

# 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](http://www.sedarplus.ca)) and appear on the Company's website ([www.actenergy.com](http://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<sup>(1)</sup> 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<sup>(2)</sup> decreased 6% in 2025, compared to 2024, which was in line with a 5% decrease in the Western Canadian rig count<sup>(2)</sup>.
- U.S. operating days<sup>(2)</sup> decreased 25% in 2025, compared to 2024, which was higher than the 6% decline in the U.S. land rig count<sup>(2)</sup> primarily related to consolidation of certain of the Company's customers.
- The Canadian average revenue per operating day<sup>(2)</sup> 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<sup>(2)</sup> increased by 4% in 2025, compared to 2024, primarily due to a different job mix.
- The Company's Adjusted gross margin<sup>(1)</sup> 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<sup>(1)</sup> 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<sup>(1)</sup> of \$14.9 million in 2025, compared to Free cash flow<sup>(1)</sup> of \$24.2 million in 2024.
- Net debt<sup>(1)</sup> 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.

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

<sup>2</sup> 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 <sup>(1)</sup>	29%	23%	30%	27%
Adjusted EBITDAS <sup>(1)</sup>	\$ 17,431	\$ 17,582	\$ 76,284	\$ 93,805
Adjusted EBITDAS margin percentage <sup>(1)</sup>	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 <sup>(1)</sup>	\$ (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 <sup>(1)</sup>	\$ 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

<sup>(1)</sup> 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
<b>Revenues</b>				
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
<b>Cost of sales</b>				
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 <sup>(1)</sup>	29%	23%	30%	27%

<sup>(1)</sup> 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
<b>Operating days<sup>(1)</sup></b>						
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%)
<b>Average industry land rig count<sup>(2)</sup></b>						
United States	512	541	(5%)	528	560	(6%)
Canada	167	178	(6%)	163	171	(5%)
<b>Average revenues per operating day<sup>(1)</sup></b>						
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%)
<b>Net lost-in-hole equipment reimbursements<sup>(3)</sup></b>						
	\$ 4,286	\$ 5,062	(15%)	\$ 19,598	\$ 25,277	(22%)

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

<sup>(2)</sup> Per JWN RigLocator and Enverus.

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

## Summary

The Company improved gross margin and Adjusted gross margin percentages<sup>(1)</sup> despite a 19% and 15% decline in the Company's operating days<sup>(2)</sup> 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<sup>(2)</sup>, 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<sup>(2)</sup> 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<sup>(2)</sup> 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<sup>(2)</sup> 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<sup>(2)</sup> 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

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

<sup>2</sup> 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<sup>(1)</sup> 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<sup>(1)</sup> 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<sup>(1)</sup> 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<sup>(1)</sup> 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<sup>(1)</sup> 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<sup>(1)</sup> (2025 - 5,108 days; 2024 - 6,312 days) offset by a 5% increase in the average revenues per operating day<sup>(1)</sup> (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<sup>(1)</sup> (2025 - 23,535 days; 2024 - 27,839 days), and a 2% decrease in the average revenues per operating day<sup>(1)</sup> (2025 - \$20,180; 2024 - \$20,539). The decline in the consolidated average revenues per operating day<sup>(1)</sup> was primarily due to a higher weighting of Canadian operating days<sup>(1)</sup>, which has lower average equipment intensity per job, and therefore lower average revenues per operating day<sup>(1)</sup> 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<sup>(1)</sup> 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<sup>(1)</sup>, 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

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

reduction. Also contributing to the reduction was higher Lost-in-hole revenues<sup>(1)</sup> 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<sup>(1)</sup>

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<sup>(1)</sup> and generating Free cash flow<sup>(1)</sup>, 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<sup>(1)</sup>, 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.

<sup>1</sup> 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	—	—	—
<b>Total</b>	<b>\$ 213,024</b>	<b>\$ 132,236</b>	<b>\$ 7,687</b>	<b>\$ 69,027</b>	<b>\$ 4,074</b>

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 <sup>(1)</sup>:

<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 <sup>(1)</sup>	(4,286)	(5,062)	(19,598)	(25,277)
Net capital expenditures <sup>(1)</sup>	\$ 8,179	\$ (2,226)	\$ 29,784	\$ 16,650

<sup>(1)</sup> 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<sup>(1)</sup> budget will be dynamic and adjusted to reflect management's expectation of future activity levels. Currently, the Company's target Net capital expenditures<sup>(1)</sup> 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

<sup>1</sup> 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](http://www.sedarplus.ca) and appear on the Company's website ([www.actenergy.com](http://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](http://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 % <sup>(1)</sup>		30%		27%		27%
Adjusted EBITDAS <sup>(1)</sup>	\$	76,284	\$	93,805	\$	90,884
Adjusted EBITDAS margin % <sup>(1)</sup>		16%		16%		17%
Cash flow - operating activities	\$	91,679	\$	90,177	\$	69,984
Free cash flow <sup>(1)</sup>	\$	14,949	\$	24,240	\$	8,057
Net income	\$	15,579	\$	57,907	\$	10,628
Basic per share <sup>(2)</sup>	\$	0.46	\$	1.67	\$	0.31
Diluted per share <sup>(2)</sup>	\$	0.42	\$	1.51	\$	0.29
Weighted average shares outstanding						
Basic (000s) <sup>(2)</sup>		33,785		34,705		33,938
Diluted (000s) <sup>(2)</sup>		37,339		38,468		36,086
Working capital, excluding current portion of loans and borrowings and promissory notes <sup>(1)</sup>	\$	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

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

<sup>(2)</sup> 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 <sup>(1)</sup>	\$ 31,209	\$ 39,595	\$ 32,490	\$ 37,484	\$ 29,384	\$ 45,048	\$ 34,186	\$ 47,955
Adjusted gross margin % <sup>(1)</sup>	29%	33%	29%	28%	23%	30%	26%	29%
Adjusted EBITDAS <sup>(1)</sup>	\$ 17,431	\$ 23,433	\$ 14,824	\$ 20,596	\$ 17,582	\$ 30,169	\$ 17,305	\$ 28,752
Adjusted EBITDAS % <sup>(1)</sup>	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 <sup>(2)</sup>	\$ 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 <sup>(1)</sup>	\$ (8,388)	\$ 16,558	\$ 1,048	\$ 5,731	\$ 941	\$ 17,056	\$ (2,584)	\$ 8,827
Net debt <sup>(1)</sup>	\$ 53,581	\$ 68,598	\$ 64,161	\$ 77,451	\$ 77,697	\$ 74,961	\$ 80,855	\$ 100,245
Weighted average common shares outstanding:								
Basic (000s) <sup>(2)</sup>	33,482	33,892	33,626	34,160	35,027	34,965	34,439	34,383
Diluted (000s) <sup>(2)</sup>	37,034	37,404	33,626	37,867	38,800	38,772	38,402	38,495

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

<sup>(2)</sup> 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 <sup>(1)</sup>								
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 <sup>(2)</sup>								
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 <sup>(3)</sup>	\$ 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](http://www.sedarplus.ca) and the Company's website ([www.actenergy.com](http://www.actenergy.com)).