



November 2021

## Investor Presentation

Technology • Deployed • Simply

# Forward-Looking Statements

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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





# Experienced and Diverse 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*



**Jim Howe**

Lead Director  
Chair, Audit Committee  
*Joined Pason Board in 1996*



**Judi Hess**

Director  
*Joined Pason Board in 2015*



**Laura Schwinn**

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*



**Natalie Fenez**  
VP, Legal & Corporate Secretary  
*With Pason since 2017*



**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*



**Reid Wuntke**  
President, Energy Toolbase  
*With Pason since 2019*

# The Data Behind the Drilling Industry

Managing  
end-to-end  
drilling data

Capture

Aggregate

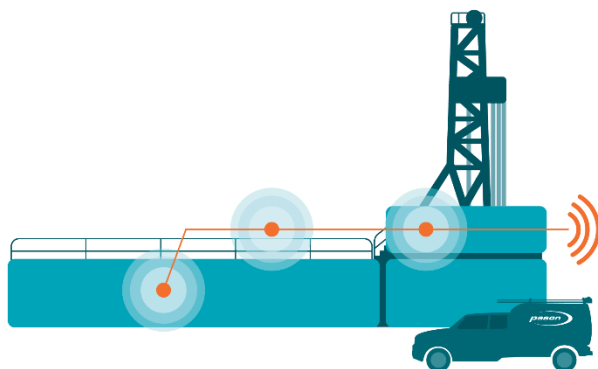
Display

Transmit

Store

Visualize

Leverage



Enabling  
customer  
priorities

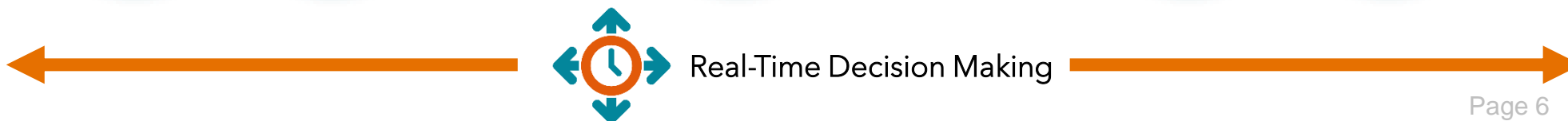
Automation

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



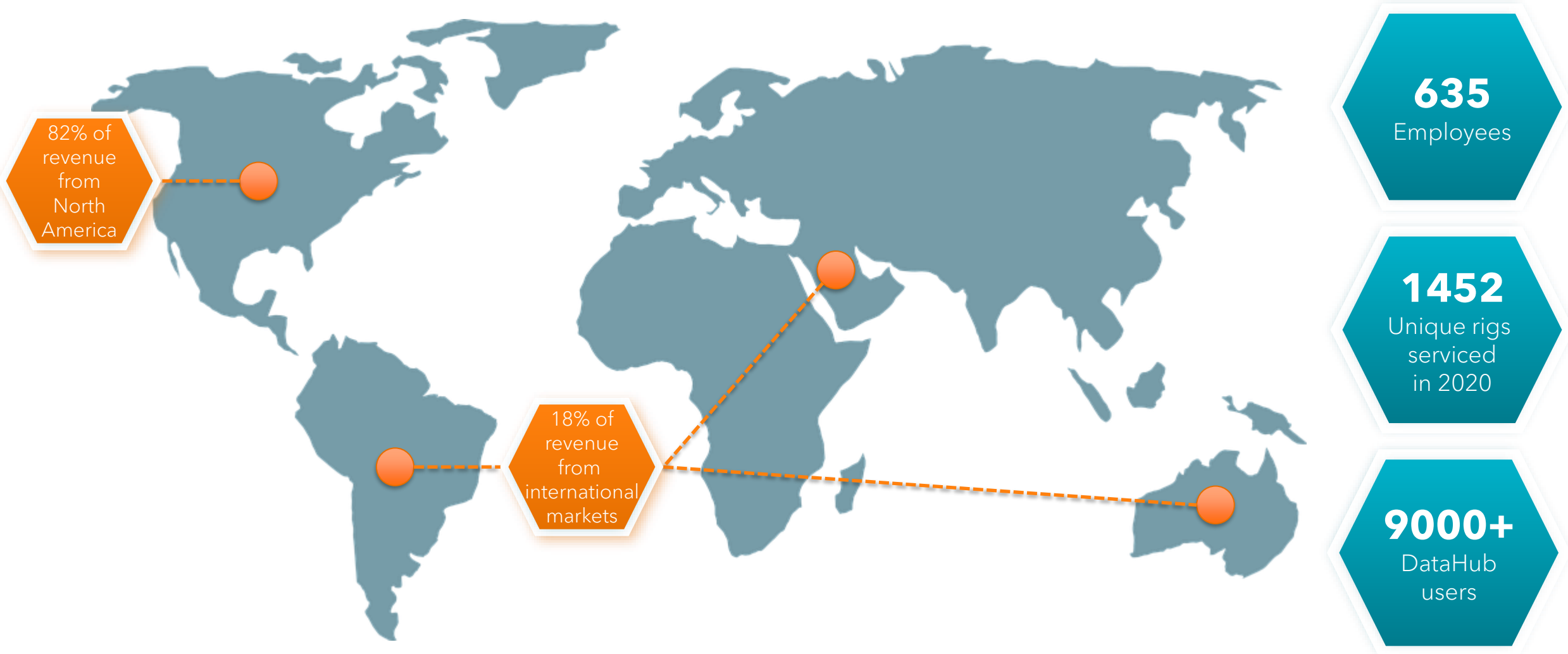
Compliance  
reporting



Warranty  
reporting



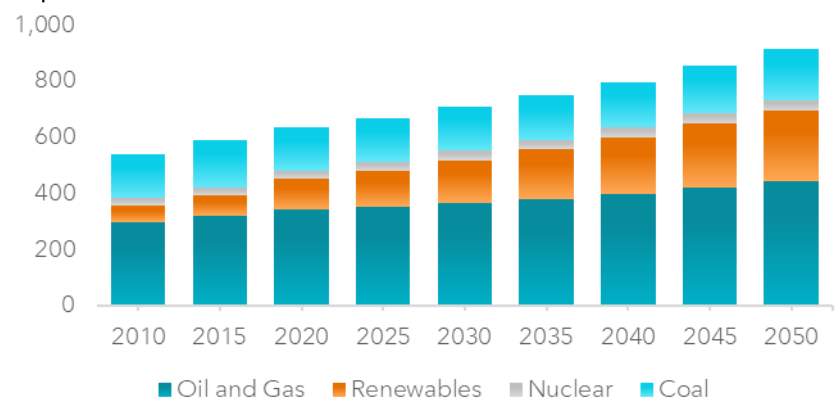
# Global Reach and Market Positioning



# Leading Indicators of US Drilling Activity

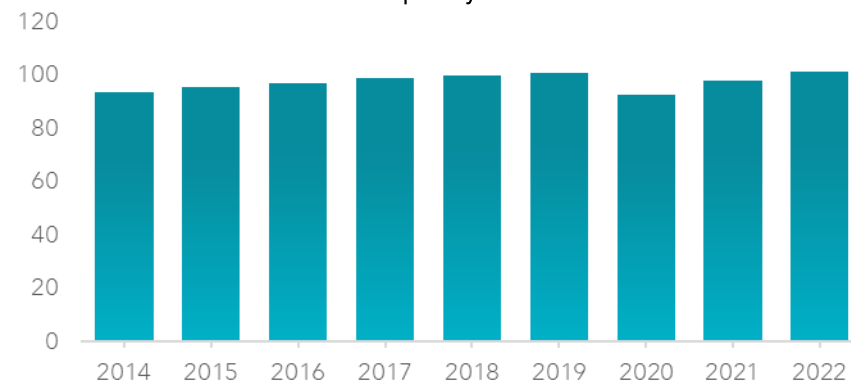
## Long Term Global Energy Demand

in quadrillions of British thermal units



## Short Term Global Crude Oil Demand

in millions of barrels per day



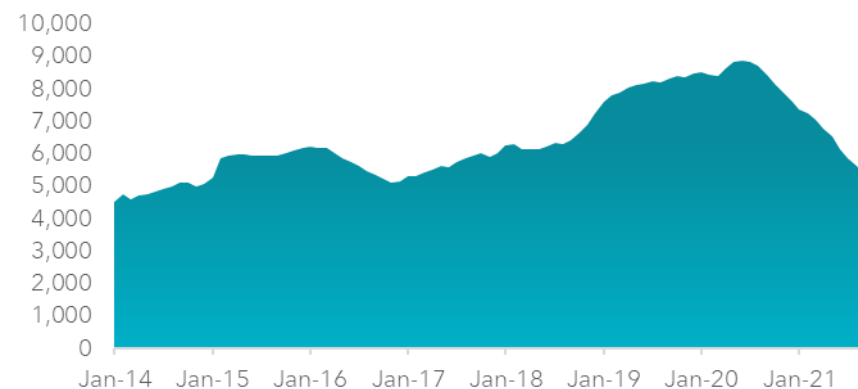
Hydrocarbons continue to be an important part of global demand growth for energy

## US Crude Oil Production

in millions of barrels per day



## US Drilled & Uncompleted Wells (DUCs)



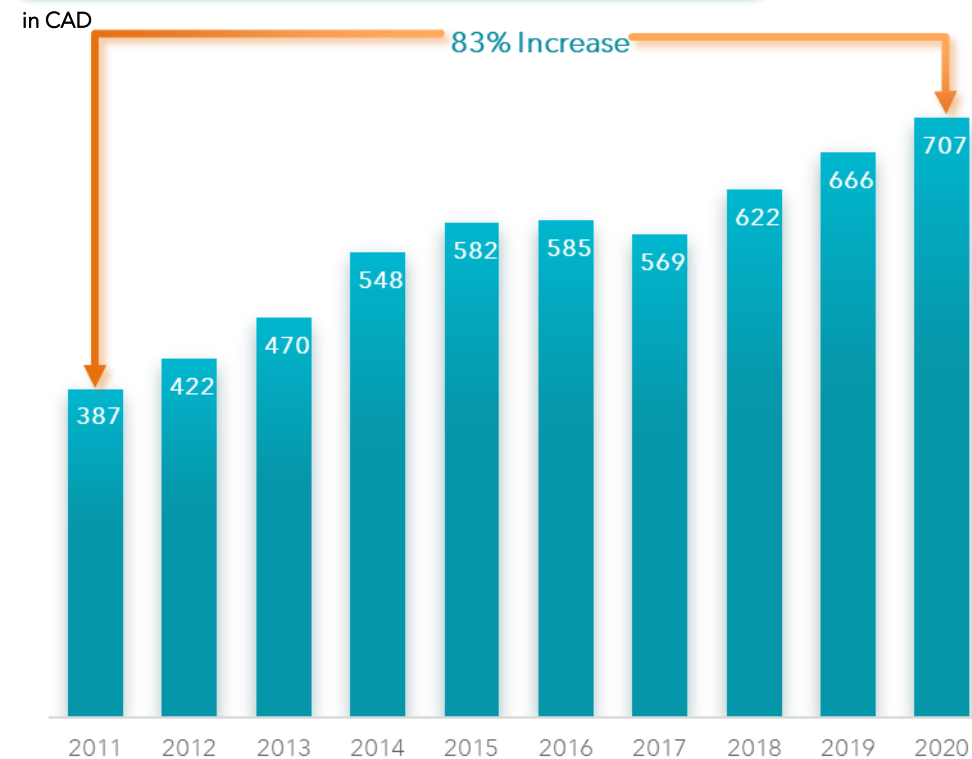
New drilling will be required to offset declines in production and DUCs

# Historical Revenue Performance

North American Land Rig Count vs. Pason Revenue



North American Revenue per Industry Day

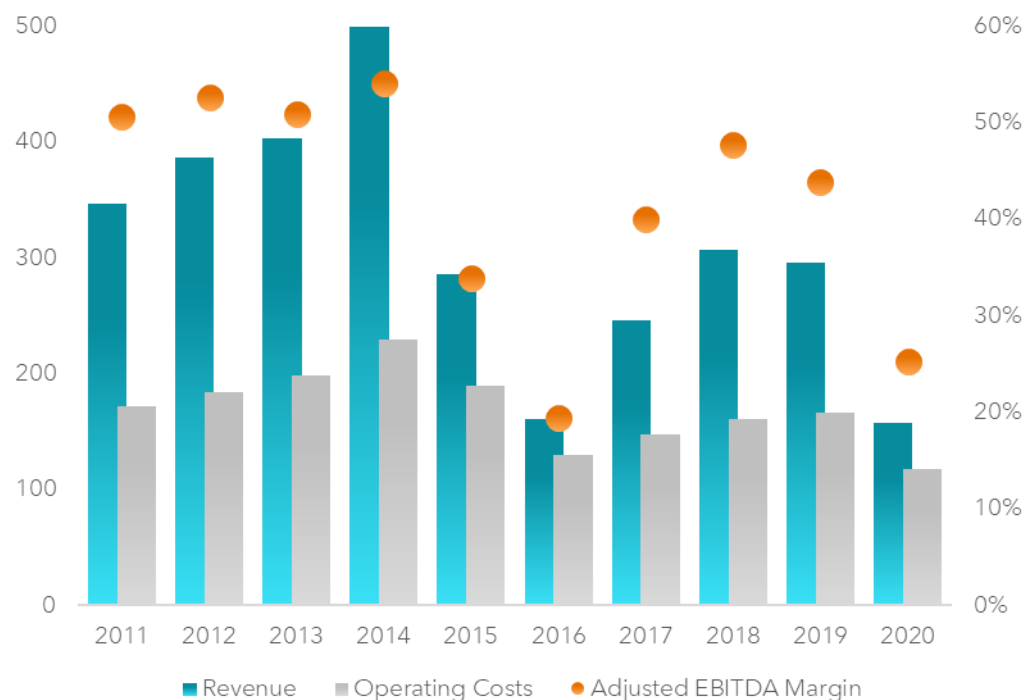


Consolidated revenue is highly correlated to the North American land rig count, while Revenue per Industry Day has grown steadily through industry cycles

# Free Cash Flow Generation

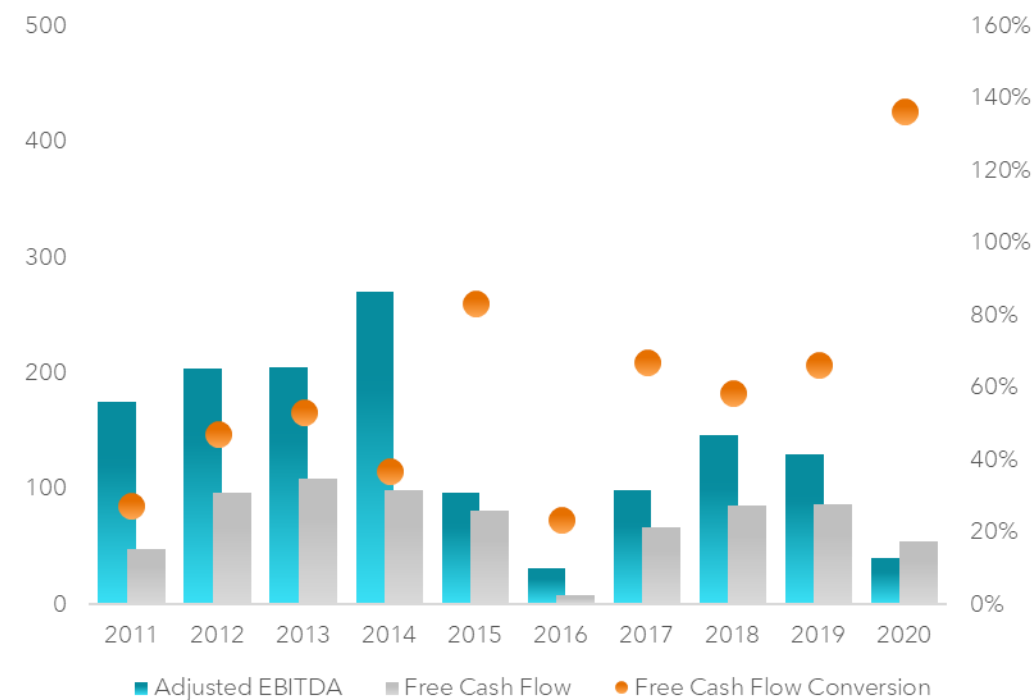
## Adjusted EBITDA

in CAD millions



## Free Cash Flow

in CAD millions



Significant operating leverage drives attractive margins and free cash flow during periods of increasing drilling activity

Adjusted EBITDA and Free Cash Flow are defined in Pason's Management Discussion & Analysis available at [www.sedar.com](http://www.sedar.com).

Operating costs include rental services, local administration, research and development, corporate services and equity loss (income) as outlined in Pason's Financial Statements available at [www.sedar.com](http://www.sedar.com).

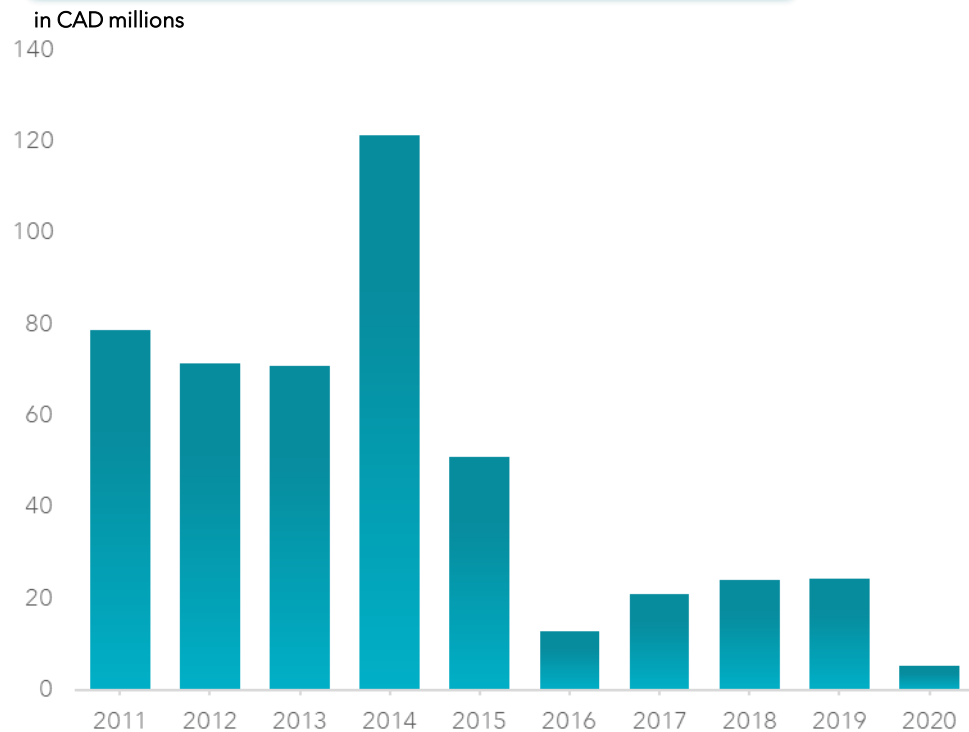
Free Cash Flow and Free Cash Flow Conversion is adjusted for \$117.6 million litigation payment made in 2013.



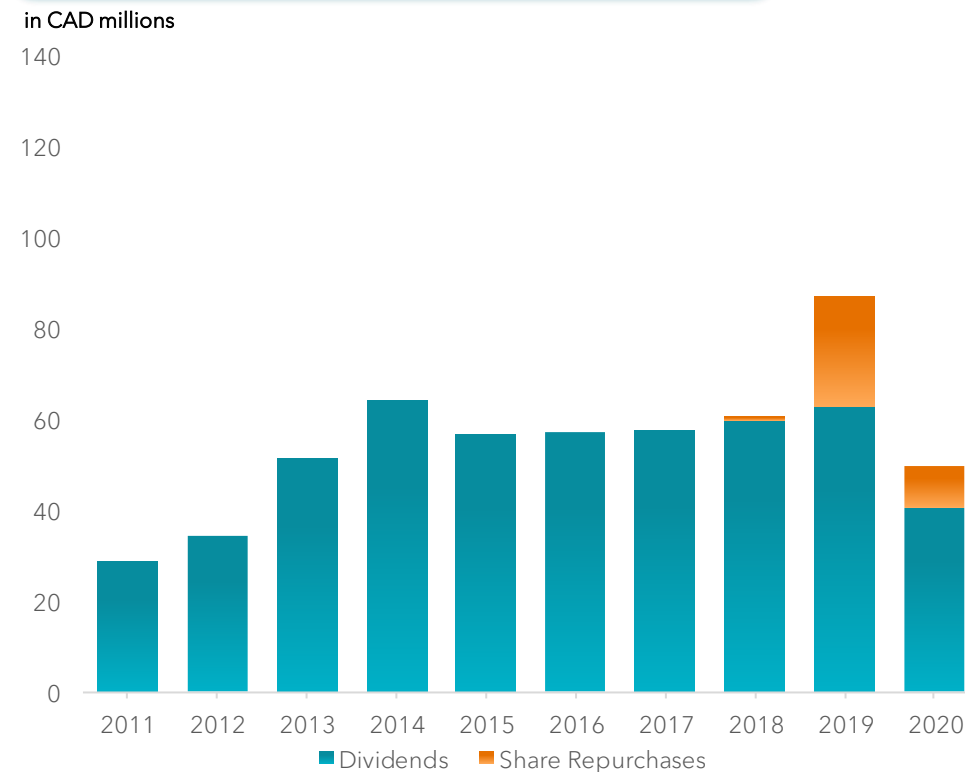
# Capital Allocation



## Capital Expenditures



## Dividends and Share Repurchases



Decreasing capital intensity supports the ability to return capital to shareholders through dividends and share repurchases

# Third Quarter 2021 Highlights



Continued industry activity improvement from the lows in 2020

Record North American Revenue Per Industry Day and growth in international markets

Significant incremental Adjusted EBITDA margins given fixed cost business model

Well positioned balance sheet with no interest bearing debt

**\$58 MILLION**  
IN REVENUE

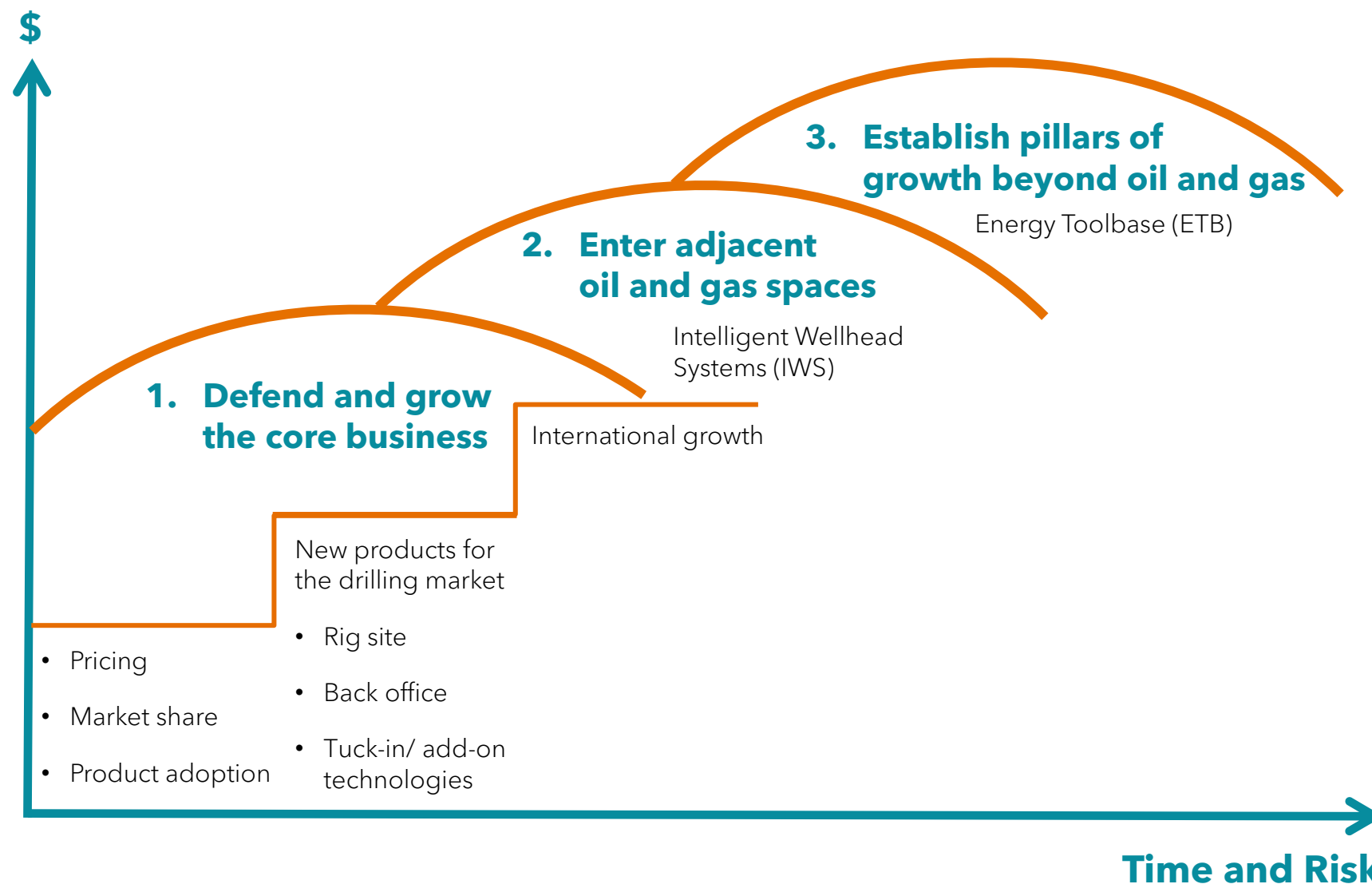
**\$22 MILLION**  
ADJUSTED  
EBITDA

**\$16 MILLION**  
FREE CASH  
FLOW

**\$147M** IN  
CASH WITH  
NO DEBT

Incremental Adjusted EBITDA margin of 68% year over year from Q3 2020 to Q3 2021

# Well-Positioned for Growth



## 2021 PRIORITIES



- Fully participate in the recovery of land-based oil and gas drilling activity
- Further the development and adoption of drilling intelligence and data delivery technologies
- Maintain disciplined approach to operating and capital costs to ensure high incremental margins
- Advance efforts in the completions and solar and energy storage markets through IWS and ETB

# Environmental, Social & Governance

## ENVIRONMENTAL



- Developing products that drive increased drilling efficiency, helping reduce carbon footprint
- Minimizing potential environmental impacts of operations
- 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

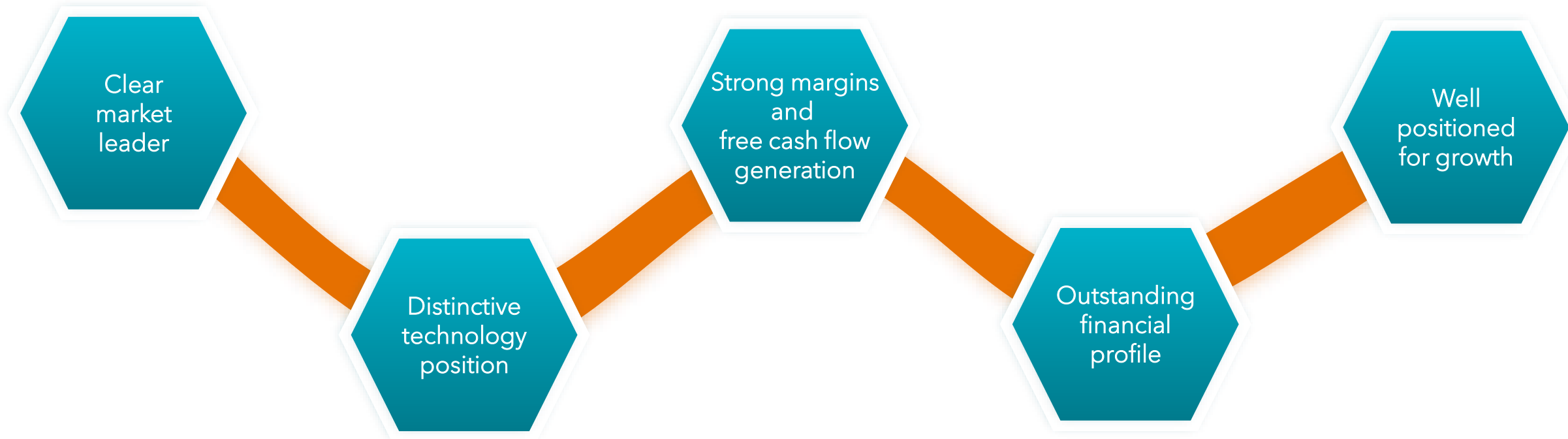
## GOVERNANCE



- 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**

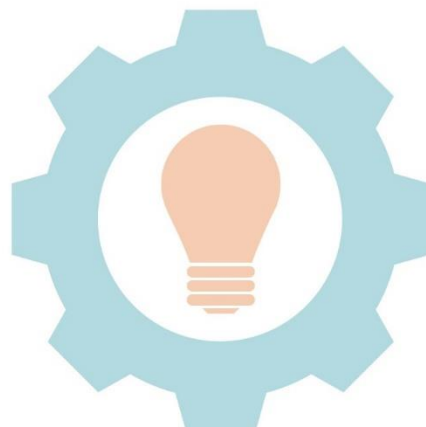
## Pason Systems

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	2015	2016	2017	2018	2019	2020
<b>Revenue</b>	285,148	160,446	245,643	306,393	295,642	<b>156,636</b>
<b>Adjusted EBITDA <sup>1</sup></b>	96,460	31,005	98,224	145,987	129,644	<b>39,540</b>
<i>as a % of revenue</i>	34%	19%	40%	48%	44%	<b>25%</b>
<b>Investments in R&amp;D and IT <sup>2</sup></b>	38,288	25,212	27,615	31,462	32,164	<b>27,468</b>
<i>as a % of revenue</i>	13%	16%	11%	10%	11%	<b>18%</b>
<b>Funds flow from operations</b>	94,263	26,815	87,121	128,544	111,718	<b>40,560</b>
<b>Cash from operating activities</b>	130,076	19,642	85,797	107,177	108,547	<b>58,583</b>
<b>Capital expenditures</b>	50,811	12,856	20,764	23,876	24,178	<b>5,159</b>
<b>Free Cash Flow <sup>1</sup></b>	80,138	7,184	65,831	85,522	85,954	<b>53,864</b>
<b>Dividends paid</b>	56,939	57,338	57,697	59,785	63,100	<b>40,420</b>
<b>Cash &amp; cash equivalents</b>	195,846	146,479	154,129	203,838	161,016	<b>149,282</b>
<b>Working capital</b>	244,972	198,419	193,692	256,153	183,769	<b>167,366</b>
<b>Total interest bearing debt</b>	-	-	-	-	-	<b>-</b>

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

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



# Non-IFRS Reconciliation



\$CAD 000s	2015	2016	2017	2018	2019	2020
<b>Adjusted EBITDA</b>						
<b>Net income (loss)</b>	(14,612)	(40,621)	25,190	62,944	53,803	<b>5,134</b>
<b>Add:</b>						
Income taxes	(2,247)	(17,486)	14,030	29,158	20,193	<b>4,864</b>
Depreciation and amortization	81,381	55,384	45,681	34,855	40,830	<b>34,417</b>
Stock-based compensation	7,398	6,195	11,762	12,313	10,840	<b>4,840</b>
Gain on sale of investment	(2,290)	-	-	-	-	<b>-</b>
Net interest income	-	-	-	-	(903)	<b>(867)</b>
<b>EBITDA</b>	<b>69,630</b>	<b>3,472</b>	<b>96,663</b>	<b>139,270</b>	<b>124,763</b>	<b>48,388</b>
<b>Add:</b>						
Foreign exchange loss (gain)	(3,104)	(1,943)	1,106	7,682	2,199	<b>1,113</b>
Derecognition of onerous lease	-	-	-	-	4,289	<b>(5,757)</b>
Government wage assistance	-	-	-	-	-	<b>(9,941)</b>
Reorganization costs	3,596	10,861	-	-	-	<b>5,554</b>
Impairment charges	26,555	17,474	-	-	-	<b>-</b>
Net monetary gain	-	-	-	-	(2,887)	<b>(1,874)</b>
Other	(217)	1,141	455	(965)	1,280	<b>2,057</b>
<b>Adjusted EBITDA</b>	<b>96,460</b>	<b>31,005</b>	<b>98,224</b>	<b>145,987</b>	<b>129,644</b>	<b>39,540</b>
<b>Free Cash Flow</b>						
<b>Cash from operating activities</b>	<b>130,076</b>	<b>19,642</b>	<b>85,797</b>	<b>107,177</b>	<b>108,547</b>	<b>58,583</b>
<b>Less:</b>						
Net additions to property, plant & equipment	(43,383)	(10,094)	(17,570)	(17,190)	(20,868)	<b>(4,228)</b>
Deferred development costs	(6,555)	(2,364)	(2,396)	(4,465)	(1,725)	<b>(491)</b>
<b>Free Cash Flow</b>	<b>80,138</b>	<b>7,184</b>	<b>65,831</b>	<b>85,522</b>	<b>85,954</b>	<b>53,864</b>