



August 2024

# Investor Presentation

Technology • Deployed • Simply



## Forward-Looking Statements

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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*



**James Bowzer**  
Director  
*Joined Pason Board in 2024*



**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

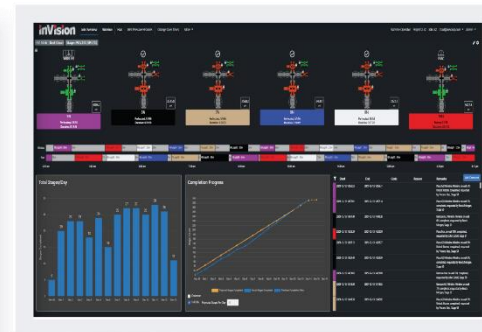
Preferred share investment (\$25 million)

2024

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

Wellsite Automation

Data Aggregation and Management



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

Capture

Aggregate

Display

Transmit

Store

Deliver

Visualize

Leverage

With a superior service model

Intelligent  
Wellhead Systems

pason



Enabling customer priorities

Automation

Safety

Collaboration

Reporting

Analytics



Real-Time Decision Making

# 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



# Proven Financial Strength and Superior Profitability

	2019	2023 <sup>3</sup>	
North American land drilling rigs (average) <sup>1</sup>	1,050	843	-20%
Revenue	\$296 C\$ Millions	\$369 C\$ Millions	+25%
Adjusted EBITDA <sup>2</sup>	\$130 C\$ Millions	\$171 C\$ Millions	+32%
Adjusted EBITDA Margin <sup>2</sup>	43.9%	46.4%	+250bps
Free Cash Flow <sup>2</sup>	\$86 C\$ Millions	\$97 C\$ Millions	+13%
<b>From 2019 to 2023</b>	<b>\$272 million returned to shareholders through dividends &amp; share repurchases</b>		
Total Cash <sup>2</sup> (end of period)	\$161 C\$ Millions	\$172 C\$ Millions	+7%
Interest bearing debt	\$0	\$0	-
Shares Outstanding (end of period)	84.5 Million	79.7 Million	-6%

Improved financial fundamentals despite challenging industry conditions

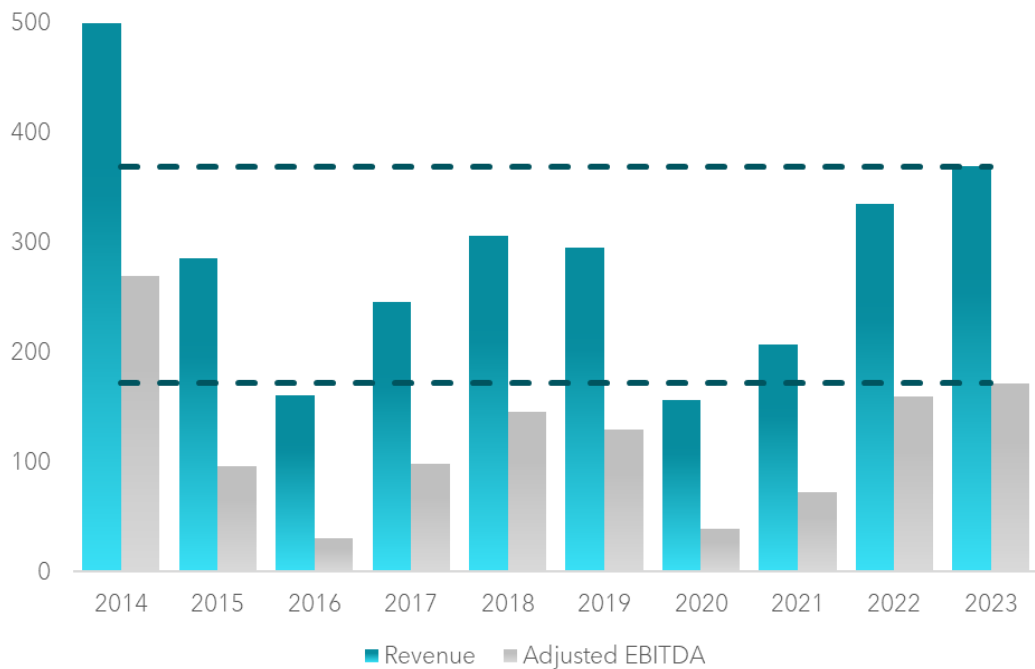
Meaningful shareholder returns & 6% reduction in share count while maintaining strong balance sheet

1. Source: Baker Hughes  
 2. Refer to Non-GAAP measures on page 42 of this presentation.  
 3. Pason did not consolidate IWS' financial results until the IWS Acquisition on January 1, 2024. As such, the numbers in this table do not incorporate full financial results from IWS.

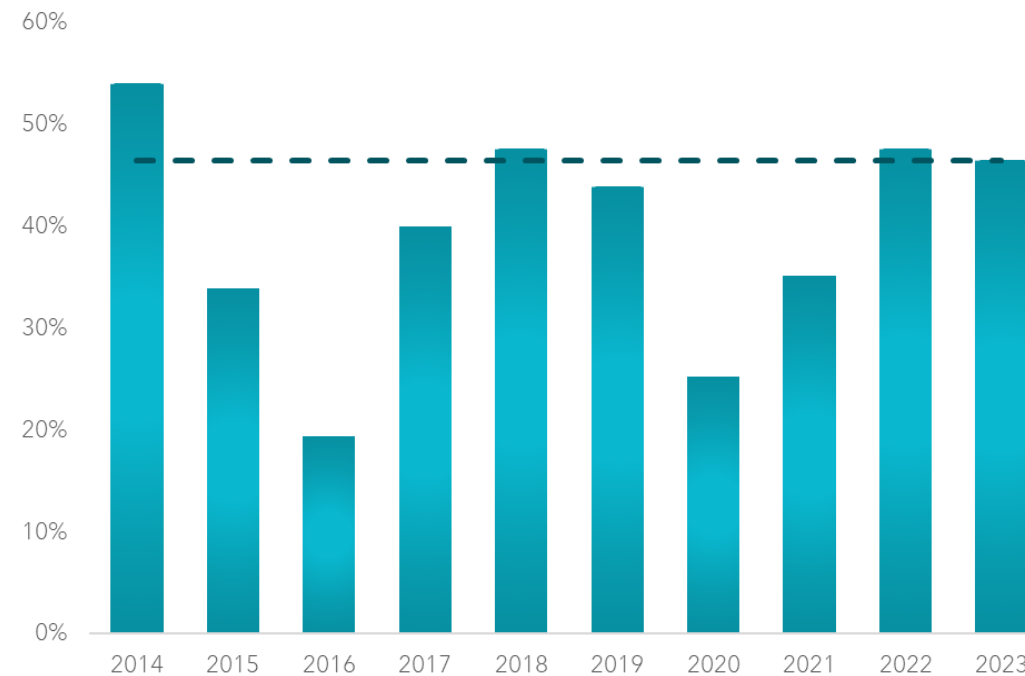
# Revenue and Adjusted EBITDA

Revenue and Adjusted EBITDA \$

in CAD millions



Adjusted EBITDA as a % of Revenue

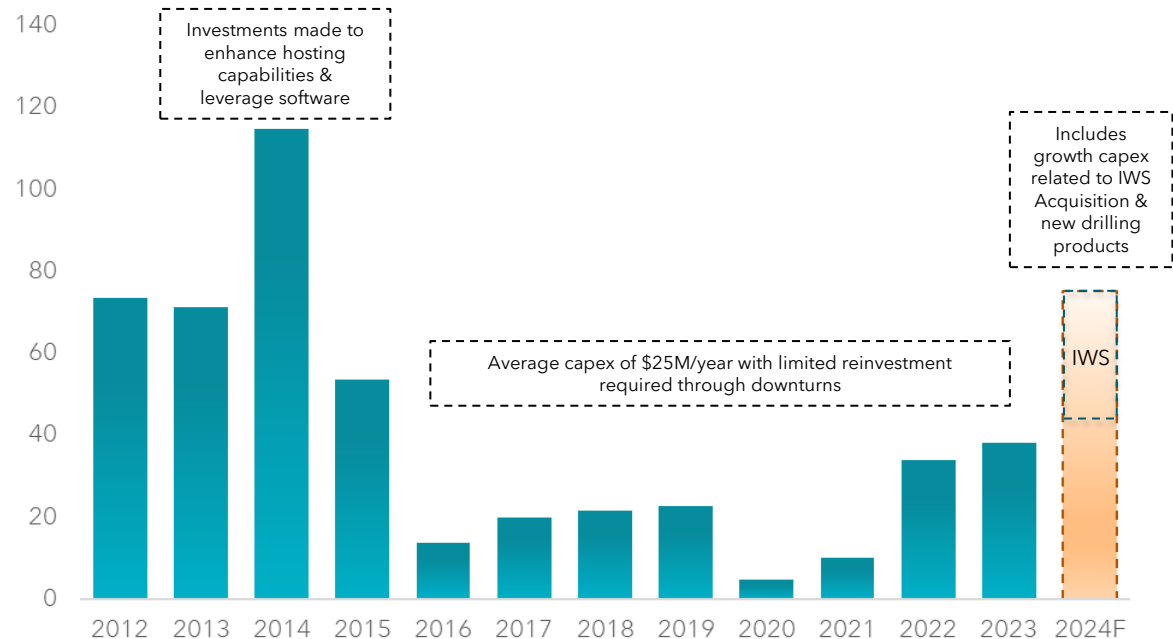


Increasing revenue per day and operating leverage drives attractive margins on lower industry activity

# Disciplined Approach to Invested Capital

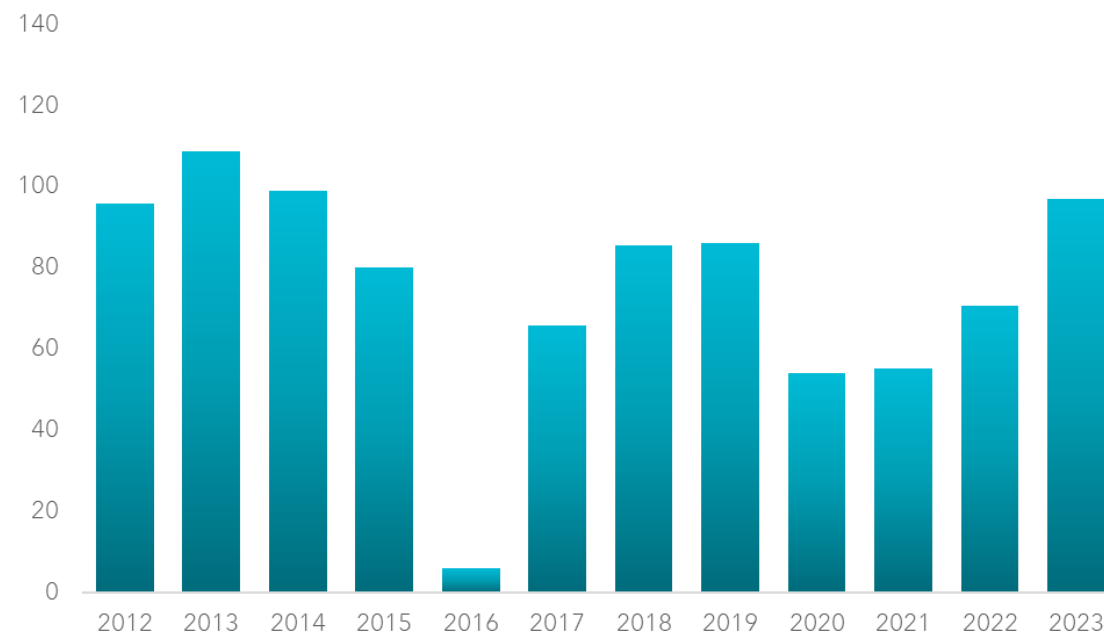
## Net Capital Expenditures<sup>1</sup>

in CAD millions



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

in CAD millions



Strategic investments in high return capital expenditures drive long term free cash flow growth

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. Refer to Non-GAAP measures on page 42 of this presentation.

# Capital Allocation Priorities

## 1 Preserve Balance Sheet Strength

- Managing end market cyclical with operating leverage
- Ability to pursue attractive growth opportunities

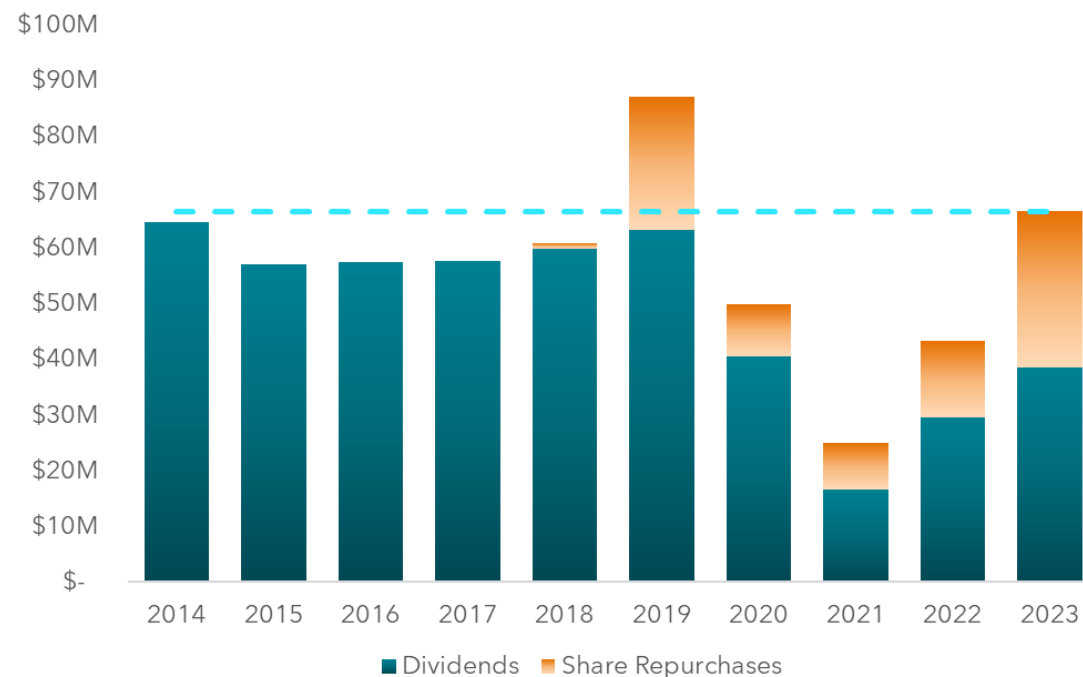
## 2 Disciplined and Sustainable Shareholder Returns

- Exposure to steady growth in the quarterly dividend
- **Current quarterly dividend of \$0.52/share annualized**
- Normal Course Issuer Bid in place since 2018

## 3 Maintain Flexibility to Maximize Returns Over Time

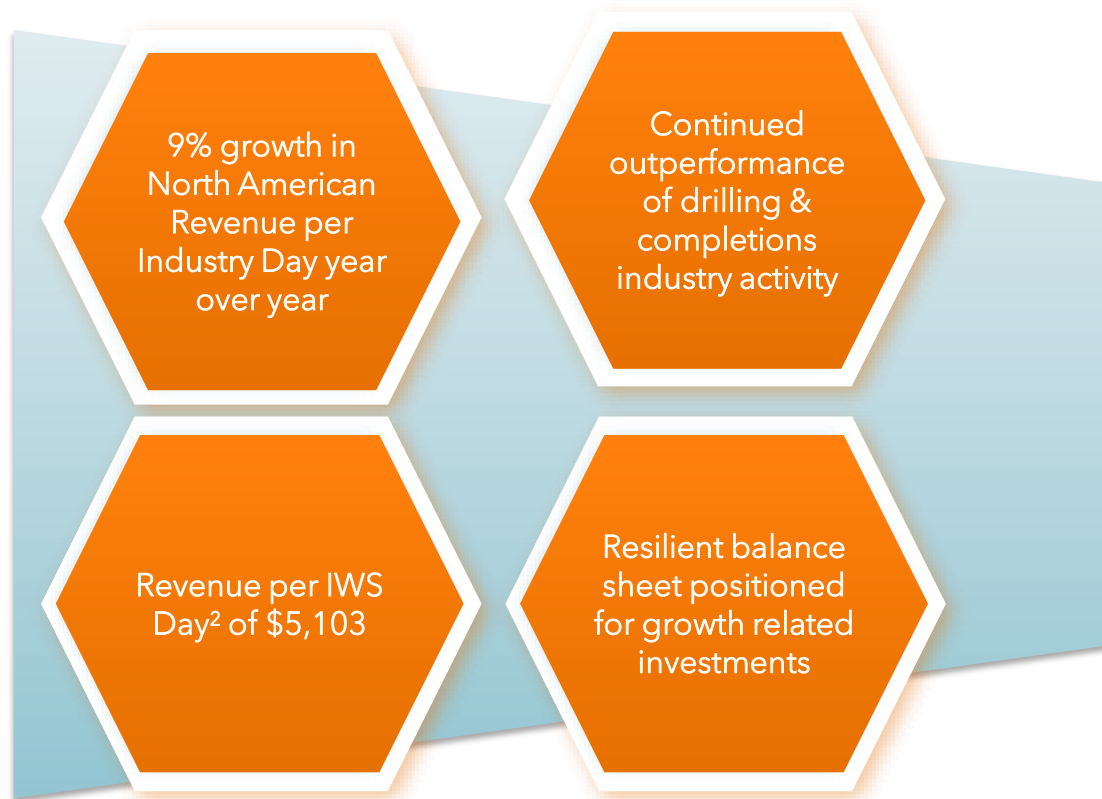
- Share repurchases evaluated in the context of growth opportunities

Shareholder Returns Over Time





# Second Quarter 2024 Highlights



**\$96 MILLION**  
IN REVENUE

**\$33 MILLION**  
ADJUSTED  
EBITDA

**\$8 MILLION**  
FREE CASH  
FLOW

**\$72M** IN  
TOTAL CASH  
WITH NO DEBT

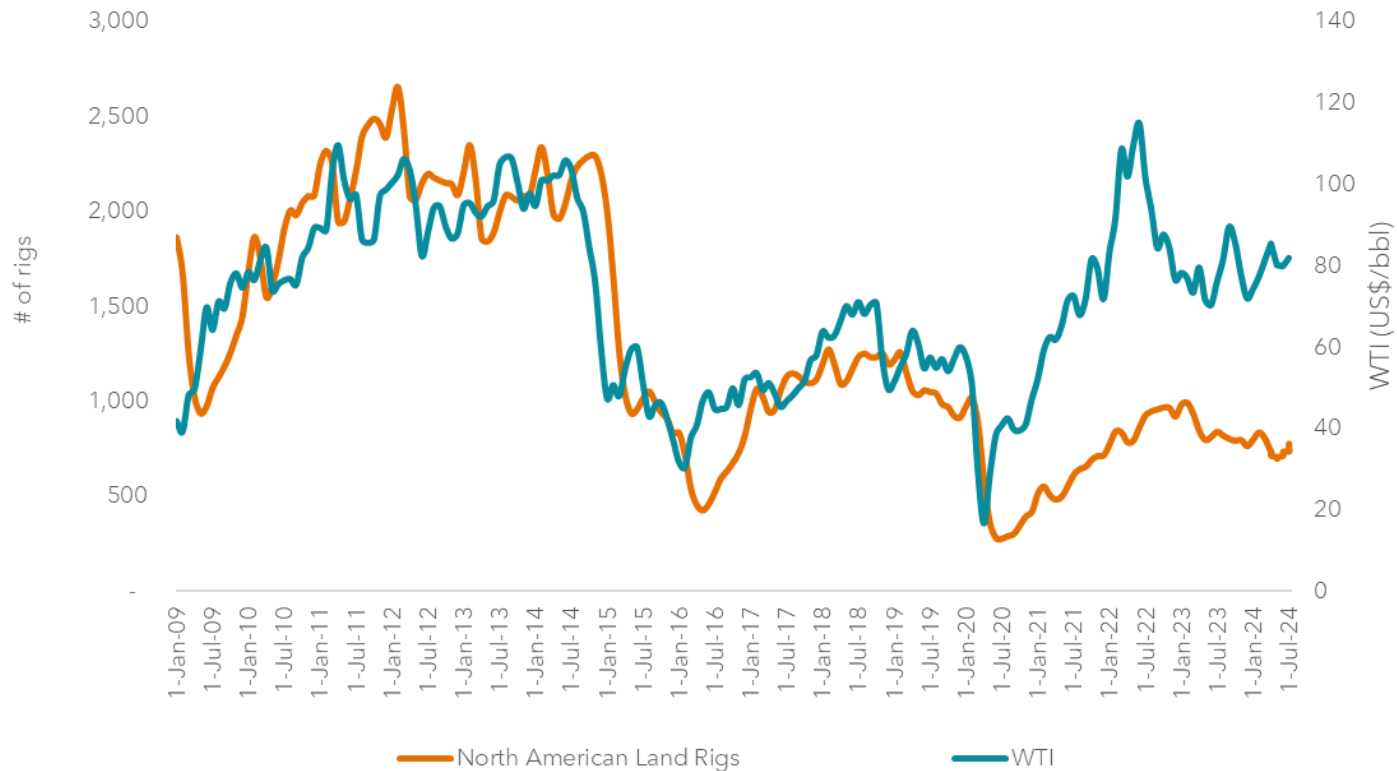
**\$13 MILLION**  
RETURNED TO SHAREHOLDERS

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.

# Expectations of a less volatile industry environment going forward



WTI (US\$/bbl) vs. North American Land Rig Count<sup>1</sup>

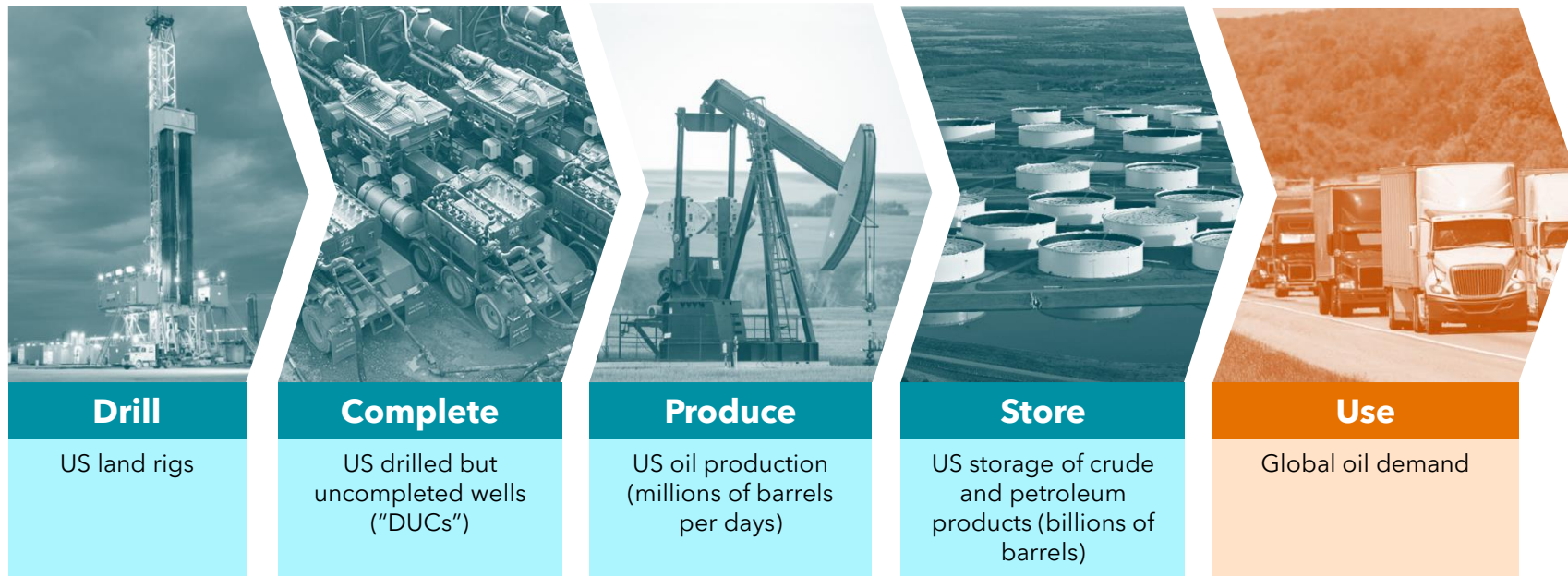


## FACTORS RESULTING IN LOWER VOLATILITY

- Capital discipline and return of capital frameworks among E&P companies
- Limited access to equity financing capital for E&P companies to fund production growth
- No intentions among drilling contractors to build new rigs
- Drawdown of inventory of Drilled but Uncompleted wells (DUCs)
- Lower debt levels among E&P customers

Since 2020, North American land drilling activity has become less volatile than the WTI oil price

# Summary of Key Industry Metrics



	<b>Drill</b> US land rigs	<b>Complete</b> US drilled but uncompleted wells ("DUCs")	<b>Produce</b> US oil production (millions of barrels per days)	<b>Store</b> US storage of crude and petroleum products (billions of barrels)	<b>Use</b> Global oil demand
<b>Current<sup>2</sup></b>	568 rigs	4,510 DUCs	13.3 million barrels	1.67 billion barrels	103.2 million barrels
<b>March '20</b>	770 rigs	8,458 DUCs	13.0 million barrels	1.90 billion barrels	97.7 million barrels
	<b>-26%</b>	<b>-47%</b>	<b>+2%</b>	<b>-12%</b>	<b>+6%</b>

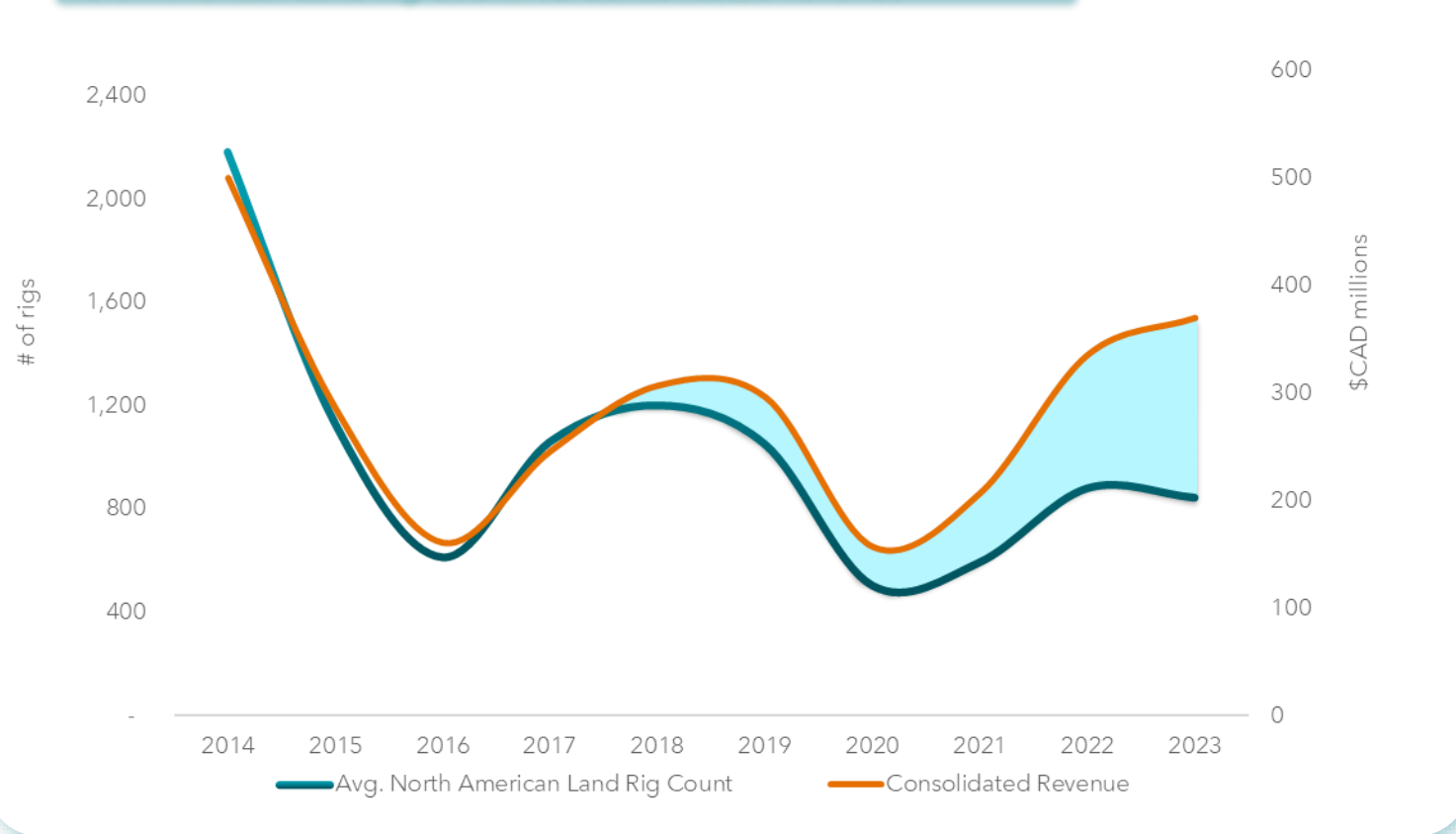
1. Sources: Energy Information Administration (EIA) and Baker Hughes Rig Count.  
 2. As at July 26, 2024.



# Strong growth prospects are not reliant on higher levels of North American land drilling activity



North American Land Rig Count<sup>1</sup> vs. Consolidated Revenue



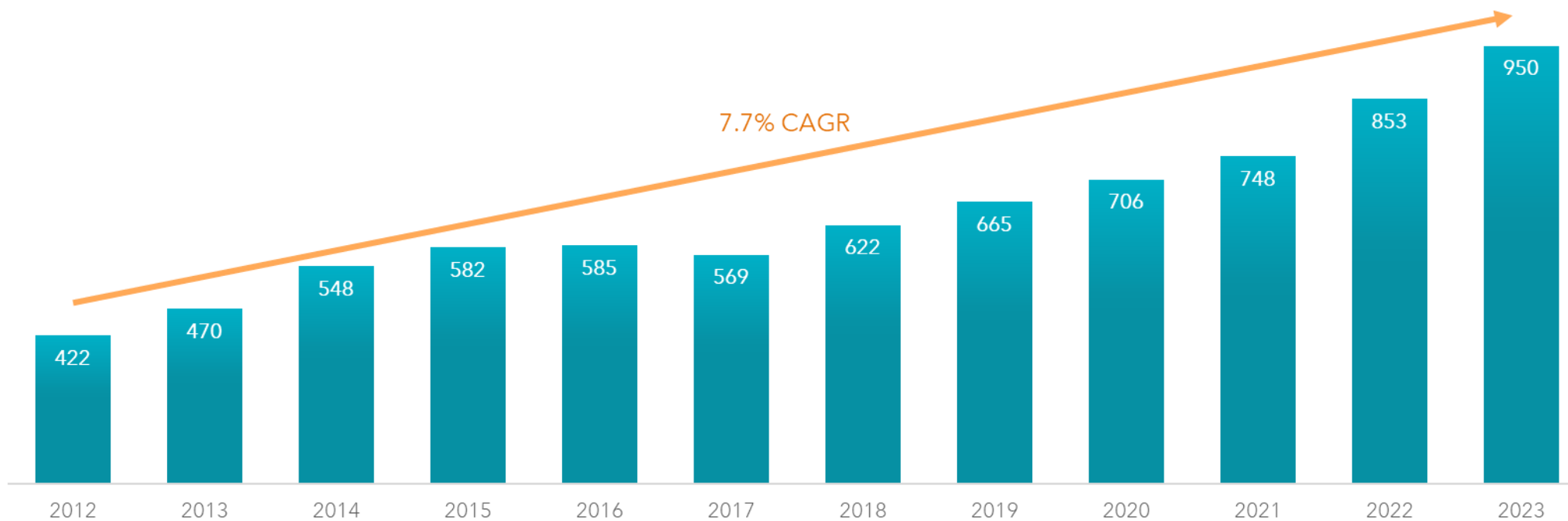
## GROWTH DRIVERS BEYOND INCREASED NORTH AMERICAN LAND DRILLING ACTIVITY

- Increased Revenue per Industry Day in North America, driven by growing use of data-driven technologies (automation and analytics)
- International Drilling revenue growth, driven by increased adoption of more advanced drilling technologies
- Increased revenue from Intelligent Wellhead Systems, driven by increased use of technology in completions market
- Revenue growth from Energy Toolbase, driven by growing demand for energy storage solutions

Pason has demonstrated our ability to outpace underlying drilling activity

# Revenue per Industry Day has grown across industry cycles

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



Primary growth drivers

Increased product adoption driven by well complexity

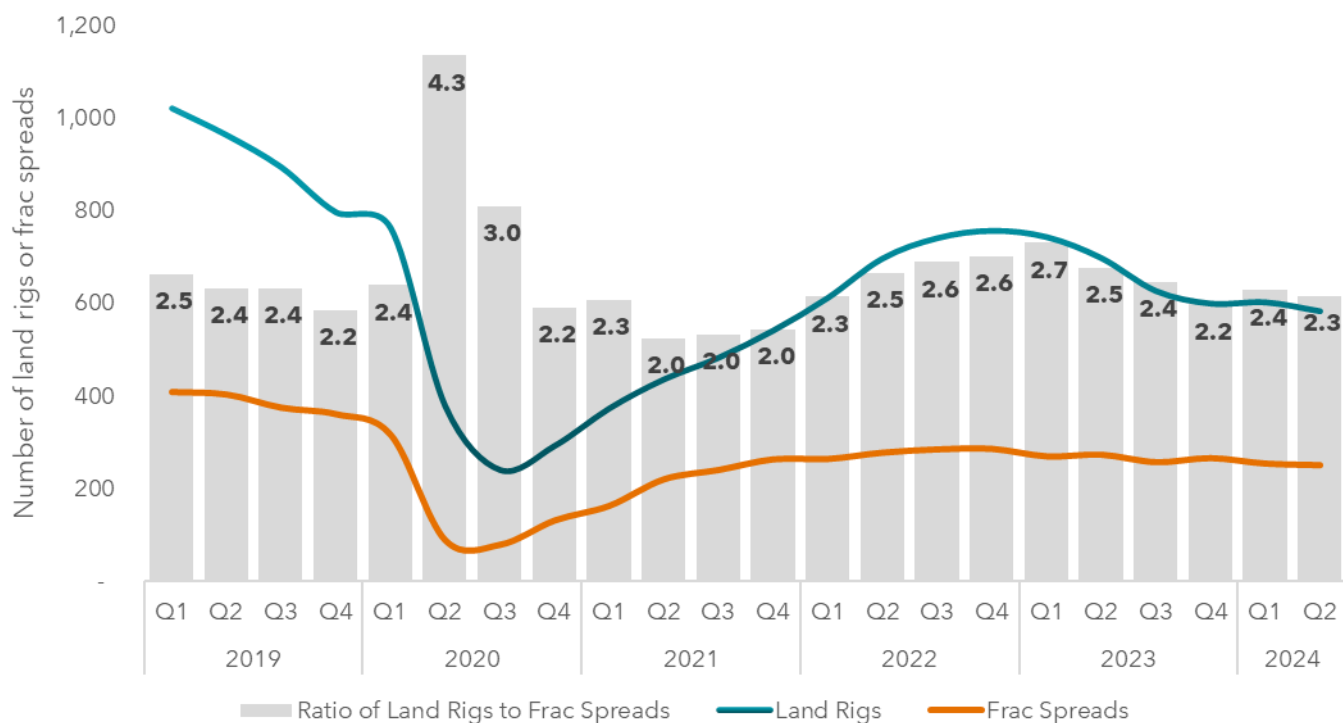
Increased US market share driven largely by large contractor partnerships

Increased product adoption driven by growing demand for data

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. Drilling rig days are calculated by using accepted industry sources.

# Significant Addressable Market in Completions

US Active Land Rigs<sup>1</sup> and Frac Spreads<sup>2</sup>



IWS REVENUE PER  
INDUSTRY DAY<sup>3</sup>  
Q2-2024

C\$5,103

PASON REVENUE  
PER INDUSTRY DAY<sup>3</sup>  
Q2-2024

C\$993

IWS' daily revenue is more than 3x Pason's in a market that has a little more than one-third of the number of active sites as the drilling market

1. Source: Baker Hughes

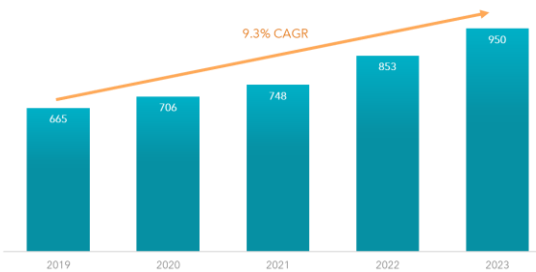
2. Source: Primary Vision

3. Revenue per IWS Day is defined as the total revenue generated by the Completions segment over all IWS active days during the reporting period. IWS active days are calculated by using IWS Active Jobs in the reporting period. 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. Drilling rig days are calculated by using accepted industry sources.

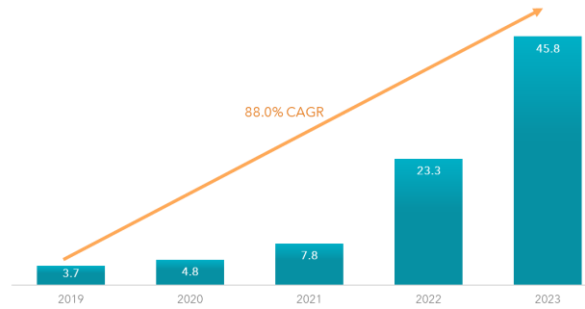
# Well Positioned for Meaningful Growth

## Significant Momentum with Revenue Growth Opportunities...

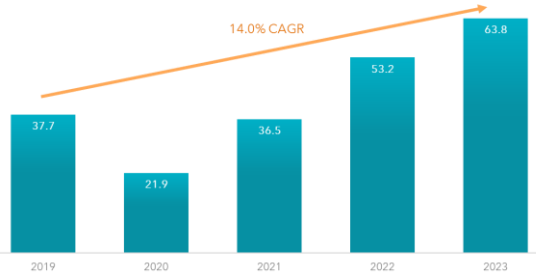
North American Revenue per Industry Day<sup>1</sup>



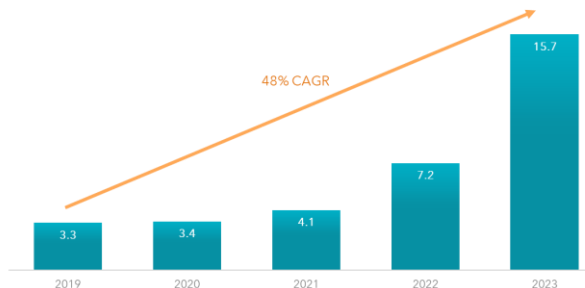
Intelligent Wellhead Systems Revenue



International Drilling Revenue



Energy Toolbase Revenue



## Coupled with...

- Largely fixed cost base with high operating leverage
- Stable capital intensity with targeted growth-related investments



## Resulting in...

- Increased profitability and free cash flow

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. Drilling rig days are calculated by using accepted industry sources.

# 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**

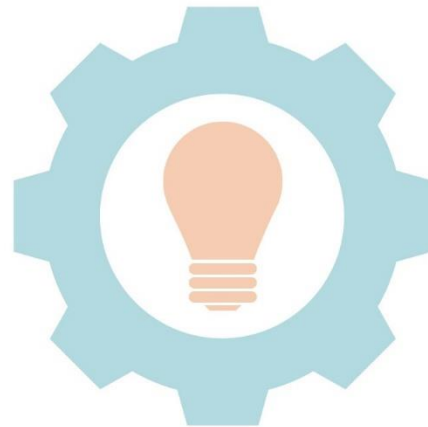
## Pason Systems

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# 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>