal of equipment (note 5)	(525)	(158)
Gain on settlement of lease liabilities	—	(391)
Provision (note 15)	731	—
Write-down of inventory included in cost of sales (note 4)	2,518	782
Finance costs - loans and borrowings and exchangeable promissory notes	7,090	8,771
Finance costs - lease liabilities	1,180	899
Income tax paid	(271)	(4,363)
Unrealized foreign exchange loss (gain)	6,332	(8,692)
	73,737	92,368
Changes in non-cash operating working capital (note 13)	17,942	(2,191)
Cash flow - operating activities	91,679	90,177
Investing activities:		
Property, plant and equipment additions (note 5)	(49,382)	(41,927)
Intangible asset additions (note 6)	(477)	(15,523)
Proceeds on disposal of equipment	760	1,768
Changes in non-cash investing working capital (note 13)	1,393	(800)
Cash flow - investing activities	(47,706)	(56,482)
Financing activities:		
Advances of loans and borrowings, net of upfront financing fees (note 8)	13,656	10,000
Repayments on loans and borrowings (note 8)	(15,091)	(27,259)
Payments on lease liabilities, net of finance costs (note 7)	(4,249)	(3,601)
Interest paid	(6,833)	(8,469)
Common shares repurchased pursuant to normal course issuer bid	(10,151)	(9,028)
Proceeds on stock options exercised (note 9)	2,610	3,995
Changes in non-cash financing working capital (note 13)	(2,103)	2,069
Cash flow - financing activities	(22,161)	(32,293)
Effect of exchange rate on changes in cash	46	659
Change in cash	21,858	2,061
Cash, beginning of year	12,792	10,731
Cash, end of year	\$ 34,650	\$ 12,792

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. REPORTING ENTITY

ACT Energy Technologies Ltd. (“LTD”), is a company domiciled in Canada, and along with its below noted subsidiaries, together, are referred to as the “Company” or “ACT”. The Company is a publicly traded company listed on the Toronto Stock Exchange (“TSX”) under the symbol “ACX”.

The consolidated financial statements of the Company as at and for the year ended December 31, 2025 and 2024, are comprised of the following 100% owned subsidiaries:

- 2438155 Alberta Ltd.;
- LEXA Drilling Technologies Inc.;
- CET Holdco Inc. (“Holdco”);
- CET Flight Holdco, Inc. (“Flight”);
- ACT Energy USA, Inc, formerly Cathedral Energy Services Inc. (“INC”);
- Rime Downhole Technologies, LLC (“Rime”);
- Altitude Energy Holdco, LLC (“AEH”); and
- Altitude Energy Partners, LLC (“Altitude”).

The Company is primarily involved and engaged in the business of providing directional drilling services and related downhole technologies to oil and natural gas companies in Western Canada and the United States (“U.S.”). The Company operates under three brands, Altitude Energy Partners, Discovery Downhole Services and Rime Downhole Technologies.

LTD has a functional currency of Canadian dollars (“CAD”) while Holdco, Flight, INC, Rime, AEH and Altitude are incorporated in the U.S. and have a functional currency of United States dollars (“USD”).

2. BASIS OF PREPARATION

The consolidated financial statements for the year ended December 31, 2025 and 2024 (the “financial statements”) have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”). The financial statements were authorized for issue by the Board of Directors on March 24, 2026.

The financial statements have been prepared on the historical cost basis.

Functional and presentation currency

These financial statements are presented in CAD (tabular amounts in thousands), except for per share and warrant amounts, which is the Company’s presentation and functional currency.

Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts in the financial statements. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Areas that require management to make significant judgment and estimates in determining the amounts recognized in these financial statements include, but are not limited to the following:

Fair values

A number of ACT’s accounting policies and disclosures require the determination of fair value, for both financial and non- financial assets, liabilities and equity. Typically, fair values would be determined based on the present value of future cash flows, discounted at the market rate of interest at the reporting date. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that specific estimate.

The fair value of the share options and warrants is measured using the Black-Scholes option-pricing model. Measurement inputs include the share price on measurement date, the exercise price of the instrument, the expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the weighted average expected life of the instruments, the expected dividends, forfeiture rate per annum and the risk-free interest rate (based on government bonds).

Acquisition accounting

The determination of fair value is estimated based on information available at the date of acquisition and requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of property, plant and equipment, intangible assets, goodwill, lease obligations and right-of-use assets, and deferred tax assets and liabilities generally require significant judgment. Future net income will be affected as the fair value on initial recognition impacts future depreciation and amortization, asset impairment or reversal, or goodwill impairment.

Income taxes

The computation of income taxes involves many complex factors as well as the Company’s interpretation of relevant tax legislation and regulations. The Company’s tax-filing positions are subject to review by taxation authorities who may successfully challenge the Company’s interpretation of the applicable tax legislation and regulations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Company determines its deferred tax asset and liabilities using temporary differences between the accounting basis and the tax basis of its assets and liabilities, which are measured using substantively enacted tax rates and laws expected to apply when these differences reverse. As a result, an estimated projection of taxable income, as well as an assumption of the ultimate recovery/settlement period for the temporary differences is required.

The Company must also determine if various tax pool amounts should be recorded as a deferred tax asset based on their availability for future use and future tax status based on management's expectations. The Company recognized its previously unrecorded Canadian tax pools in the year ended December 31, 2025 due to management's assessment that they will likely be utilized (note 12). Assumptions such as future cash flows generated by the Company's Canadian operations were estimated by management to determine the amount of tax pools recognized.

The Company also reviews all tax assessments to determine which are deemed more likely than not to result in a change in provision. As such, the provisions for current and deferred income taxes are subject to measurement uncertainty.

Contingent liabilities

Provisions are recognized in accrued liabilities when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value as applicable. In addition, the Company performs reviews to identify onerous contracts and, where applicable, records provisions for such contracts.

During the year ended December 31, 2023, the Company recognized a provision related to a U.S. tax audit matter (note 15). The estimate was made by management using the latest information available and is subject to measurement uncertainty. The provision was re-assessed in 2025 based on the most recent available information. Actual results may differ from this estimate.

Impairments

Property, plant and equipment, inventory, goodwill and intangible assets are assessed for impairment when there is indication their carrying amounts may exceed the recoverable amounts. Significant judgement is required to assess when indicators of impairment exist, and impairment testing is required. The assessment of indicators of impairment is based on management's judgment of whether there are internal and external factors. These factors include future cash flows, expected industry activity levels and commodity price developments. Goodwill impairment is also tested on an annual basis.

Impairment tests are carried out at the level of the smallest group of assets that generates cash inflows from their continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). The determination of a CGU is also based on management's judgment. The asset composition of a CGU can directly impact the recoverability of assets included within that CGU. Management has determined that the appropriate CGUs for the Company are the Canadian Operations and the U.S. Operations. The recoverable amounts of each CGU require estimates and assumptions that are subject to change as new information becomes available. These key estimates include of forecasted net income before interest, tax, depreciation and amortization; revenue growth rates, and pre-tax discount rates used in the cash flow analysis.

Inventory is reviewed periodically in order to determine if there are indicators of obsolescence. A detailed impairment test is performed if indicators of impairment are present. Examples of potential impairment indicators are: i) changes in the operating environment, including an industry down-turn or Company specific activity decreases; ii) lower asset demand resulting in lower inventory turn-over; or iii) emergence of significant new product lines which are expected to impact an existing product's utilization. In assessing any impairment, management considers historic use of the inventory item as well as estimates of future demand.

Credit losses

Trade accounts receivable require estimates to be made regarding the financial stability of the Company's customers and the environment in which they operate in order to assess if accounts receivable balances will be received (note 17). Credit risks for outstanding accounts receivable are assessed regularly and an allowance for doubtful accounts is recorded based upon specific customer information and experience as well as for groups of similar assets.

Comparative information

Certain comparative figures have been reclassified to correspond with current period presentation. This includes research and developments expenses that were reclassified from costs of sales in the amount of \$2.4 million during the year ended December 31, 2024. There is no impact on profit or loss or the equity for the period.

Current and Future Accounting Pronouncements

There were amended standards effective on January 1, 2024, including: IFRS 7 Financial instruments: Disclosures, IFRS 16 Leases, IAS 1 Presentation of Financial Statements, and IAS 7 Statement of Cash Flows. There was no material impact on the Company's financial statements for the adoption of these standards.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

There are certain accounting pronouncements issued and are effective for the annual periods beginning after January 1, 2026. The following new and amended accounting standards are not expected to have a significant impact on the Company's financial statements:

- IAS 21 The Effects of Changes in Foreign Exchange Rates
- IFRS 7 Financial Instruments: Disclosures
- IFRS 19 Subsidiaries without Public Accountability: Disclosures

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements which will replace IAS 1 Presentation of Financial Statements. The new standard will establish a revised structure for the consolidated statements of comprehensive income and improve comparability across entities and reporting periods. IFRS 18 is effective for annual periods beginning on or after January 1, 2027. The standard will be applied retroactively, with certain transition provisions. The Company is currently evaluating the impact of adopting IFRS 18 on the consolidated financial statements.

3. MATERIAL ACCOUNTING POLICIES

This summary of material accounting policies is a description of the accounting methods and practices that have been used in the preparation of these consolidated financial statements and is presented to assist the reader in interpreting the statements contained herein. These accounting policies have been applied consistently to all entities within the consolidated group.

Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. All inter-company balances and transactions are eliminated on consolidation.

Business combinations

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date that control is transferred to the Company. In assessing control, the Company takes into consideration potential voting rights that are currently exercisable.

Goodwill is measured as the excess of the sum of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of any previously held equity interest in the acquiree over the net of the acquisition date fair value of the identifiable assets acquired and the liabilities assumed. If the excess is negative, a bargain purchase gain is recognized immediately into net income. Transaction costs, other than those associated with the issuance of debt or equity, are recognized in net income as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured, and settlement is accounted for in equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in net income.

When the initial accounting for a business combination has not been finalized by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting has not been finalized. These provisional amounts are adjusted based on new facts and circumstances identified during the measurement period, which does not exceed one year from the acquisition date.

Goodwill

Goodwill arising in a business combination is recognized as an asset at the date that control is acquired. Goodwill is subsequently measured at cost less accumulated impairment losses. Goodwill is not amortized but is tested for impairment at least annually, or more frequently, if certain indicators arise that indicate the goodwill might be impaired. Goodwill is allocated to CGUs or group of CGUs that are expected to benefit from the acquisition.

Foreign currency

Foreign currency transactions

Foreign currency transactions are initially recorded in the Company's functional currency by applying the exchange rate which best approximates the actual foreign exchange rate of transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the Company's functional currency at the foreign exchange rate at that date. All differences are recognized in the consolidated statement of comprehensive income.

Non-monetary items are not adjusted and continue to be measured at the foreign exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations are translated to the Company's functional currency at foreign exchange rates at the reporting date. The income and expenses of foreign operations are translated to the Company's functional currency at foreign exchange rates at the dates of the transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Foreign currency differences are recognized in other comprehensive income and cumulative amounts have been recognized in accumulated other comprehensive income ("AOCI"). When a foreign operation is disposed of, the relevant amount in AOCI is transferred to profit or loss.

Financial instruments

Financial assets and liabilities within the scope of IFRS 9 are classified as financial instruments at amortized cost, fair value through profit or loss or fair value through other comprehensive income, as appropriate. The Company determines the classification of its financial instruments at initial recognition, based on trade date. All financial instruments are recognized initially at fair value. The Company's financial assets and liabilities include cash, trade receivables, other receivable, current taxes receivable, trade and other payables, current taxes payable, lease liabilities, loans and borrowings and exchangeable promissory notes. All financial instruments are subsequently measured at amortized cost.

When measuring fair value of a financial instrument, fair values are categorized into three levels based on the valuation technique as follows:

- Level one – quoted prices that are available in active markets for identical financial instruments.
- Level two – observable inputs other than quoted market prices are used to value the financial instruments. Level two valuations are based on inputs which can be substantially observed or corroborated in the marketplace.
- Level three – valuations are those with inputs for the financial instruments that are not based on observable market data.

After initial recognition, interest bearing loans and borrowings and exchangeable promissory notes are subsequently measured at amortized cost using the effective interest rate ("EIR") method. The EIR amortization is included in interest expense in the consolidated statement of comprehensive income.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Gains and losses are recognized in the consolidated statement of comprehensive income when the liabilities are derecognized. When an existing financial liability is replaced by another with the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability. A new liability is recognized, and the difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

Financial instruments are offset and the net amount reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Costs include expenditures that are directly attributable to the acquisition or construction of the assets. Directly attributable costs include related software, materials and labour, among other costs that may be incurred to bring the assets to their intended use and borrowing costs on qualifying assets.

Major components of property, plant and equipment which have different useful lives are accounted for separately. The replacement cost of a component is capitalized if it is probable that the future economic benefits exist and can be reliably estimated. The carrying amount of the replaced part is derecognized. Property, plant and equipment repair and maintenance costs are recognized in the consolidated statement of comprehensive income as incurred.

Depreciation is calculated over the depreciable amount, which is the accumulated cost of an asset or component less its residual value. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives.

Items of property, plant and equipment are depreciated from the date that they are installed and are available for use, or in respect of internally constructed assets, from the date that the asset is completed and available for use.

Depreciation methods, useful lives and residual values are reviewed at each reporting period end date and adjusted if appropriate.

The estimated useful lives and depreciation rates for the year ended December 31, 2025 and 2024 are as follows:

Year ended December 31,	2025	2024
	Straight-line method expected useful lives	Straight-line method expected useful lives
Directional drilling equipment	4 - 8 years	4 - 8 years
Shop and automotive equipment	5 - 10 years	5 - 10 years
Leasehold improvements	Lease term	Lease term
Office and computer equipment	5 years	5 years

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in the consolidated statement of comprehensive income. Equipment lost-in-hole or damaged beyond repair is written-off in the statement of comprehensive income in the period in which the event occurs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Intangible assets

Intangible assets which arise from the acquisition of businesses, including developed technology, customer relationships, brand name, non-compete agreements and rotary steerable system (“RSS”) licenses have finite lives and are measured at cost less accumulated amortization and any accumulated impairment losses.

Development costs incurred internally related to the design of new or substantially improved products are capitalized if they can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and ACT intends to and has sufficient resources to complete development and to use or sell the asset. The intangible asset includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and borrowing costs on qualifying assets. Expenditures on research activities undertaken with the prospect of gaining technical knowledge or other development activities are recognized in the consolidated statement of comprehensive income as incurred.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in the consolidated statement of comprehensive income as incurred.

Amortization is calculated on the cost of the asset less its residual value. Amortization is recognized in the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. Amortization methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

Intangible assets are amortized over the following useful lives:

- Customer relationships – six years
- Brand name – five to fifteen years
- Non-compete agreements – five years
- RSS licenses – eight years
- Developed technology – five to twenty years

Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first in, first out cost principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their usable location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Impairment

Financial assets

A financial asset other than those carried at fair value through profit or loss is assessed for indicators of impairment at each reporting date. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be reliably estimated.

The Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery.

Non-financial assets

The carrying amounts of ACT’s non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s or CGUs recoverable amount is estimated.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Company’s corporate assets do not generate separate cash inflows and cash outflows are allocated to CGUs. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of a CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated statement of comprehensive income. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro-rata basis.

Goodwill is tested on an annual basis. An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Employee benefits

Termination benefits

Termination benefits are recognized as an expense when ACT is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan either to terminate employment before the normal retirement date, or to provide termination benefits because of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if ACT has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than one year after the reporting period, then they are discounted to their present value.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans, if ACT has a present legal or constructive obligation to pay this amount because of past service provided by the employee, and the liability can be estimated reliably.

Share-based payment transactions

The fair value of share-based payment awards granted to employees, directors and consultants is recognized as an expense on the grant date, with a corresponding increase in contributed surplus, over the vesting period. The amount recognized in the statement of comprehensive income is adjusted to reflect the number of awards for which the related service conditions are expected to be met.

Share-based payment arrangements in which ACT receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions measured at fair market value.

Revenues

ACT primarily generates its revenues by providing directional drilling services which includes providing personnel and/or equipment. Services are provided based upon a price book or bid on a day rate or footage/meterage rate. The Company recognizes revenues as the services are performed in accordance with the terms of the services engagement with the customer. In addition, the Company recognizes reimbursements from customers related to equipment lost-in-hole or damaged beyond repair as revenues when the event occurs at a price contracted with the customer.

It is the Company's view that its performance obligation is providing directional drilling services on a per day or per foot/meter basis and our customers benefit from each day of drilling. The Company may also charge for mobilization/demobilization of personnel and equipment as well as materials and consumables used in the services and for equipment that is involuntarily damaged or lost-in-hole.

The Company also generates revenues through the design and manufacturing of certain directional drilling tool components as well as servicing such components for its customers. The Company recognizes revenues at the point in time as the products are delivered and the control of the product has transferred to the customer. The Company accounts for individual product revenues separately, if they are distinct, indicated by being separately identifiable from other obligations to its customers.

In cases where the customer terminates the service engagement early, the Company has an enforceable right to payment for services rendered to date. The Company's performance obligation is generally short-term in nature, ranging from a few days to multiple weeks. Customers are issued invoices upon the completion of a service with payment terms generally ranging from thirty to sixty days of the customer's receipt of an invoice.

Finance income and costs

Finance costs comprise interest expense on loans and borrowings, exchangeable promissory notes, lease liabilities, bank charges and other interest. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Any gain or loss on a substantial modification of loans and borrowings and unamortized upfront financing fees are recognized on the amendment date as finance costs. In the event that a modification is not considered substantial, as defined under IFRS 9, upfront financing fees are recognized net of the amended loans and borrowing carrying amount. The upfront financing fees are amortized as finance costs over the term of the loans and borrowings using the effective interest rate method.

Leases

Lessee

At the inception of a contract, the Company assesses whether a contract is or contains a lease. The Company then determines if the Company has the right to direct the use of the identified assets throughout the period of use. The term of the lease is defined as the non-cancellable period of the lease, plus periods in which there is reasonable certainty that the Company will exercise an option to extend or to cancel the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

When a lease is identified, a right-of-use asset and a lease liability are recognized at the present value of the lease payments discounted using the interest rate implicit in the lease or, if not determinable, at the Company's incremental rate of borrowing. Payments on the lease have a finance cost component, which are reported on the consolidated statement of comprehensive income.

The initial cost of right-of-use assets are adjusted for any lease incentives received and any initial direct costs. Right-of-use assets are depreciated over the shorter of the lease term or the useful life of the assets. Right-of-use assets are presented net of accumulated depreciation and impairment losses. If a purchase option exists and is likely to be exercised, the right-of-use asset is amortized over the estimated useful life of the asset.

Management has utilized exemptions for certain low-value items and short-term leases whereby the lease term is less than one year. Lease payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statement of comprehensive income.

Lessor

Leases, including subleases, which transfer substantially all the risks and benefits of ownership of the property to the lessee are accounted for as finance leases, while all other leases are accounted for as operating leases.

Finance leases are recorded as a net investment in a finance lease. The present value of minimum lease receivable under such arrangements are recorded as an investment in finance lease and the finance income is recognized in a manner that produces a consistent rate of return on the investment in the finance lease and is included in revenues.

Operating lease and sublease income are recognized in the consolidated statement of comprehensive income as it is earned over the term of the lease.

Income tax expense (recovery)

Current and deferred tax expense (recovery) are recognized in the consolidated statement of comprehensive income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax expense is the expected taxes payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes payable in respect of previous years.

Deferred tax expense (recovery) is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax expense is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax expense is not recognized for differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax expense is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is also recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The Company only recognizes deferred tax assets to the extent that there is convincing other evidence that sufficient taxable income will be available to realize the tax pools.

Net income per share

Basic and diluted net income per share is calculated by dividing the net income or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted net income per share is determined by adjusting the net income attributable to shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares, which comprise of the EP Notes and share options granted to employees, directors and consultants.

4. INVENTORIES

The majority of the Company's inventories comprise spare parts and consumables. For the year ended December 31, 2025, raw materials and consumables recognized as cost of sales were \$41.4 million (2024 - \$69.0 million). For the year ended December 31, 2025, the Company recorded a write-down for obsolete inventory of \$2.5 million (2024 - \$0.8 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. PROPERTY, PLANT AND EQUIPMENT

Cost		Directional drilling equipment		Shop and automotive equipment		Other		Total
Balance, December 31, 2023	\$	195,604	\$	10,739	\$	6,740	\$	213,083
Additions		37,560		703		3,664		41,927
Disposals and write-offs		(8,438)		(821)		(845)		(10,104)
Effects of movements in exchange rates		7,468		584		621		8,673
Balance, December 31, 2024	\$	232,194	\$	11,205	\$	10,180	\$	253,579
Additions		46,311		1,202		1,869		49,382
Disposals and write-offs		(8,185)		(600)		(103)		(8,888)
Effects of movements in exchange rates		(6,001)		(345)		(454)		(6,800)
Balance, December 31, 2025	\$	264,319	\$	11,462	\$	11,492	\$	287,273

Accumulated depreciation		Directional drilling equipment		Shop and automotive equipment		Other		Total
Balance, December 31, 2023	\$	93,909	\$	3,974	\$	1,347	\$	99,230
Depreciation		24,279		1,878		1,609		27,766
Disposals and write-offs		(3,904)		(225)		(805)		(4,934)
Effects of movements in exchange rates		1,982		191		101		2,274
Balance, December 31, 2024	\$	116,266	\$	5,818	\$	2,252	\$	124,336
Depreciation		24,538		1,345		1,885		27,768
Disposals and write-offs		(4,361)		(499)		(67)		(4,927)
Effects of movements in exchange rates		(1,552)		(145)		(104)		(1,801)
Balance, December 31, 2025	\$	134,891	\$	6,519	\$	3,966	\$	145,376

Net book values		Directional drilling equipment		Shop and automotive equipment		Other		Total
Balance, December 31, 2024	\$	115,928	\$	5,387	\$	7,928	\$	129,243
Balance, December 31, 2025	\$	129,428	\$	4,943	\$	7,526	\$	141,897

During the year ended December 31, 2025 the Company recognized a write-off of equipment of \$3.7 million (2024 - \$3.5 million), related to equipment lost-in-hole and damaged beyond repair, and a gain on disposal of equipment of \$0.5 million (2024 - \$0.2 million).

As at December 31, 2025, property, plant and equipment included \$1.8 million (2024 - \$12.3 million) of directional drilling equipment not yet being depreciated as they are currently being manufactured and tested. Depreciation of the assets will commence upon the assets being fully operational.

As at December 31, 2025 and 2024, management determined no indicators of impairment existed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. INTANGIBLE ASSETS AND GOODWILL

Intangible assets

Cost	Customer Relationships	Brand Name	Non-Compete Agreements	Technology Licenses	Developed Technology	Total
Balance, December 31, 2023	\$ 28,896	\$ 7,177	\$ 952	\$ 8,226	\$ 34,216	\$ 79,467
Additions	—	—	—	13,477	2,046	15,523
Effects of movements in exchange rates	2,501	621	82	1,469	2,497	7,170
Balance, December 31, 2024	\$ 31,397	\$ 7,798	\$ 1,034	\$ 23,172	\$ 38,759	\$ 102,160
Additions	—	—	—	—	477	477
Disposals and write-offs	—	—	—	—	(1,874)	(1,874)
Effects of movements in exchange rates	(1,490)	(371)	(49)	(1,100)	(1,565)	(4,575)
Balance, December 31, 2025	\$ 29,907	\$ 7,427	\$ 985	\$ 22,072	\$ 35,797	\$ 96,188

Accumulated amortization	Customer Relationships	Brand Name	Non-Compete Agreements	RSS Licenses	Developed Technology	Total
Balance, December 31, 2023	\$ 5,995	\$ 700	\$ 240	\$ 1,482	\$ 4,684	\$ 13,101
Amortization	5,090	530	193	2,149	2,461	10,423
Effects of movements in exchange rates	775	87	31	231	160	1,284
Balance, December 31, 2024	\$ 11,860	\$ 1,317	\$ 464	\$ 3,862	\$ 7,305	\$ 24,808
Amortization	5,195	541	197	2,814	2,114	10,861
Disposals and write-offs	—	—	—	—	(1,106)	(1,106)
Effects of movements in exchange rates	(665)	(72)	(26)	(239)	(166)	(1,168)
Balance, December 31, 2025	\$ 16,390	\$ 1,786	\$ 635	\$ 6,437	\$ 8,147	\$ 33,395

Net book values	Customer Relationships	Brand Name	Non-Compete Agreements	RSS Licenses	Developed Technology	Total
Balance, December 31, 2024	\$ 19,537	\$ 6,481	\$ 570	\$ 19,310	\$ 31,454	\$ 77,352
Balance, December 31, 2025	\$ 13,517	\$ 5,641	\$ 350	\$ 15,635	\$ 27,650	\$ 62,793
Remaining amortization in years	2.6	10.6	1.8	5.6	13.0	5.8

The Company has intangible assets related to acquisitions, acquired licenses and internally developed technology. During the year ended December 31, 2025, the Company recognized \$0.5 million of engineering costs related to the development of new technologies (2024 - \$2.0 million).

As part of its annual review of intangible assets, management assessed the recoverability and continuing relevance of projects capitalized within intangible assets. Based on this assessment, certain projects were identified that will not be further developed and no longer meet the criteria for recognition as intangible assets. Accordingly, the Company derecognized the carrying amounts of these assets, resulting in the write-off of \$1.9 of cost and \$1.1 of accumulated amortization during the year. No other indicators of impairment were identified.

Goodwill

The Company has goodwill related to acquisitions. The goodwill carrying value fluctuates due to the effects of movements in exchange rates. The goodwill carrying value was \$41.4 million as at December 31, 2025 and \$43.4 million as at December 31, 2024.

An impairment test on goodwill was carried out as at December 31, 2025. The goodwill has been allocated entirely to the Company's U.S. operations CGU. The recoverable amount of this CGU was estimated using discounted cash flows. The fair value measurement was categorized as level three fair value based on the inputs in the valuation technique used.

The key assumptions used in the estimation of the recoverable amount are future growth rate in net income before finance costs, income tax, depreciation and amortization for one year and the discount rate. The discount rate was based on the Company's estimated after-tax weighted average cost of capital (WACC) of 15%. The future growth rate for one year is 9%. A discount rate of 16% or a 2026 growth rate of 0% would result in the asset's recoverable amount being equal to its carrying value.

No impairment was recognized as a result of the 2025 and 2024 impairment tests.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets

	2025	2024
Balance, January 1,	\$ 15,359	\$ 10,138
Additions	4,771	7,492
Amortization	(3,291)	(2,856)
Effects of movements in exchange rates	(573)	585
Balance, December 31,	\$ 16,266	\$ 15,359

Lease liabilities

	2025	2024
Balance, January 1,	\$ 20,161	\$ 15,764
Additions	4,771	7,492
Derecognition	—	(391)
Interest	1,180	899
Payments	(5,429)	(4,503)
Effects of movements in exchange rates	(734)	900
Balance, December 31,	\$ 19,949	\$ 20,161
Less: current portion	(4,447)	(4,124)
Lease liabilities, long-term	\$ 15,502	\$ 16,037

The Company holds leases related to certain operations and office facilities. The leases have various expiry dates ranging from November 2025 to June 2035.

During the year ended December 31, 2025, the Company amended its existing lease agreement for an office facility located in the Woodlands, Texas. The amendment included updated lease payments and extended the lease term from November 2029 to June 2035. The Company also amended its existing lease agreements for two shop facilities located in Houston, Texas and Casper, Wyoming. The amendments included updated lease payments and extended the leased terms from February 2025 to September 2027 and March 2025 to March 2028, respectively.

During the year ended December 31, 2025, the Company recognized right-of-use assets arising from new vehicle lease arrangements. As at December 31, 2025, the net carrying amount of these right-of-use assets was \$0.9 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. LOANS AND BORROWINGS

Balance,	December 31, 2025	December 31, 2024
Syndicated Revolving Facility, net of unamortized upfront financing fees	\$ 60,932	\$ —
Syndicated Operating Facility	—	5,000
CAD Syndicated Term Facility, net of unamortized upfront financing fees	—	36,785
USD Syndicated Term Facility, net of unamortized upfront financing fees	—	21,029
HASCAP loan	602	713
Total loans and borrowings	\$ 61,534	\$ 63,527
Less: HASCAP loan, current	(602)	(713)
Less: CAD Syndicated Term Facility, current	—	(14,714)
Less: USD Syndicated Term Facility, current	—	(6,008)
Loans and borrowings, current	\$ (602)	\$ (21,435)
Loans and borrowings, long-term	\$ 60,932	\$ 42,092

Syndicated Credit Facility and Revolving Operating Facilities

On March 21, 2025, the Company entered into a Fifth Amended and Restated Credit Agreement with its existing syndicate of lenders co-lead by ATB Financial and Royal Bank of Canada (“Amended Credit Agreement”). The Amended Credit Agreement provided for the following:

- i. A revolving facility with an approximate principal amount of \$124.3 million comprised of: i) \$100.0 million Syndicated Revolving Facility (“CAD Syndicated Revolving Facility”) and ii) \$10.0 million revolving facility provided by ATB Financial (“ATB Revolving Facility”), and iii) USD \$10.0 million (approximately CAD \$14.3 million equivalent) provided by HSBC Bank USA, N.A. (“HSBC Revolving Facility”). The revolving facility replaced the Company’s existing facilities (CAD Syndicated Term Facility of \$59.0 million, USD Syndicated Term Facility of USD \$21.0 million, Syndicated Operating Facility of \$35.0 million, Revolving Operating Facility of \$15.0 million and USD Revolving Operating Facility of \$10.0 million). As such, the contractual repayments of the CAD Syndicated Term Facility and USD Syndicated Term Facility are no longer required;
- ii. A lower amended interest rate updated to the financial institution’s prime rate plus 1.0% to 1.75% or Canadian Overnight Repo Rate Average rate / Secured Overnight Financing Rate plus 2.0% to 2.75% (previously prime rate plus 1.5% to 2.25% or Canadian Overnight Repo Rate Average rate / Secured Overnight Financing Rate plus 2.5% to 3.25%);
- iii. The maturity date extended from July 11, 2026 to March 21, 2028;
- iv. Replaced the financial covenant of Consolidated Fixed Charge Coverage ratio (previously required to be no less than 1.25:1) with a Consolidated Interest Coverage Ratio, which is required to be no less than 3.0:1. The Consolidated Funded Debt to Consolidated Credit Agreement EBITDA ratio remained unchanged and shall not exceed 2.5:1; and
- v. The syndicate of lenders remained unchanged with the exception of Royal Bank of Canada joining ATB Financial as the syndicate co-lead.

As at December 31, 2025, \$62.8 million of the \$123.7 million Revolving Facility remained undrawn. No repayments were made on the CAD Syndicated Revolving Facility subsequent to quarter-end.

At December 31, 2025, the Company was in compliance with all covenants, including its financial covenants, which were as follows:

- Consolidated Funded Debt to Consolidated Credit Agreement EBITDA ratio shall not exceed 2.5:1.0 (calculated - 1.1); and
- Consolidated Interest Coverage ratio shall not be less than 3.0 :1.0 (calculated - 10.5).

Highly Affected Sectors Credit Availability Program (“HASCAP”)

In June 2021, the Company withdrew \$1.0 million from its HASCAP loan. The HASCAP loan is subject to an interest rate of 4% and monthly principal repayments made over a ten-year period following a one-year grace period. The HASCAP Loan is secured by a general security interest over all present and after acquired personal property of the Company granted in favour of ATB. The carrying value of the HASCAP loan was \$0.6 million as at December 31, 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Long-term debt continuity

The following table sets out an analysis of long-term debt and the movements in the long-term debt for the periods presented:

	2025	2024
Opening balance	\$ 63,527	\$ 78,598
Proceeds from long-term debt	13,656	10,000
Repayments of long-term debt	(15,091)	(27,259)
Accretion of deferred financing charges	422	277
Foreign exchange adjustments	(980)	1,911
Ending balance	\$ 61,534	\$ 63,527
Less: current portion	(602)	(21,435)
Closing balance - non-current portion	\$ 60,932	\$ 42,092

9. SHARE CAPITAL

An unlimited number of common shares and preferred shares (issuable in series) are authorized. The Company has not issued any preferred shares. The following is a summary of the issued and outstanding common shares:

	Number (000s)	Amount
Balance, December 31, 2023	34,522	\$ 197,380
Repurchased under the normal course issuer bid	(1,144)	(6,533)
Issue of common shares on business acquisition (note 5)	—	(1,855)
Issued pursuant to stock option exercises	1,047	3,995
Contributed surplus on stock option exercises	—	2,529
Balance, December 31, 2024	34,425	\$ 195,516
Repurchased pursuant to normal course issuer bid	(1,907)	(10,062)
Accrued purchases under the normal course issuer bid	—	502
Issued pursuant to stock option exercises	620	2,610
Contributed surplus on stock option exercises	—	1,689
Balance, December 31, 2025	33,138	\$ 190,255

Normal course issuer bid

On July 25, 2024, the Company received approval from the TSX to purchase up to 1,902,008 common shares, or 10%, of the 19,020,083 issued and outstanding common shares of the Company under the NCIB. The ability to purchase common shares under the NCIB commenced on July 29, 2025, and will terminate no later than July 28, 2025. The actual number of common shares purchased under the NCIB, the timing of purchases and the price at which the common shares are purchased will be subject to management's discretion.

On August 7, 2025, the Company received approval from the TSX to purchase up to 2,034,285 common shares, or 10%, of the 20,342,855 issued and outstanding common shares of the Company under the NCIB. The ability to purchase common shares under the NCIB commenced on August 11, 2025, and will terminate no later than August 10, 2026. The actual number of common shares purchased under the NCIB, the timing of purchases and the price at which the common shares are purchased will be subject to management's discretion.

Under the TSX rules, the Company is entitled to purchase up to the greater of: 25% of the average daily trading volume of the respective class of shares; or 1,000 shares on any trading day; or a larger amount of shares per calendar week, subject to the maximum number that may be acquired under the NCIB, if the transaction meets the block purchase exception rule under TSX rules. Accordingly, unless a block purchase meets the block purchase exception under TSX rules, the Company is entitled to purchase up to 6,000 common shares on any trading day (2024 - 11,137).

During the year ended December 31, 2025, 1,907,386 (2024 - 1,144,250) common shares were purchased under the normal course issuer bid ("NCIB") for a total purchase price of \$10.2 million (2024 - \$7.0 million) at an average cost of \$5.32 (2024 - \$6.08) per common share. A portion of the purchase amount reduced share capital by \$10.1 million (2024 - \$6.5 million) and the residual purchase amount of \$0.1 million (2024 - \$0.4 million) was recorded to the surplus.

In connection with the NCIB, the Company established an automatic securities purchase plan ("the Plan"). Accordingly, the Company may repurchase its common shares under the Plan on any trading day during the NCIB, including during regulatory restrictions or self-imposed trading blackout periods. The Plan commenced on August 11, 2025, and will terminate on August 10, 2026. As at December 31, 2025, the Company recognized \$1.4 million as an accrued liability (\$1.4 million reduced share capital) for the maximum number of common shares to be purchased under the Plan. As at December 31, 2024, the accrued liability related to

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

the reduction of share capital was \$1.9 million. During the year ended December 31, 2025, the Company reversed the previously recognized accrual and recorded the new liability, resulting in a net decrease to share capital of \$0.5 million.

Subsequent to December 31, 2025, the Company purchased 280,072 common shares for a total purchase price of \$1.6 million, at an average purchase cost of \$5.76 per common share.

Stock options

A summary of the Company's stock options during the year ended December 31, 2025 is as follows:

	2025		2024	
	Number (000's)	Weighted average exercise price	Number (000's)	Weighted average exercise price
Balance, January 1,	2,910	\$ 5.71	3,296	\$ 4.97
Granted	478	\$ 4.72	878	6.24
Exercised	(620)	\$ 4.20	(1,047)	3.82
Expired or forfeited	(660)	\$ 5.98	(217)	8.66
Balance, December 31,	2,106	\$ 5.83	2,910	\$ 5.71
Exercisable, December 31,	1,055	\$ 6.11	1,538	\$ 5.31

During the year ended December 31, 2025, the Company granted 477,767 (2024 - 878,000) stock options to certain employees and directors at an exercise price of \$4.72 (2024 - \$6.24) per stock option. The stock options are set to expire on April 7, 2028. The stock options granted in 2024 are set to expire on August 29, 2027. The stock options vest in one-third tranches twelve months, eighteen months and twenty-four months from the grant date, respectively.

The range of exercise prices for the stock options outstanding as at December 31, 2025 is as follows:

Exercise price range	Outstanding			Exercisable		
	Number of units (000's)	Weighted average remaining life (Years)	Weighted average exercise price	Number of units (000's)	Weighted average remaining life (Years)	Weighted average exercise price
\$4.72 to \$6.09	1,143	1.33	\$ 5.45	665	0.66	\$ 5.97
\$6.24 to \$6.65	964	1.52	\$ 6.28	390	1.30	\$ 6.35
Total	2,106	1.42	\$ 5.83	1,055	0.90	\$ 6.11

The fair value of the stock options granted was estimated using the Black-Scholes option pricing model with the below weighted-average inputs. A forfeiture rate of 15% was used for certain stock option grants when recognizing stock-based compensation for the year ended December 31, 2025 and 2024.

Year ended December 31,	2025	2024
Weighted-average fair value at grant date	\$1.78	\$2.71
Share price	\$4.72	\$6.24
Exercise price	\$4.72	\$6.24
Volatility	53%	61%
Option life	3 years	3 years
Dividends	—	—
Risk-free interest rate	2.48%	3.22%

Restricted shares

A summary of the Company's restricted shares during the year ended December 31, 2025 is as follows:

	Number (000's)
Balance, December 31, 2024	—
Granted	376
Balance, December 31,	376

During the year ended December 31, 2025, the Company granted 376,203 restricted shares to certain employees and directors. The restricted shares will vest in one-third tranches six months, eighteen months and thirty months from the grant date, respectively. The fair value of the restricted shares granted was measured at the grant date based on the quoted market price of the Company's

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

common shares. The restricted shares are expected to be settled in cash. As at December 31, 2025, the Company has recognized \$0.9 million liability and stock-based compensation expense related to the restricted shares amortized in the period, which were valued at the Company's common share price at the period end date. The restricted shares will be revalued each reporting period based on the period end common share price.

Exchangeable promissory notes

The Exchangeable promissory ("EP") notes have a principal amount of USD \$20.0 million, three year term, maturing July 11, 2026, and are exchangeable into a maximum of 3,510,000 common shares of ACT. Interest is payable quarterly at a rate of 5% per annum. Any time prior to expiry of the EP notes, if the 20-day volume weighted average trading price of the common shares of ACT equals or exceeds \$7.70 per common share, ACT may cause the exchange of the EP notes into common shares. In accordance with IFRS, \$1.2 million of the EP notes are classified as a component of equity given the nature of the convertible instrument.

The liability component of the EP notes are classified as current as the EP notes mature within 12 months of December 31, 2025.

10. NET INCOME PER SHARE

	Year ended December 31,	
	2025	2024
Net income	\$ 15,579	\$ 57,907
Outstanding common shares, beginning of the period	34,424	34,522
Effect of purchased common shares	(977)	(356)
Effect of common shares issued	338	539
Weighted average common shares (basic)	33,785	34,705
Effect of outstanding stock options	43	252
Effect of outstanding EP notes	3,511	3,511
Weighted average common shares (diluted)	37,339	38,468
Net income per share - basic	\$ 0.46	\$ 1.67
Net income per share - diluted	\$ 0.42	\$ 1.51

During the year ended December 31, 2025, 1,628,705 stock options (2024 - 1,042,285) were excluded from the diluted weighted average number of common shares calculation as their effect was anti-dilutive.

11. NATURE OF EXPENSES

	Cost of sales	Selling, general and administrative	Acquisition and restructuring	Research and development costs	Total
Year ended December 31, 2024					
Depreciation and amortization	\$ 30,924	\$ 10,109	\$ –	\$ –	\$ 41,033
Share-based compensation	610	2,565	–	–	3,175
Staffing costs, excluding share-based compensation	169,415	35,340	–	4,323	209,078
Repairs and maintenance	116,499	–	–	–	116,499
Equipment rentals	51,636	–	–	–	51,636
Inventory used	35,854	–	–	–	35,854
Other expenses	42,590	19,200	–	915	62,705
	\$ 447,528	\$ 67,214	\$ –	\$ 5,238	\$ 519,980
Year ended December 31, 2025					
Depreciation and amortization	\$ 30,890	\$ 11,033	\$ –	\$ –	\$ 41,923
Share-based compensation	457	2,969	–	–	3,426
Staffing costs, excluding share-based compensation	147,113	37,051	–	4,980	189,144
Repairs and maintenance	83,131	–	–	–	83,131
Equipment rentals	43,809	–	–	–	43,809
Inventory used	43,542	–	–	–	43,542
Other expenses	19,073	19,298	–	–	38,371
	\$ 368,015	\$ 70,351	\$ –	\$ 4,980	\$ 443,346

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. INCOME TAXES

The Company's effective tax rate is reconciled with the income taxes accrued during the year ended December 31, 2025 and 2024 as follows:

Year ended December 31,	2025		2024	
Income before income taxes	\$	7,942	\$	47,804
Expected statutory tax rate		23%		23%
Effective tax rate applied to income before income tax expenses		(1,827)		(10,995)
Changes in unrecognized deferred tax assets		5,412		4,880
Income tax in jurisdictions with different tax rates		553		(267)
Non-deductible expenses		(2,229)		(1,901)
Non-taxable portion of gain on disposal of property, plant and equipment		571		1,465
Prior period provision true-up		2,063		1,619
Reversal of unrecognized deferred tax assets		3,094		15,302
	\$	7,637	\$	10,103

The Company's deferred tax asset (liability) was comprised of the following components:

Balance, December 31,	2025		2024	
Property, plant and equipment	\$	(13,322)	\$	(14,311)
Intangible assets		(1,690)		(932)
Goodwill		(2,985)		(981)
Inventory valuation allowance		686		106
Non-capital loss-carry forwards		19,987		10,664
Scientific research and development expenditures		—		3,240
Provision		4,090		1,238
Unrealized capital gains due to foreign exchange		(690)		(733)
	\$	6,076	\$	(1,709)
Deferred tax asset	\$	15,794	\$	12,700
Deferred tax liability		(9,718)		(14,409)
	\$	6,076	\$	(1,709)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Deferred tax assets (liabilities) were impacted during the year ended December 31, 2025 and 2024 for the following:

	Balance, December 31, 2024	Recognized in profit	Effects of movements in foreign exchange	Balance, December 31, 2025
Property, plant and equipment	\$ (14,311)	\$ 298	\$ 691	\$ (13,322)
Intangible assets	(932)	(808)	50	(1,690)
Goodwill	(981)	(2,074)	70	(2,985)
Inventory valuation allowance	106	588	(8)	686
Non-capital loss-carry forwards	10,663	9,399	(75)	19,987
Scientific research and development expenditures	3,240	(3,240)	—	—
Provision	1,239	2,944	(93)	4,090
Unrealized capital gains due to foreign exchange	(733)	43	—	(690)
Total	\$ (1,709)	\$ 7,150	\$ 635	\$ 6,076

	Balance, December 31, 2023	Recognized in profit	Effects of movements in foreign exchange	Balance, December 31, 2024
Property, plant and equipment	\$ (12,442)	\$ (808)	\$ (1,061)	\$ (14,311)
Intangible assets	(3,222)	2,434	(144)	(932)
Goodwill	2,378	(3,392)	33	(981)
Inventory valuation allowance	769	(666)	3	106
Non-capital loss-carry forwards	326	10,332	5	10,663
Scientific research and development expenditures	—	3,240	—	3,240
Provision	980	165	94	1,239
Net working capital differences	317	(328)	11	—
Unrealized capital gains due to foreign exchange	—	(733)	—	(733)
Total	\$ (10,894)	\$ 10,244	\$ (1,059)	\$ (1,709)

There are unrecognized deferred tax assets of \$2.1 million (2024 - \$6.7 million) related to the following tax attributes:

	Balance, December 31, 2025		Balance, December 31, 2024	
	Gross amount	Tax effect	Gross amount	Tax effect
Non-capital loss carry forwards	\$ 9,590	\$ 2,146	\$ 25,363	\$ 5,867
Right-of-use assets less lease liabilities	—	—	3,224	752
Inventory valuation allowance	—	—	305	72
Total	\$ 9,590	\$ 2,146	\$ 28,892	\$ 6,691

The company has \$57.9 million of Canadian non-capital losses that expires between 2035 and 2042. The US non-capital losses have no expiry.

The Company recognized a portion of its previously unrecorded Canadian tax pools in the year ended December 31, 2025 due to management's assessment that they will likely be utilized within the next few years. The tax effected amount recognized was \$3.1 million (2024 - \$15.3 million) according to management's estimates. A portion of the US non-capital losses tax pools remain unrecognized as at December 31, 2025.

The income taxes are based upon the estimated annual effective rates of 23% (2024 – 23%) for the Canadian entities and 23% (2024 – 23%) for the U.S. entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. CHANGES IN NON-CASH WORKING CAPITAL

The components of changes in non-cash working capital are as follows:

Year ended December 31,	2025		2024	
Trade receivables	\$	24,023	\$	12,253
Other receivable		—		(14,782)
Inventories		63		(457)
Prepaid expenses		113		(4,176)
Trade and other payables		(6,967)		6,240
	\$	17,232	\$	(922)
Attributable to:				
Operating activities	\$	17,942	\$	(2,191)
Investing activities	\$	1,393	\$	(800)
Financing activities	\$	(2,103)	\$	2,069

14. OPERATING SEGMENTS

The Company has two operating segments based on its geographic operating locations of Canada and U.S. and a non-operating segment for joint corporate costs ("Corporate services"). The Company determines its reportable segments based on internal information regularly reviewed by management to allocate resources and assess performance. The Corporate services segment is comprised of costs which are managed on a group basis and are not allocated to the operating segments. The Corporate services segment primarily consists of selling, general and administrative expenses, foreign exchange gain (loss) and acquisition and reorganization costs.

	Year ended December 31, 2025				Year ended December 31, 2024			
	U.S.	Canada	Corporate services	Total	U.S.	Canada	Corporate services	Total
Revenues	\$ 287,917	\$ 187,011	\$ —	\$ 474,928	\$ 371,879	\$ 199,906	\$ —	\$ 571,785
Depreciation and amortization - cost of sales	\$ (20,544)	\$ (10,346)	\$ —	\$ (30,890)	\$ (12,834)	\$ (18,090)	\$ —	\$ (30,924)
Total cost of sales ⁽¹⁾	\$ (232,056)	\$ (135,959)	\$ —	\$ (368,015)	\$ (294,428)	\$ (153,100)	\$ —	\$ (447,528)
Depreciation and amortization - selling, general and administrative expenses	\$ (10,548)	\$ (353)	\$ (132)	\$ (11,033)	\$ (9,726)	\$ (239)	\$ (144)	\$ (10,109)
Total selling, general and administrative expenses ⁽¹⁾	\$ (39,086)	\$ (11,609)	\$ (19,656)	\$ (70,351)	\$ (38,999)	\$ (10,849)	\$ (17,366)	\$ (67,214)
Finance costs - loans and borrowings and EP notes	\$ (2,537)	\$ (4,553)	\$ —	\$ (7,090)	\$ (2,296)	\$ (6,475)	\$ —	\$ (8,771)
Income (loss) before income taxes	\$ 8,712	\$ 40,115	\$ (40,885)	\$ 7,942	\$ 39,814	\$ 35,360	\$ (27,370)	\$ 47,804

⁽¹⁾ Inclusive of direct costs, depreciation and amortization, and share-based compensation.

	As at December 31, 2025				As at December 31, 2024			
	U.S.	Canada	Corporate services	Total	U.S.	Canada	Corporate services	Total
Total liabilities	\$ 120,413	\$ 93,196	\$ —	\$ 213,609	\$ 135,037	\$ 96,264	\$ —	\$ 231,301
Total assets	\$ 193,102	\$ 268,747	\$ 533	\$ 462,382	\$ 353,367	\$ 118,874	\$ 640	\$ 472,881
Property, plant and equipment	\$ 95,800	\$ 45,564	\$ 533	\$ 141,897	\$ 83,376	\$ 45,227	\$ 640	\$ 129,243

There are no material differences in the basis of accounting or the measurement of income, assets and liabilities between the Company and reported segment information. Revenues and expenses are attributed to geographical areas based on the location in which the services are rendered. The segment presentation of assets is based on legal owner of the assets which bears the related depreciation and amortization expenses.

During the year ended December 31, 2025, approximately 13% of the Company's revenue was derived from a single customer (2024 - 12%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

As at December 31, 2025, the Company's commitment to capital is approximately \$3.7 million (December 31, 2024 - \$11.9 million), which is expected to be incurred over the next six months.

The Company holds six letters of credit totaling \$1.7 million (December 31, 2024 - \$1.8million) related to rent payments, corporate credit cards and a utilities deposit.

Provision

The Company is subject to a historical U.S. sales and use tax audit (the "Audit") period that originated prior to the Company's acquisition of Altitude Energy Partners ("AEP Acquisition") on July 14, 2022, with certain errors determined to extend into the period after the AEP Acquisition (the "Post-Closing Audit Period"). In 2025 the Company received additional information relating to this Audit impacting the Post-Closing Audit Period and recorded an incremental provision of \$4.8 million. In the fourth quarter of 2025, the Company paid \$4.1 million to the tax authorities in partial settlement of the Audit. As at December 31, 2025, the Company's Post-Closing Audit Period provision accrued is \$8.0 million.

Also in relation to the Audit, certain liabilities originated prior to the AEP Acquisition (the "Pre-Closing Audit Period"). The Company has recognized a provision of \$14.8 million in Trade and other payables related to the Pre-Closing Audit Period. Pursuant to the Equity Purchase Agreement related to the AEP Acquisition, the sellers provided the Company with an indemnity related to pre-closing tax issues, specifically identifying the risk around the Audit. Accordingly, the Company has recognized an offsetting indemnity receivable of \$14.8 million in Other receivable. This assessment relies on estimates and assumptions and may involve a series of judgments about future events.

All figures in this section are presented in Canadian dollars; however, the underlying figures are denominated in U.S. dollars and are therefore subject to fluctuations in foreign currency exchange rates. New information may become available that prompts the Company to adjust its judgment regarding the adequacy of this provision.

The Company is also involved in various other legal claims and tax audits associated with the normal course of operations. The Company believes that any liabilities that may arise pertaining to such matters would not have a material impact on its financial position.

Tariffs

In 2025, the U.S. government implemented additional tariffs on goods imported from Canada, Mexico and China. Although recent trade discussions between the United States and several nations, including Canada, remain ongoing, the timing and outcome of any potential changes to existing tariffs remain uncertain. At this time, the Company is continuing to monitor and assess the impact of tariffs affecting the movement of goods across North American borders and is actively evaluating the potential business impacts of these tariffs.

16. RELATED PARTIES

ACT has determined that the key management personnel of the Company consists of its executive officers and directors. In addition to their salaries, annual bonus and director's fees, the Company also provides non-cash benefits to directors and executive officers, including participation in the Company's share option program.

Certain executive officers have employment agreements. Upon termination without cause by the Company, they are entitled to termination benefits including: i) twelve to eighteen times their monthly salary; ii) twelve to eighteen times their average annual bonus over the past three years converted to a monthly average; and iii) health, dental, life insurance and disability coverage for twelve to fifteen months.

Key management personnel (including directors) compensation comprised of:

	Year ended December 31,	
	2025	2024
Short-term employee and director benefits	\$ 8,254	\$ 6,020
Share-based compensation	2,027	1,663
	<u>\$ 10,281</u>	<u>\$ 7,683</u>

Directors and executive officers of the Company own approximately 11% (2024 - 12%) of the common shares of the Company.

In relation to the September 2021 acquisition of Valiant Energy Services Ltd. ("Valiant"), Valiant and ACT entered into a Consulting Agreement. Pursuant to that Consulting Agreement, ACT recorded a performance incentive and other expense in the amount of \$0.5 million during the year ended December 31, 2025 (2024 - \$1.2 million). The Consulting Agreement terminates September 30, 2026 and the performance incentive has an annual maximum payment that ranges from \$0.6 million to \$1.2 million. As at December 31, 2025, a balance of \$0.1 million was owing to Valiant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

The Company's financial instruments consisted of cash, trade receivables, trade and other payables, current taxes payable, loans and borrowings, lease liabilities and EP notes as at December 31, 2025. The financial instruments have been designated at their amortized cost. The financial instruments' carrying values approximate their fair values, except for loans and borrowings and EP notes. As at December 31, 2025, the loans and borrowings' carrying value was net of unamortized upfront financing fees of \$0.3 million (2024 - \$0.3 million).

The Company has no financial instruments that were recorded at fair values as at December 31, 2025.

Capital management

The Board of Directors' policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. Management and the Board of Directors monitor the Company's capital by assessing certain measures such as: i) the Company's loans and borrowings levels as compared to its total capitalization and ii) loans and borrowings and EP notes less cash to net income before finance costs, income tax expense, depreciation and amortization, share-based compensation, and other non-cash adjustments, of which are defined under the Company's Credit Facility (note 8). ACT intends to use any cash flow from operations generated to continue to pay down its loans and borrowings and fund the NCIB while remaining opportunistic in making strategic and accretive acquisitions.

Financial risk management

The Company's financial instruments are exposed to credit risk and market risk, including liquidity risk, foreign currency risk and interest rate risk. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits and controls. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's trade receivables.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. In assessing and monitoring credit risk, customers are grouped according to their credit risk demographic, including whether they are an individual or legal entity, geographic location, industry, aging profile, maturity and existence of past financial difficulties. Customers that are considered "high risk" are closely monitored, and future sales may be transitioned to a prepayment basis.

The Company analyzes the credit risk of each new customer individually before accepting the customer as a client. The Company's review includes external credit ratings, when available. Customers that fail to meet the Company's benchmark of creditworthiness generally are restricted to services on a prepayment basis.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a customer to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 120 days past due. The Company recognized \$0.2 million as an allowance as at December 31, 2025 (2024 - \$0.1 million) related to trade receivables expected to be uncollectible.

The aging of the trade receivables as at December 31, 2025 and 2024 was:

Balance, December 31,	2025	2024
Not past due	\$ 66,113	\$ 90,729
Past due 61-90 days	9,168	11,099
Past due over 91 days	3,127	4,044
Total	\$ 78,408	\$ 105,872

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the financial obligations that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to monitor its current cash position and estimated projected cash flow relative to the maturity of its financial obligation, under both normal and stressed conditions.

As at December 31, 2025, the Company had a cash balance of \$34.7 million and undrawn loans and borrowings of \$62.8 million (note 8).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following are the contractual maturities of the Company's financial liabilities as at December 31, 2025:

Balance, December 31, 2025	Carrying amount	One year	1-2 years	3-5 years	Thereafter
Loans and borrowings - principal	\$ 61,786	\$ 602	\$ —	\$ 61,184	\$ —
EP Notes - principal	27,412	27,412	—	—	—
Interest payments on loans and borrowings and EP Notes	8,166	4,064	3,410	692	—
Lease liabilities - undiscounted	19,949	4,447	4,277	7,151	4,074
Trade and other payables	95,711	95,711	—	—	—
Total	\$ 213,024	\$ 132,236	\$ 7,687	\$ 69,027	\$ 4,074

Foreign currency risk

The Company is exposed to foreign currency risk on its working capital, loans and borrowings and lease liabilities that are denominated in a currency other than its respective entities' functional currencies. The Company's transactions are primarily denominated in CAD and USD. As at December 31, 2025, the CAD to the USD exchange rate was 1.37:1 (2024 – 1.44:1) and the average CAD to USD exchange rate during the year ended December 31, 2025 was 1.40:1 (2024 – 1.37:1).

Generally, the Company's financial instruments are denominated in the functional currencies consistent with the cash flows generated by its respective entities' underlying operations, and as a result, is relatively sheltered from foreign currency risk. As such, the Company does not utilize foreign exchange hedging instruments to mitigate its foreign currency risk.

As at December 31, 2025, the Company held a USD denominated loan of USD \$19.2 million. The Company's Syndicated Operating Facility and Revolving Operating Facility may be drawn upon in CAD or USD, which has the potential for foreign currency risk. As at December 31, 2025, the USD Revolving Operating Facility had not been drawn.

The Company's EP notes are denominated in USD and are held in its U.S. subsidiary and therefore are not subject to foreign currency risk.

Interest rate risk

The Company's primary interest rate risk arises from its loans and borrowings, all of which, are primarily subject to variable rates, with the exception of its HASCAP loan (note 8) and the EP notes (note 9), which are subject to fixed interest rates.

As at December 31, 2025, the Company's Syndicated Revolving Facility is a subject to variable rates, outstanding principal amounts were \$60.9 million (note 8). The HASCAP loan and EP notes (principal amount), subject to fixed interest rates, were \$0.6 million and \$27.4 million, respectively, as at December 31, 2025.

An increase of one percent in the Company's variable interest rate would increase finance costs by approximately \$0.6 million (2024 - \$0.6 million) per annum based on its outstanding loans and borrowings as at December 31, 2025.

18. SUBSEQUENT EVENTS

On January 5, 2026 the Company acquired all the assets of Stryker Energy Directional Services, LLC for total purchase consideration of \$32.9 million, consisting of \$17.2 million cash, 1,299,394 of the Company's common shares and \$9.2 million in promissory notes. The preliminary purchase price allocation is based on Management's best estimate of fair value and consist of \$1.8 million of inventories, \$22.2 million of property, plant and equipment and \$8.9 million of intangible assets. Upon finalizing the fair value of net assets acquired, adjustment to initial estimates, including goodwill, may be required.

On March 9, 2026, the Company entered into an agreement to acquire the directional drilling services business of SB Directional Service (SB Acquisition). The total consideration is estimated around \$64.3 million. The transaction is expected to close in early April 2026.

In connection with the SB Acquisition, and partially to fund the SB Acquisition, ACT entered into an agreement with ATB, as administrative agent, and ATB and Royal Bank of Canada, as co-lead arrangers, to increase the size of the Company's existing syndicated credit facility from approximately CAD\$125 million to CAD\$145 million, and increase the U.S. dollar credit availability from USD \$10 million to USD\$30 million ("Amended Credit Facilities"). The USD committed credit facilities are comprised of (i) a US\$10 million revolving facility, and (ii) a new US\$20 million delayed draw term facility, having a term of 3 years with equal quarterly repayments of USD\$1.67 million, available for purposes of refinancing the US\$20 million EP notes issued in connection with a prior acquisition which matures in July 2026. The funded debt to EBITDA covenant has increased to 3.00:1.00 from 2.50:1.00 as part of the Amended Credit Facilities.

OFFICERS

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Rob Skilnick, Chief Financial Officer
Vaughn Spengler, Senior Vice President, Altitude Energy Partners
Tyler Clark, Vice President, Altitude Energy Partners
Manoj Gopalan, President, Rime Downhole Technologies

DIRECTORS

Daniel Adams
Ami Arief
Tom Connors
Shuja Goraya
Rod Maxwell, Executive Chair
Scott Sarjeant
Dale E. Tremblay

AUDITORS

PricewaterhouseCoopers LLP
Calgary, Alberta

REGISTRAR AND TRANSFER AGENT

Odyssey Trust Company
Calgary, Alberta

FINANCIAL INSTITUTIONS

ATB Financial - syndicate co-lead
Royal Bank of Canada - syndicate co-lead
National Bank of Canada (formerly Canadian Western Bank)
HSBC Bank USA, N.A.
The Toronto Dominion Bank
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