



May 2024

# 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



Leading global provider of end-to-end data solutions for well construction  
40+ years of distinctive technology, support and service capabilities  
High barriers to entry driven by scope of technology, service intensity and required scale



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



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*



**Sophia Langlois**  
Director  
*Joined Pason Board in 2024*



**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*



**William Standifird**  
President, Intelligent  
Wellhead Systems  
*With Pason since 2024*



**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

# Intelligent Wellhead Systems Acquisition



2019-2020

Initial common share investment (\$25 million)

2021

Common share investment (\$7 million)

2022

Common share investment (\$8 million)

2022-2023

Preferred share investment (\$25 million)

2024

Acquisition of all remaining common shares (\$88.3 million cash and assumed \$7 million in net debt)



Automating workflows and processes for oil and gas well completions operations, improving wellsite safety and efficiency.

# The Data Behind Well Construction



Managing end-to-end well construction data



Enabling customer priorities

Automation

Safety

Collaboration

Reporting

Analytics



# Superior Service Model

Intelligent  
Wellhead Systems



# The Intelligence Layer in the Solar + Energy Storage Industry

Model the site



Review energy costs and rate switch scenarios



Analyze incentives



Incorporate PV generation



Create a proforma cash flow model

Control the assets



Grid services revenue



Electric bill savings



Solar self-consumption



Manual and scheduled dispatch

Monitor the performance



Measure and verify savings



Real-time system performance



Compliance reporting



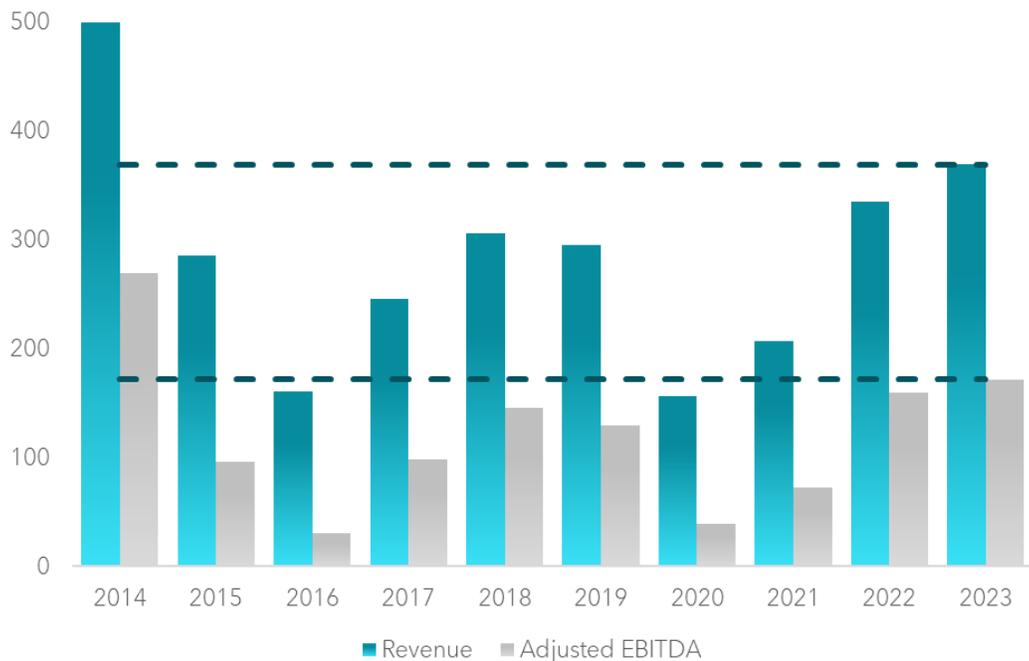
Warranty reporting

Real-time advisory

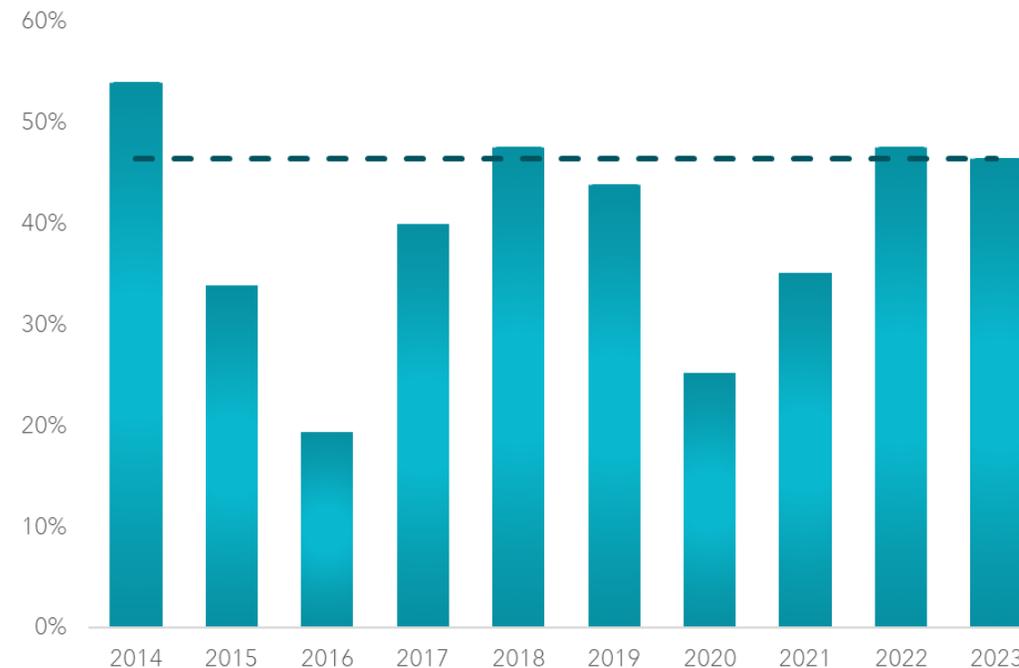
# Revenue and Adjusted EBITDA

Revenue and Adjusted EBITDA \$

in CAD millions



Adjusted EBITDA as a % of Revenue



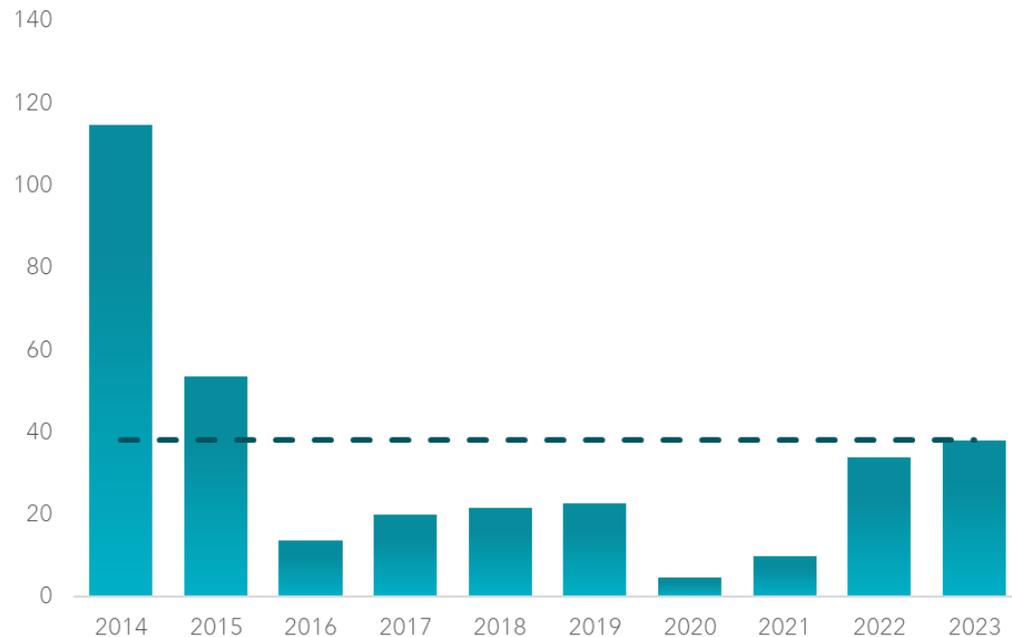
Increasing revenue per day and operating leverage drives attractive margins on lower industry activity

Adjusted EBITDA is calculated in 'Non-GAAP Reconciliation' on page 23 this Investor Presentation.

# Free Cash Flow Generation

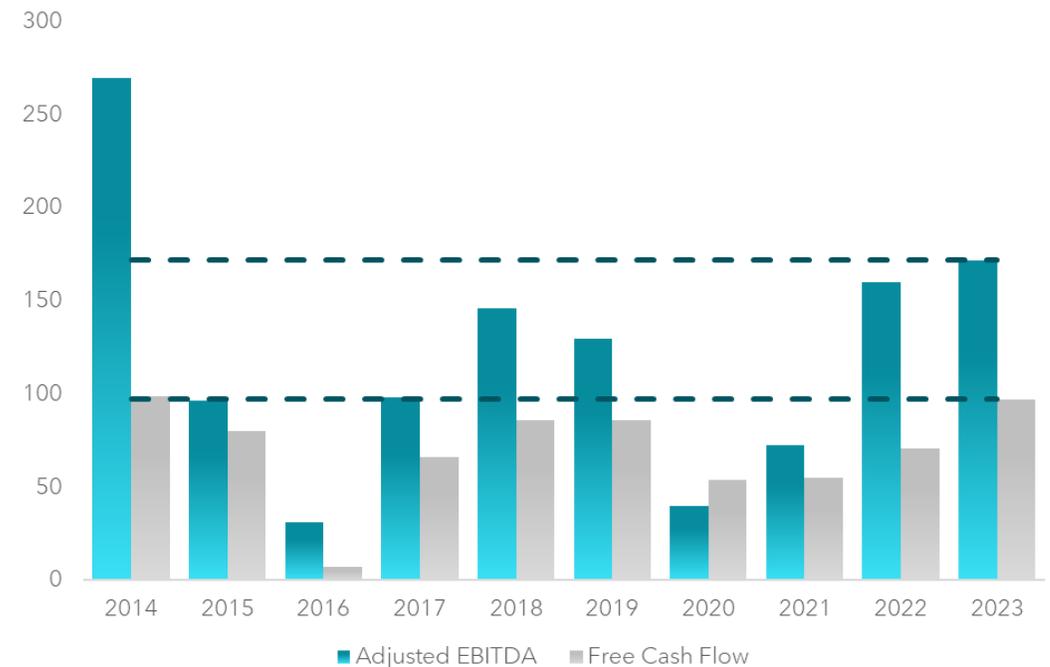
## Net Capital Expenditures <sup>1</sup>

in CAD millions



## Free Cash Flow <sup>2</sup>

in CAD millions



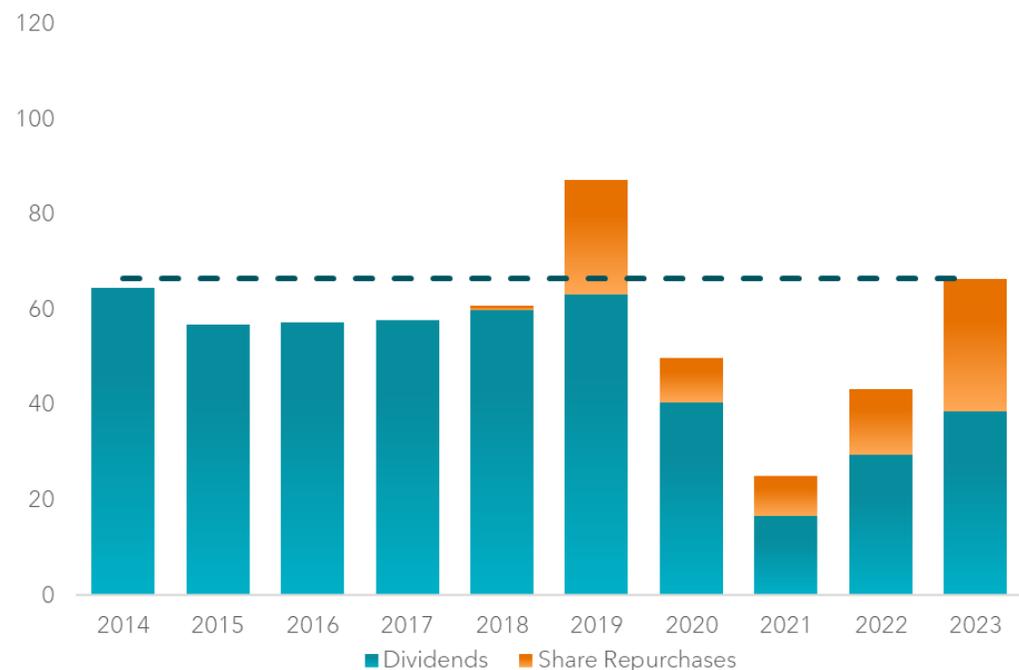
Lower capital intensity supports meaningful Free Cash Flow generation

1. Net Capital Expenditures includes additions to property, plant, and equipment and development costs, net of proceeds on disposal from Pason's Consolidated Statement of Cash Flows  
 2. Free Cash Flow is calculated under 'Non-GAAP Reconciliation' on page 23 this Investor Presentation.

# Commitment to Shareholder Returns

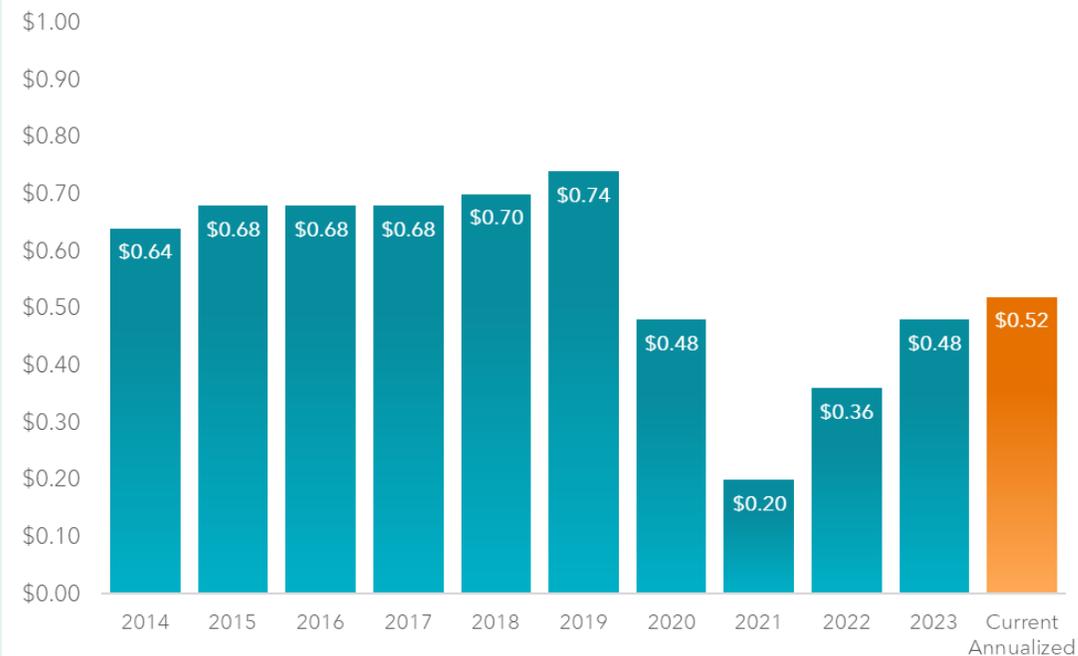
## Dividends and Share Repurchases

in CAD millions



## Dividends Per Share

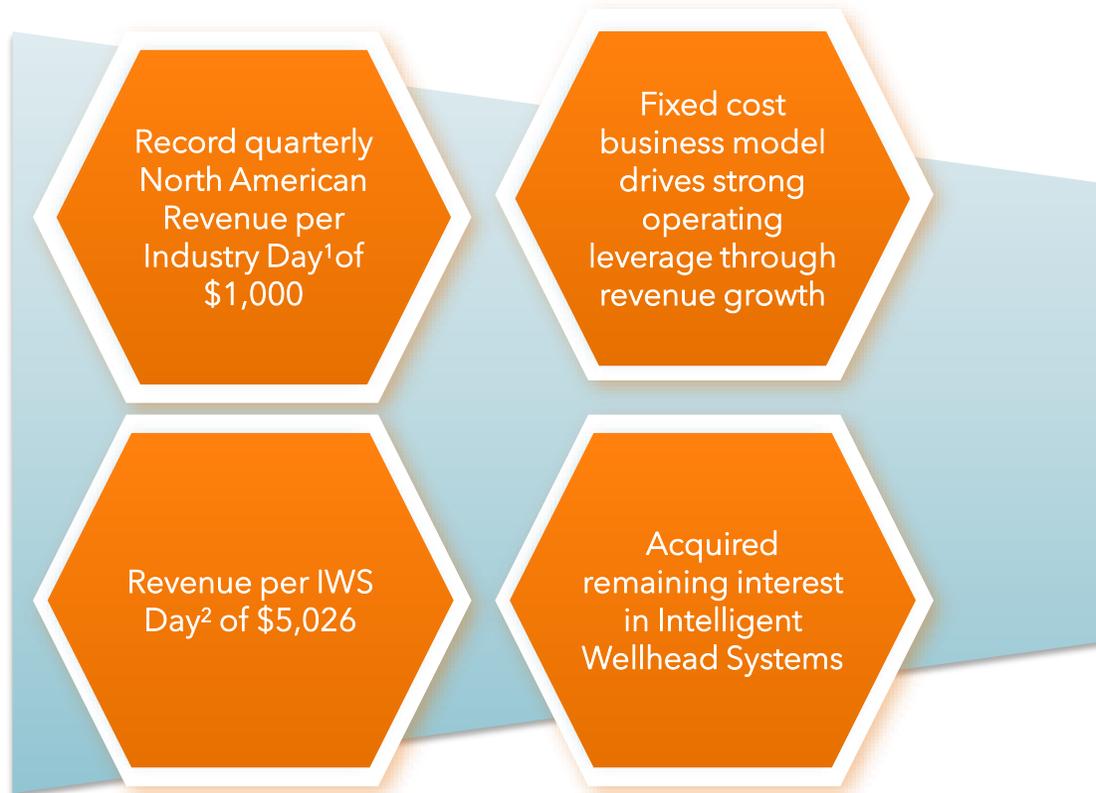
CAD/share



Demonstration of commitment to shareholder returns through share repurchases and dividends



# First Quarter 2024 Highlights



**\$105 MILLION**  
IN REVENUE

**\$42 MILLION**  
ADJUSTED  
EBITDA

**\$12 MILLION**  
FREE CASH  
FLOW

**\$74M** IN  
TOTAL CASH  
WITH NO DEBT

**\$14 MILLION**  
RETURNED TO SHAREHOLDERS

1. Revenue per Industry Day is defined as the total revenue generated from the North American Drilling segment over all active drilling rig days in the North American market. This metric provides a key measure of the North American Drilling segment's ability to evaluate and manage product adoption, pricing, and market share penetration. Drilling rig days are calculated by using accepted industry sources.  
2. Revenue per IWS Day is defined as the total revenue generated by the Completions segment over all IWS active days during the quarter. IWS active days are calculated by using IWS Active Jobs in the reporting period. This metric provides a key measure of the IWS' ability to evaluate and manage product adoption and pricing.

# Well-Positioned for Growth



## Favourable Macro Trends...

## ...Coupled with Organic Opportunities



- 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



- 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



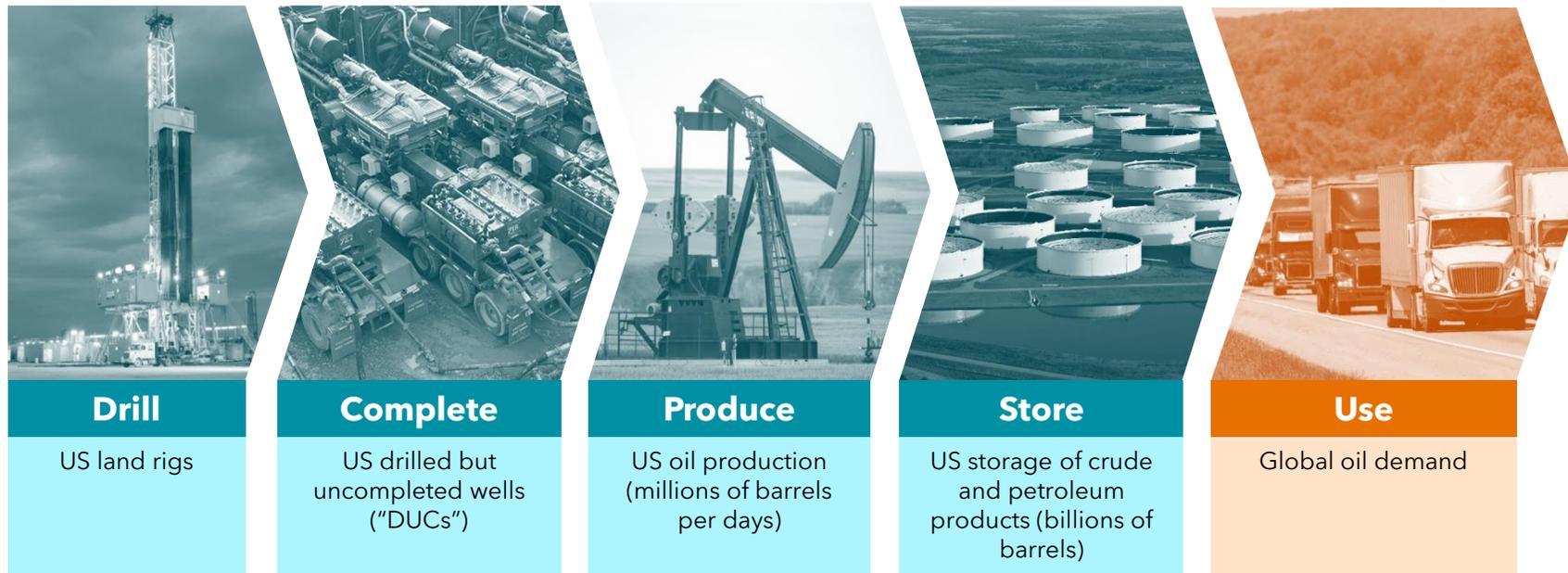
- Demand for renewable energy
- Government policies incentivizing additional energy storage

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

1. Effective January 1, 2024, Pason increased its investment in Intelligent Wellhead Systems and acquired all remaining and outstanding shares.

2. Pason currently owns 80% of Energy Toolbase (ETB), and consolidates its financial results with a non-controlling interest recorded for the 20% held by other shareholders. The 20% shareholders have a put option to sell their holdings to Pason for cash, exercisable at their discretion.

# Summary of Key Industry Metrics



	Drill	Complete	Produce	Store	Use
<b>Current<sup>2</sup></b>	596 rigs	4,522 DUCs	13.1 million barrels	1.60 billion barrels	102.2 million barrels
<b>March '20</b>	770 rigs	8,458 DUCs	13.0 million barrels	1.90 billion barrels	97.7 million barrels
	-23%	-47%	+1%	-16%	+5%

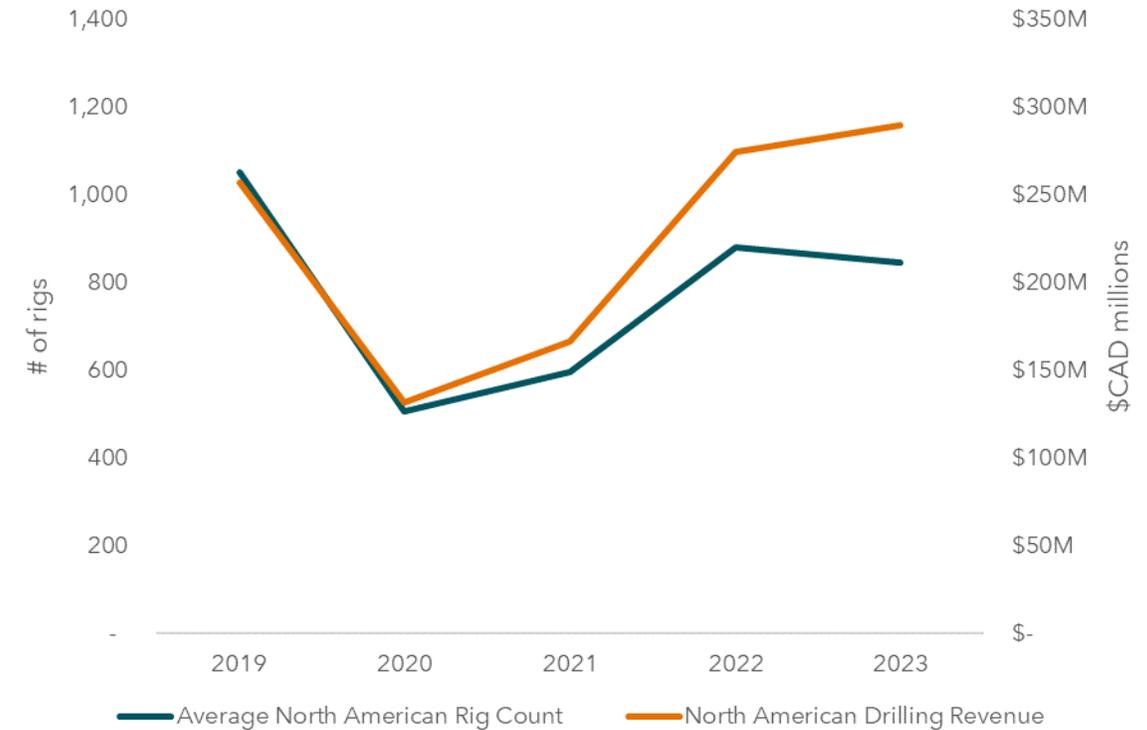
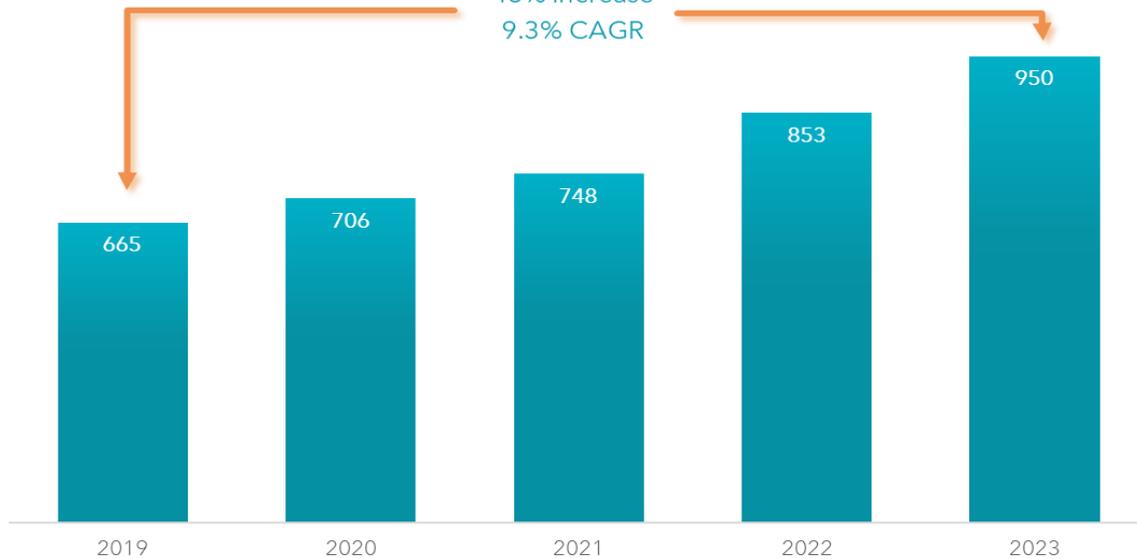
1. Sources: Energy Information Administration (EIA) and Baker Hughes Rig Count.  
 2. As at April 26, 2024.



# Growth in North American Drilling

North American Revenue per Industry Day<sup>1</sup>

43% Increase  
9.3% CAGR

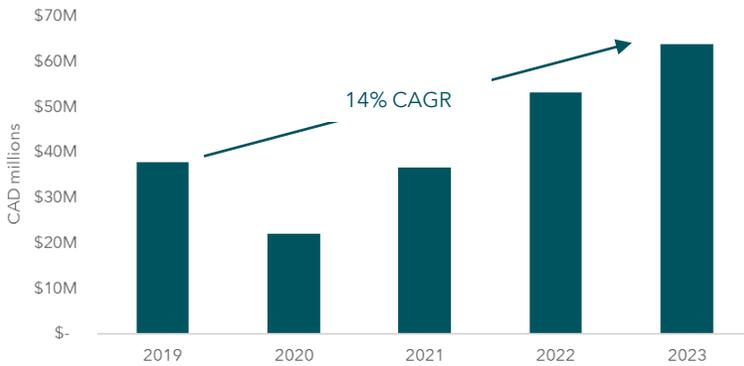


Consistent growth in North American Revenue per Industry Day drives significant outperformance of industry conditions

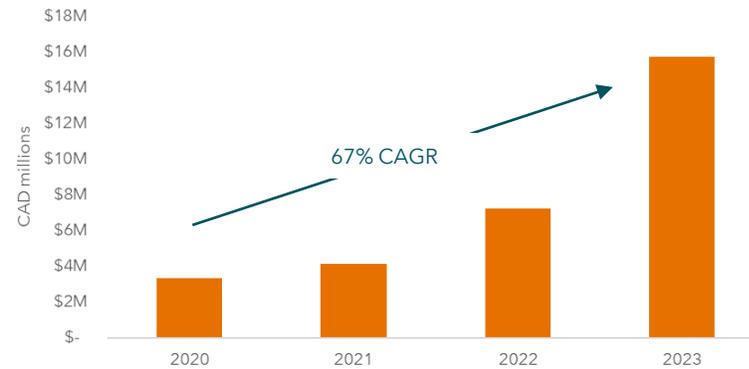
1. Revenue per Industry Day is defined as the total revenue generated from the North American Drilling segment over all active drilling rig days in the North American market. This metric provides a key measure of the North American Drilling segment's ability to evaluate and manage product adoption, pricing, and market share penetration. Drilling rig days are calculated by using accepted industry sources.  
2. Source: Baker Hughes

# Additional Growth Opportunities

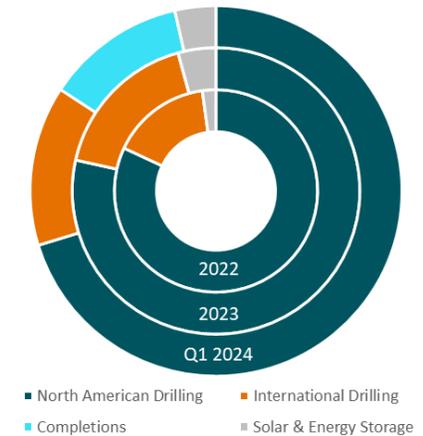
International Drilling Revenue



Solar & Energy Storage Revenue



Revenue by Segment



Growing revenue in International Drilling segment with growing adoption of advanced technology offerings...



coupled with meaningful traction in Solar & Energy Storage revenue with industry tailwinds...



and entry into Completions Market with early-stage technology adoption

# Environmental, Social & Governance

## ENVIRONMENTAL



- Developing products that drive increased drilling and completions 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 polices 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**

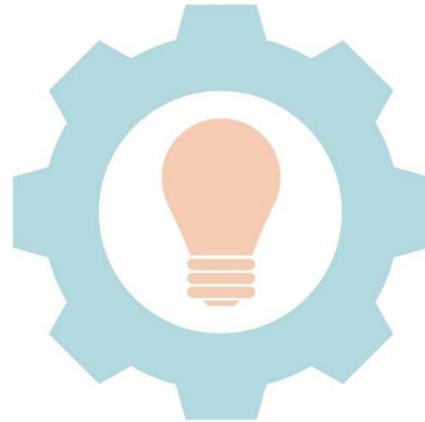
## Pason Systems

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

<i>\$CAD 000s</i>	2018	2019	2020	2021	2022	2023
<b>Revenue</b>	306,393	295,642	156,636	206,686	334,998	<b>369,309</b>
<b>Adjusted EBITDA <sup>1</sup></b>	145,987	129,644	39,540	72,520	159,510	<b>171,466</b>
<i>as a % of revenue</i>	48%	44%	25%	35%	48%	<b>46%</b>
<b>Investments in R&amp;D and IT <sup>2</sup></b>	31,462	32,164	27,468	32,903	38,066	<b>42,348</b>
<i>as a % of revenue</i>	10%	11%	18%	16%	11%	<b>11%</b>
<b>Funds flow from operations</b>	128,544	111,718	40,560	67,728	134,885	<b>154,472</b>
<b>Cash from operating activities</b>	107,177	108,547	58,583	65,061	104,414	<b>135,033</b>
<b>Net Capital expenditures <sup>3</sup></b>	21,655	22,593	4,719	9,950	33,941	<b>38,002</b>
<b>Free Cash Flow <sup>1</sup></b>	85,522	85,954	53,864	55,111	70,473	<b>97,031</b>
<b>Dividends paid</b>	59,785	63,100	40,420	16,567	29,473	<b>38,535</b>
<b>Share repurchases</b>	921	24,040	9,478	8,432	13,786	<b>27,939</b>
<b>Total Cash <sup>4</sup></b>	203,838	161,016	149,282	158,283	172,434	<b>171,773</b>
<b>Working capital</b>	256,153	183,769	167,366	184,083	213,899	<b>212,561</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>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Net income (loss)</b>	62,944	53,803	5,134	31,925	105,726	<b>95,827</b>
<b>Add:</b>						
Income taxes	29,158	20,193	4,864	11,738	33,405	<b>34,346</b>
Depreciation and amortization	34,855	40,830	34,417	25,689	20,842	<b>27,216</b>
Stock-based compensation	12,313	10,840	4,840	11,523	15,230	<b>11,718</b>
Net interest (income) expense	-	(903)	(867)	1,526	(4,937)	<b>(14,394)</b>
<b>EBITDA</b>	<b>139,270</b>	<b>124,763</b>	<b>48,388</b>	<b>82,401</b>	<b>170,266</b>	<b>154,713</b>
<b>Add:</b>						
Foreign exchange (gain) loss	7,682	2,199	1,113	(2,011)	(2,024)	<b>16,758</b>
Derecognition of onerous lease	-	4,289	(5,757)	-	-	-
Government wage assistance	-	-	(9,941)	(8,208)	-	-
Reorganization costs	-	-	5,554	-	-	-
Net monetary gain	-	(2,887)	(1,874)	(496)	(1,849)	<b>(2,832)</b>
Put option revaluation	-	-	-	381	(5,815)	<b>(149)</b>
Other	(965)	1,280	2,057	453	(1,068)	<b>2,976</b>
<b>Adjusted EBITDA</b>	<b>145,987</b>	<b>129,644</b>	<b>39,540</b>	<b>72,520</b>	<b>159,510</b>	<b>171,466</b>
<b>Free Cash Flow</b>						
<b>Cash from operating activities</b>	107,177	108,547	58,583	65,061	104,414	<b>135,033</b>
<b>Less:</b>						
Net additions to property, plant, & equipment	(17,190)	(20,868)	(4,228)	(9,267)	(33,448)	<b>(36,901)</b>
Deferred development costs	(4,465)	(1,725)	(491)	(683)	(493)	<b>(1,101)</b>
<b>Free Cash Flow</b>	<b>85,522</b>	<b>85,954</b>	<b>53,864</b>	<b>55,111</b>	<b>70,473</b>	<b>97,031</b>