



May 2023

# Investor Presentation

Technology • Deployed • Simply

# Forward-Looking Statements



This presentation contains “forward-looking statements” and/or “forward-looking information” under applicable securities laws (collectively referred to as “**forward-looking statements**”). All statements other than statements of historical facts contained in this presentation, including statements regarding Pason System Inc.’s (“Pason” or the “Company”) future results of operations and financial position, financial targets, business strategy, plans and objectives for future operations, are forward-looking statements. These forward-looking statements reflect the current views of Pason with respect to future events and operating performance as of the date of this document. These forward-looking statements are subject to known and unknown risks, uncertainties, assumptions, and other factors, including those described under the heading “Risk and Uncertainty” in the Company’s filings with Canadian securities regulators, that could cause actual results to be materially different from results that are expressed or implied by such forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although the Company believes the expectations reflected in the forward-looking statements are reasonable, the Company cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. Moreover, neither the Company nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. Except to the extent required by applicable law, the Company assumes no obligation to publicly update or revise any forward-looking statements made in this document or otherwise after the date of this presentation, whether as a result of new information, future events or otherwise.

The Company’s filings with the Canadian securities regulatory authorities may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)) or through Pason's website ([www.pason.com](http://www.pason.com)).

# Overview of Pason



## INNOVATIVE

Leading global provider of end-to-end drilling data solutions

40+ years of distinctive technology, support and service capabilities

High barriers to entry driven by scope of technology, service intensity and required scale



## PROFITABLE

Strong cash-generating capability with high operating margins and low capital intensity

Consistent delivery of returns on invested capital and cash returned to shareholders

Prudent capital structure and no interest-bearing debt

Significant operating leverage to generate additional profits through industry recovery

Well-positioned for growth in drilling, completions, and solar and energy storage markets



## RESPONSIBLE

Unique employee driven culture with strong health & safety performance

Strong corporate governance practices

Ongoing commitment to making contributions to the communities in which the company operates



# Board of Directors



**Marcel Kessler\***  
Non-Executive Chair  
*Joined Pason Board in 2012*



**T. Jay Collins**  
Chair, Human Resources and  
Compensation Committee  
*Joined Pason Board in 2012*



**Jon Faber\***  
President & Chief Executive Officer  
*Joined Pason Board in 2020*



**Judi Hess**  
Director  
*Joined Pason Board in 2015*



**Ken Mullen**  
Chair, Audit Committee  
*Joined Pason Board in 2023*



**Laura Schwinn**  
Lead Director and Chair, Corporate  
Governance and Nomination Committee  
*Joined Pason Board in 2019*

\* Denotes Non-Independent Directors



# Strong and Committed Management Team



**Jon Faber\***

President & Chief Executive Officer  
With Pason since 2014



**Celine Boston**

Chief Financial Officer  
With Pason since 2020



**Kevin Boston**

VP, Commercial  
With Pason since 2010



**Craig Bye**

VP, R&D - Cloud Platforms & Applications  
With Pason since 2007



**Natalie Fenez**

VP, Legal & Corporate Secretary  
With Pason since 2017



**John Gurski**

President, Energy Toolbase  
With Pason since 2019



**Heather Hantos**

VP, Human Resources  
With Pason since 2011



**Bryce McLean**

VP, Operations  
With Pason since 2011



**Lars Olesen**

VP, Product & Technology  
With Pason since 1999



**Russell Smith**

VP, International  
With Pason since 2010



**Ryan van Beurden**

VP, Rigsite Research & Development  
With Pason since 2002

\* Jon Faber also sits on the Board of Directors as a non-independent director

# The Data Behind the Drilling Industry

Managing  
end-to-end  
drilling data

Capture

Aggregate

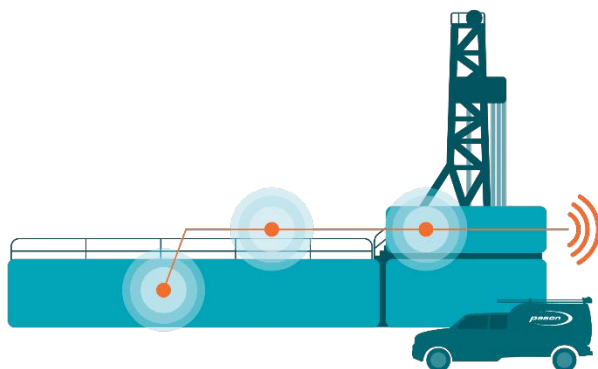
Display

Transmit

Store

Visualize

Leverage



Enabling  
customer  
priorities

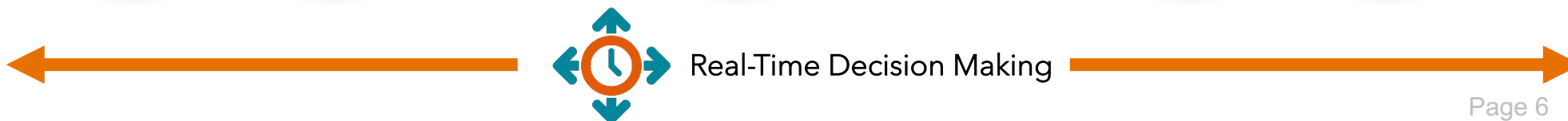
Automation

Safety

Collaboration

Reporting

Analytics



# Superior Service Model





# The Intelligence Layer in the Solar + Energy Storage Industry

Model  
the site

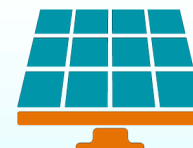
ETB Developer



Review energy costs  
and rate switch  
scenarios



Analyze  
incentives



Incorporate PV  
generation



Create a proforma  
cash flow model

Control  
the assets

Acumen EMS™



Demand Charge  
Management



Time-of-Use  
Arbitrage



Solar  
Self-Consumption



Manual and  
Scheduled Dispatch



Critical Load Resiliency  
(Backup Power)

Monitor  
the performance

ETB Monitor



Measure and  
verify savings



Real-time  
system performance



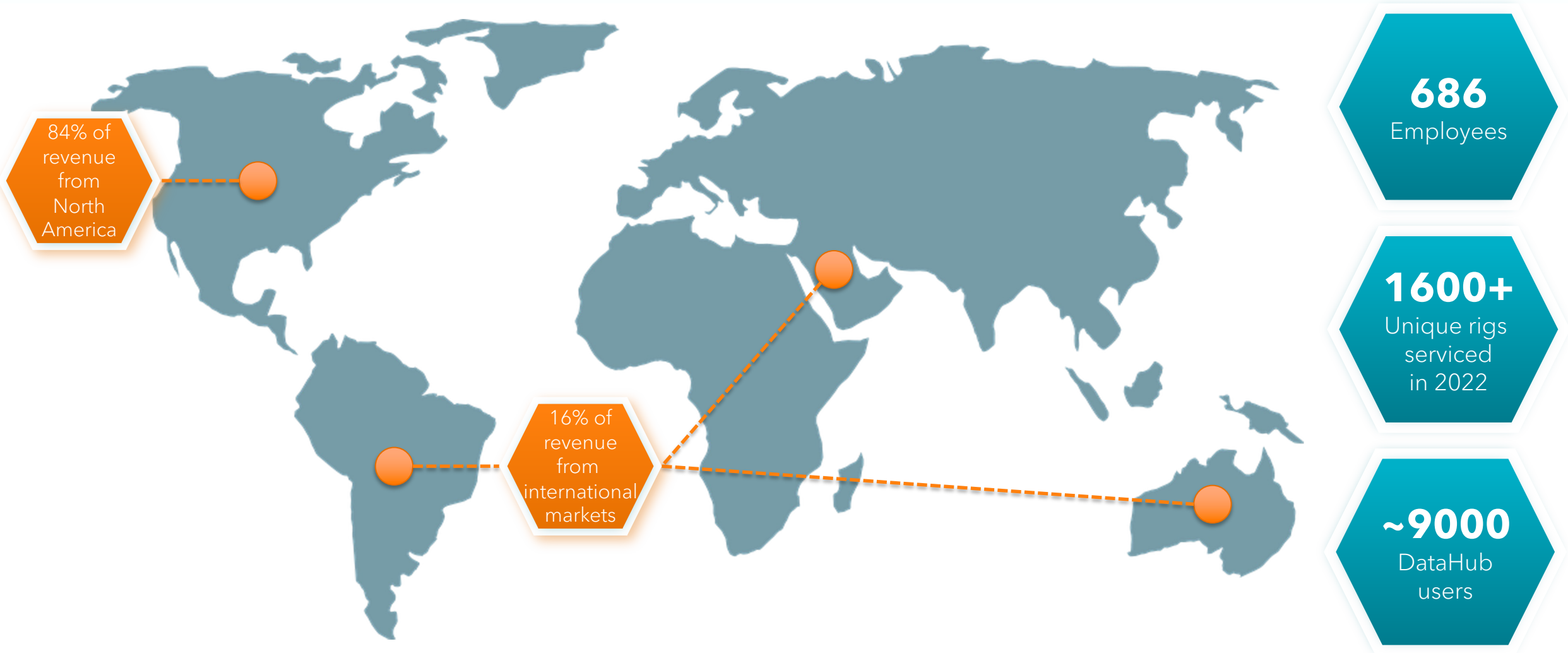
Compliance  
reporting



Warranty  
reporting



# Global Reach and Market Positioning

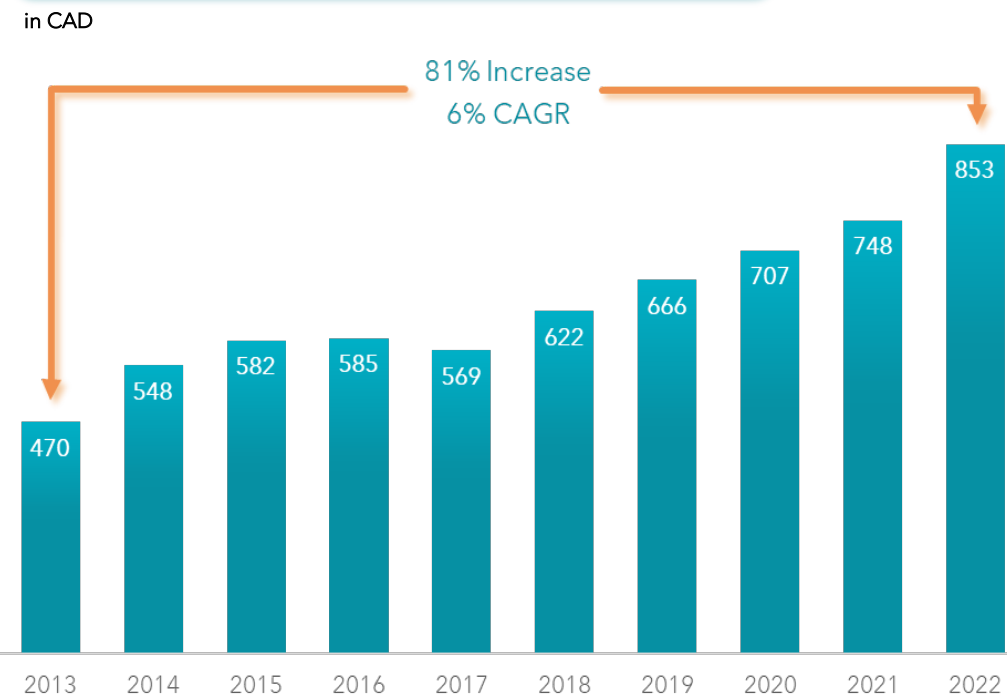


# Historical Revenue Performance

North American Land Rig Count vs. Pason Revenue



North American Revenue per Industry Day

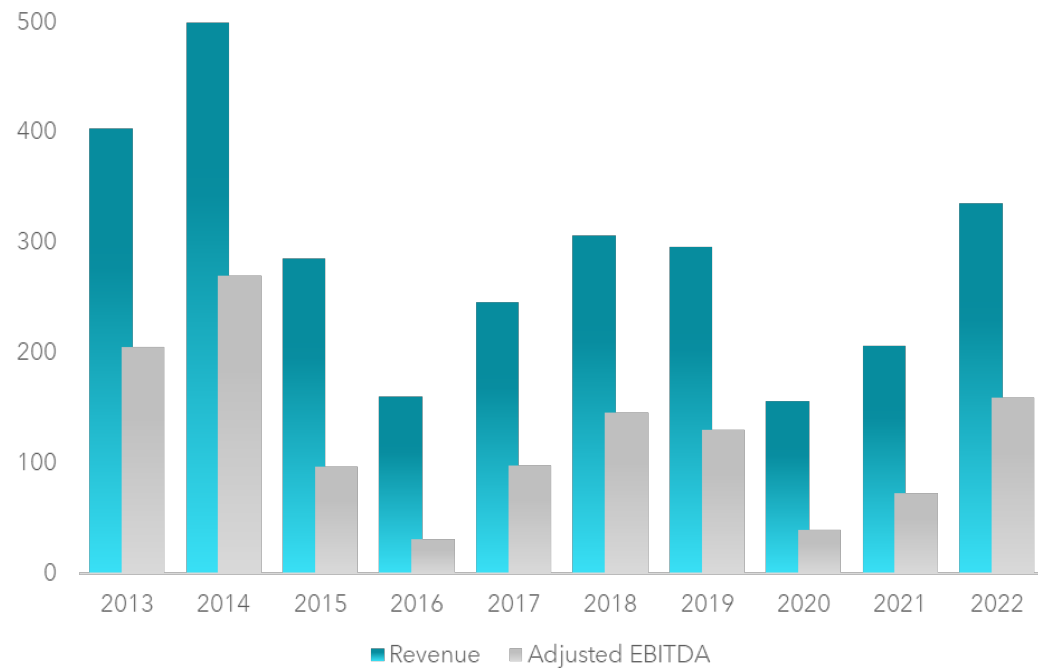


Consolidated revenue is highly correlated to the North American land rig count, while Revenue per Industry Day has grown steadily through industry cycles

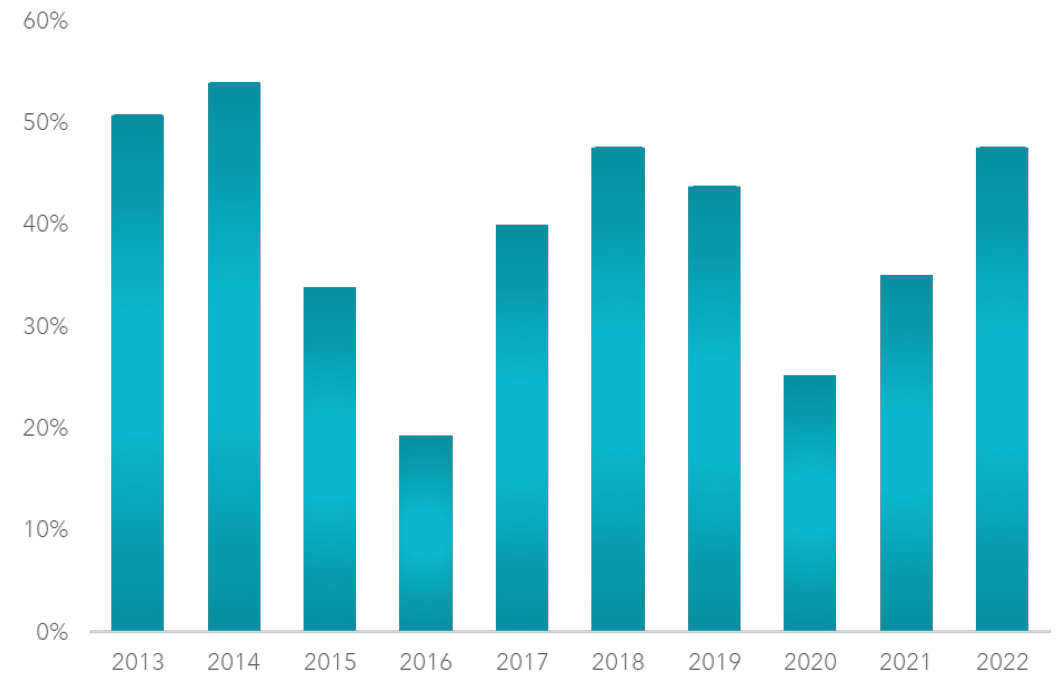
# Adjusted EBITDA

## Adjusted EBITDA \$

in CAD millions



## Adjusted EBITDA as a % of Revenue

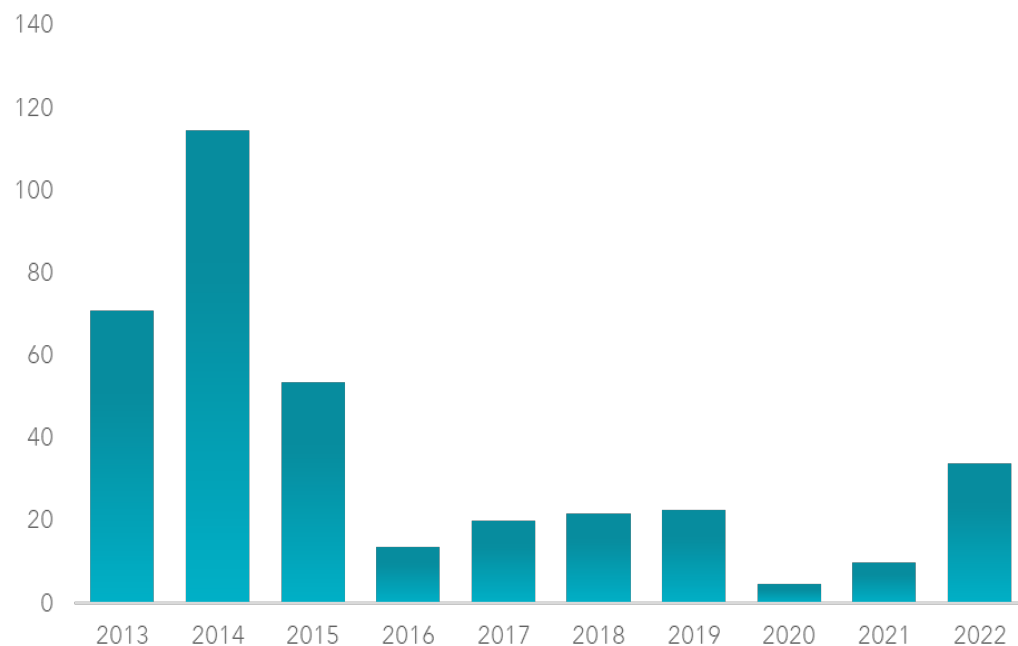


Increasing revenue per day and significant operating leverage drives attractive margins on lower industry activity

# Free Cash Flow Generation

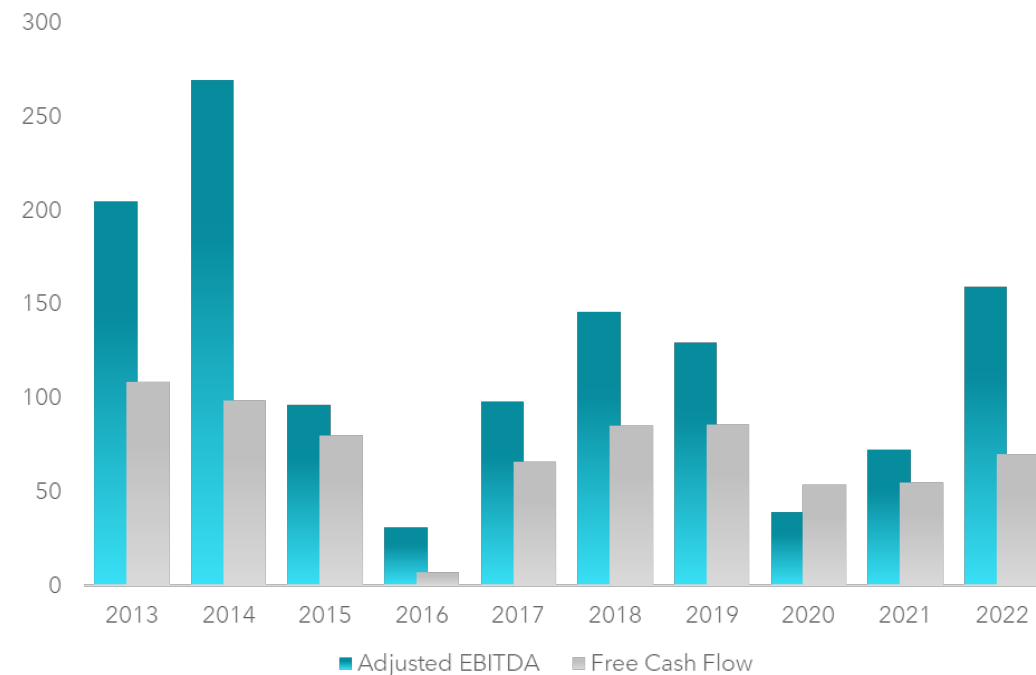
## Capital Expenditures

in CAD millions



## Free Cash Flow

in CAD millions



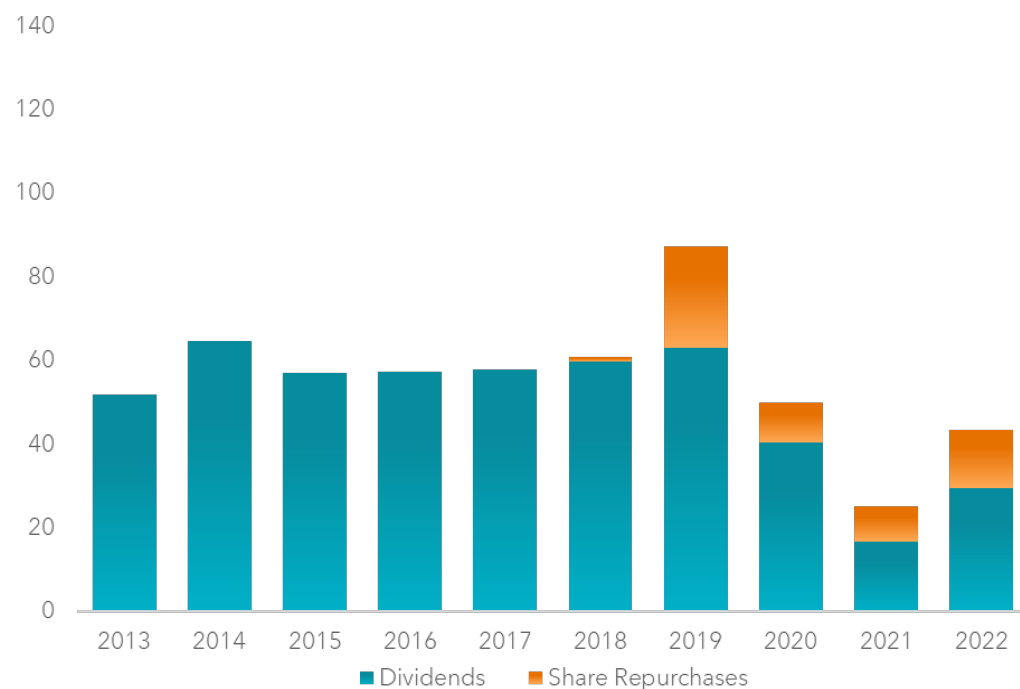
Lower capital intensity supports meaningful Free Cash Flow generation



# Commitment to Shareholder Returns

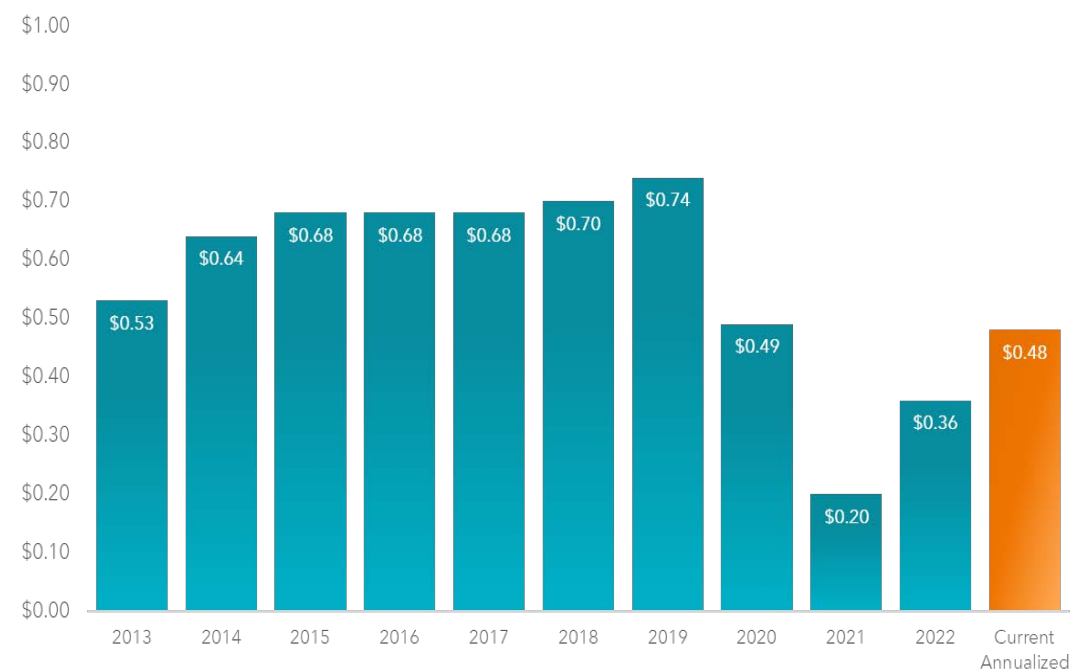
## Dividends and Share Repurchases

in CAD millions



## Dividends Per Share

CAD/share



Demonstration of commitment to shareholder returns through share repurchases and dividends

# First Quarter 2023 Highlights



Continued  
strength in  
industry activity

Record quarterly  
North American  
Revenue per  
Industry Day of  
\$922

Adjusted EBITDA  
margin above 50%  
reflects significant  
operating leverage

Well positioned  
balance sheet with  
no interest  
bearing debt

**\$98 MILLION**  
IN REVENUE

**\$52 MILLION**  
ADJUSTED  
EBITDA

**\$35 MILLION**  
FREE CASH  
FLOW

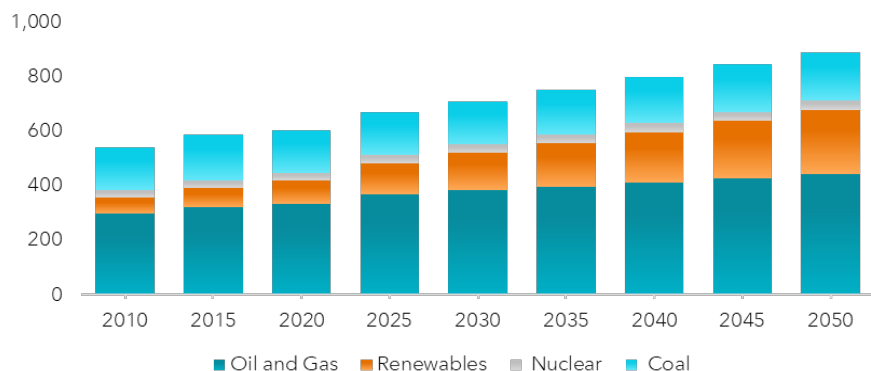
**\$185M** IN  
CASH WITH  
NO DEBT

**\$20 MILLION**  
RETURNED TO SHAREHOLDERS

# Leading Indicators of US Drilling Activity

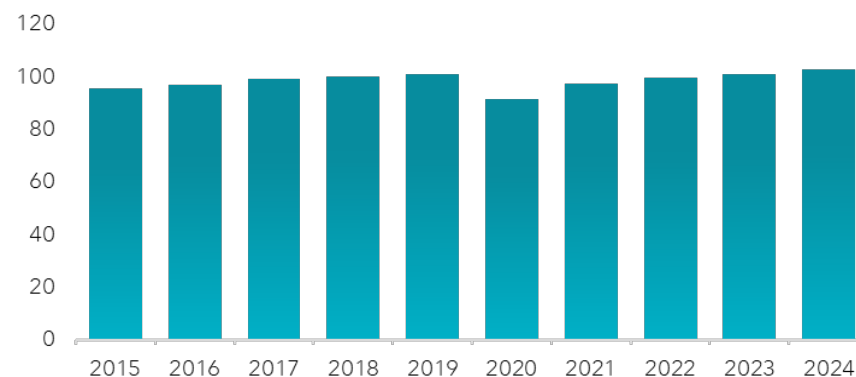
## Long Term Global Energy Demand

in quadrillions of British thermal units



## Short Term Global Crude Oil Demand

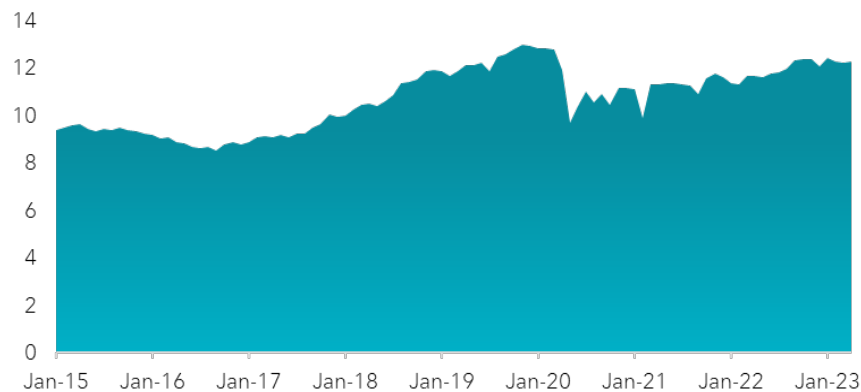
in millions of barrels per day



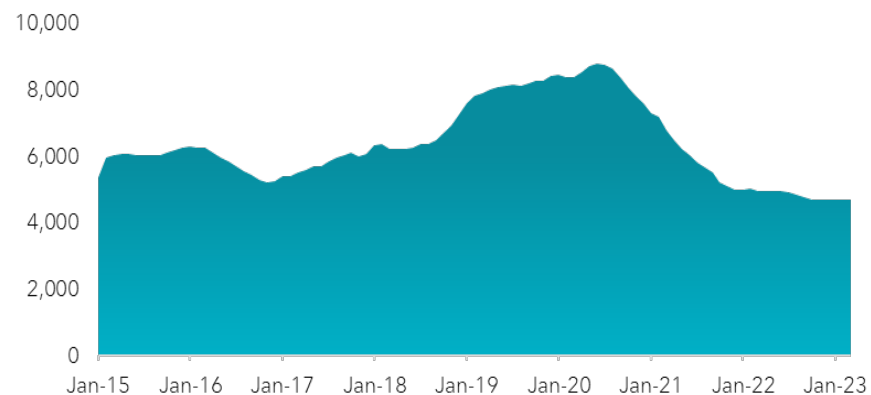
Hydrocarbons continue to be an important part of global demand growth for energy

## US Crude Oil Production

in millions of barrels per day



## US Drilled & Uncompleted Wells (DUCs)



New drilling will be required to offset declines in production and DUCs

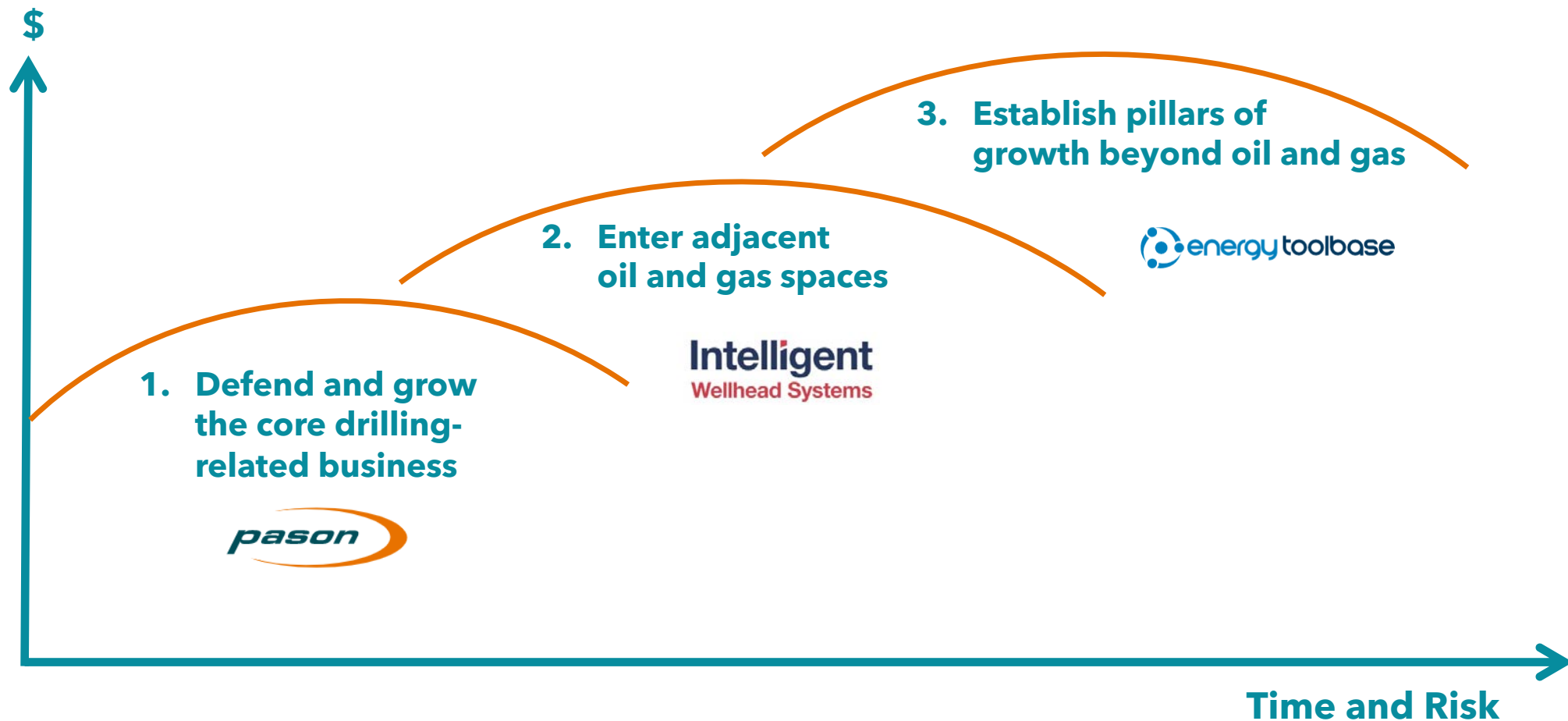
# 2023 Corporate Priorities



- Retain, motivate, develop and attract exceptional talent across the organization
- Ensure the safety and well-being of all employees
- Maximize the profitability and enhance the competitive position of the drilling-related business
- Strengthen Pason's position as the preferred provider of decision-oriented data
- Leverage Pason's experience and expertise in additional end markets



# Delivering on Long Term Strategy



# Well-Positioned for Growth



## Favourable Macro Trends...

## ...Coupled with Organic Opportunities



pason

- Drilling activity based on global energy supply/demand
- Use of data for automation and analytics

- Product adoption, realized pricing and market share growth
- New technology development



Intelligent  
Wellhead Systems

- Completions activity based on global energy supply/demand
- Adoption and use of technology in completions vertical

- Product adoption, realized pricing and market share growth
- Expansion of technology and service offerings



energy toolbase

- Demand for renewable energy
- Government policies incentivizing additional energy storage

- Growing control system sales pipeline
- Further development of leading economic modeling software tool

# Environmental, Social & Governance

## ENVIRONMENTAL



- Developing products that drive increased drilling efficiency, helping reduce carbon footprint
- Environmentally responsible cleaning, recycling and disposal of equipment returned from field operations
- Investing in solar and energy storage markets through Energy Toolbase

## SOCIAL



- Unique and inspiring workplace culture with a focus on total employee well-being
- Unwavering commitment to safety of workforce and protection of assets
- Significant investments in digital security infrastructure and systems protecting Pason and customer data

## GOVERNANCE



- Experienced, independent and diverse Board of Directors
- Strong corporate governance policies and practices, including annual 'say on pay'
- Executive compensation tied to safety, financial and strategic targets, and shareholder returns
- Comprehensive Code of Conduct

# Value Proposition Summary



**Innovative**



**Profitable**



**Responsible**



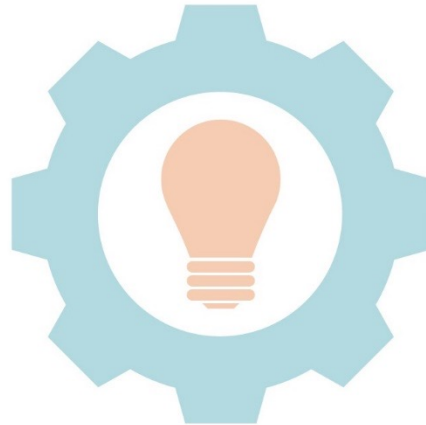
## Pason Systems

6130 Third Street SE  
Calgary, AB T2H 1K4  
Canada

**Phone:** 403.301.3400

**Web:** [www.pason.com](http://www.pason.com)

**Email:** [investorrelations@pason.com](mailto:investorrelations@pason.com)



# Appendix

# Historical Financial Information

\$CAD 000s	2017	2018	2019	2020	2021	2022
<b>Revenue</b>	245,643	306,393	295,642	156,636	206,686	<b>334,998</b>
<b>Adjusted EBITDA <sup>1</sup></b>	98,224	145,987	129,644	39,540	72,520	<b>159,510</b>
<i>as a % of revenue</i>	40%	48%	44%	25%	35%	<b>48%</b>
<b>Investments in R&amp;D and IT <sup>2</sup></b>	27,615	31,462	32,164	27,468	32,903	<b>38,066</b>
<i>as a % of revenue</i>	11%	10%	11%	18%	16%	<b>11%</b>
<b>Funds flow from operations</b>	87,121	128,544	111,718	40,560	67,728	<b>134,885</b>
<b>Cash from operating activities</b>	85,797	107,177	108,547	58,583	65,061	<b>104,414</b>
<b>Net Capital expenditures <sup>3</sup></b>	19,966	21,655	22,593	4,719	9,950	<b>33,941</b>
<b>Free Cash Flow <sup>1</sup></b>	65,831	85,522	85,954	53,864	55,111	<b>70,473</b>
<b>Dividends paid</b>	57,697	59,785	63,100	40,420	16,567	<b>29,473</b>
<b>Share repurchases</b>	-	921	24,040	9,478	8,432	<b>13,786</b>
<b>Total Cash <sup>4</sup></b>	154,129	203,838	161,016	149,282	158,283	<b>172,434</b>
<b>Working capital</b>	193,692	256,153	183,769	167,366	184,083	<b>213,899</b>
<b>Total interest bearing debt</b>	-	-	-	-	-	<b>-</b>

(1) As defined in the following slide 'Non-GAAP Reconciliation'

(2) Includes both expensed and deferred development costs. Adjusted EBITDA includes the impact of expensed R&D and IT costs

(3) Includes additions to property, plant, and equipment and development costs, net of proceeds on disposal from Pason's Consolidated Statement of Cash Flows

(4) Total Cash is defined as total cash and cash equivalents and short-term investments from Pason's Consolidated Balance Sheets

# Non-GAAP Reconciliation



<b>\$CAD 000s</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Net income (loss)</b>	25,190	62,944	53,803	5,134	31,925	<b>105,726</b>
<b>Add:</b>						
Income taxes	14,030	29,158	20,193	4,864	11,738	<b>33,405</b>
Depreciation and amortization	45,681	34,855	40,830	34,417	25,689	<b>20,842</b>
Stock-based compensation	11,762	12,313	10,840	4,840	11,523	<b>15,230</b>
Net interest (income) expense	-	-	(903)	(867)	1,526	<b>(4,937)</b>
<b>EBITDA</b>	<b>96,663</b>	<b>139,270</b>	<b>124,763</b>	<b>48,388</b>	<b>82,401</b>	<b>170,266</b>
<b>Add:</b>						
Foreign exchange (gain) loss	1,106	7,682	2,199	1,113	(2,011)	<b>(2,024)</b>
Derecognition of onerous lease	-	-	4,289	(5,757)	-	-
Government wage assistance	-	-	-	(9,941)	(8,208)	-
Reorganization costs	-	-	-	5,554	-	-
Impairment charges	-	-	-	-	-	-
Net monetary gain	-	-	(2,887)	(1,874)	(496)	<b>(1,849)</b>
Put option revaluation	-	-	-	-	381	<b>(5,815)</b>
Other	455	(965)	1,280	2,057	453	<b>(1,068)</b>
<b>Adjusted EBITDA</b>	<b>98,224</b>	<b>145,987</b>	<b>129,644</b>	<b>39,540</b>	<b>72,520</b>	<b>159,510</b>
<b>Free Cash Flow</b>						
<b>Cash from operating activities</b>	85,797	107,177	108,547	58,583	65,061	<b>104,414</b>
<b>Less:</b>						
Net additions to property, plant, & equipment	(17,570)	(17,190)	(20,868)	(4,228)	(9,267)	<b>(33,448)</b>
Deferred development costs	(2,396)	(4,465)	(1,725)	(491)	(683)	<b>(493)</b>
<b>Free Cash Flow</b>	<b>65,831</b>	<b>85,522</b>	<b>85,954</b>	<b>53,864</b>	<b>55,111</b>	<b>70,473</b>