

## Management's Discussion and Analysis

The following management's discussion and analysis ("MD&A") has been prepared by management as of April 29, 2021, and is a review of the financial condition and results of operations of Pason Systems Inc. (Pason or the Company) based on International Financial Reporting Standards (IFRS) and should be read in conjunction with the Consolidated Financial Statements for the twelve months ended December 31, 2020 and 2019, accompanying notes, and Pason's Annual Information Form dated March 17, 2021.

The Company uses certain non-IFRS measures to provide readers with additional information regarding the Company's operating performance, ability to generate funds to finance its operations, fund its research and development, capital expenditure program, and pay dividends. These non-IFRS measures are defined under Non-IFRS Financial Measures.

Certain information regarding the Company contained herein may constitute forward-looking statements under applicable securities laws. Such statements are subject to known or unknown risks and uncertainties that may cause actual results to differ materially from those anticipated or implied in the forward-looking statements. For further information, please refer to Forward Looking Information.

All financial measures presented in this report are expressed in Canadian dollars unless otherwise indicated.

### Company Profile

Pason is a leading global provider of specialized data management systems for oil and gas drilling. Pason's solutions, which include data acquisition, wellsite reporting, automation, remote communications, web-based information management, and data analytics enable collaboration between the rig and the office. Pason services major oil and gas basins with a local presence in the following countries: United States, Canada, Argentina, Australia, Bolivia, Brazil, Columbia, Dubai, Ecuador, Mexico, Peru and Saudi Arabia. The Company has an over 40 year track record of distinctive technology and service capabilities offering end-to-end data management solutions enabling secure access to critical drilling operations information and decision making in real time.

Through Energy Toolbase (ETB), the Company also provides products and services for the solar power and energy storage industry. ETB's solutions enable solar and energy storage developers to model, control and measure economics and performance of solar energy and storage projects.

For a complete description of services provided by the Company, please refer to the headings 'General Development of the Business' and 'General Description of Business' in Pason's Annual Information Form for the year ended December 31, 2020.

# Highlights

	Three Months Ended March 31,		
	2021	2020	Change
(CDN 000s, except per share data)	(\$)	(\$)	(%)
Revenue	<b>42,555</b>	73,962	(42)
EBITDA <sup>(1)</sup>	<b>15,673</b>	33,469	(53)
Adjusted EBITDA <sup>(1)</sup>	<b>13,170</b>	33,305	(60)
As a % of revenue	<b>30.9</b>	45.0	(1,410) bps
Funds flow from operations	<b>13,730</b>	26,722	(49)
Per share – basic	<b>0.17</b>	0.32	(47)
Per share – diluted	<b>0.17</b>	0.32	(47)
Cash from operating activities	<b>11,085</b>	25,593	(57)
Capital expenditures	<b>1,849</b>	3,088	(40)
Free cash flow <sup>(1)</sup>	<b>9,176</b>	22,935	(60)
Cash dividends declared (per share)	<b>0.05</b>	0.19	(74)
Net income	<b>3,991</b>	16,552	(76)
Net income attributable to Pason	<b>4,315</b>	16,919	(74)
Per share – basic	<b>0.05</b>	0.20	(74)
Per share – diluted	<b>0.05</b>	0.20	(74)
Total interest bearing debt	—	—	—
Shares outstanding end of period	<b>83,088,941</b>	84,096,000	(1)

(1) Non-IFRS financial measures are defined under Non-IFRS Financial Measures

Pason's financial results for the three months ended March 31, 2021 reflect the Company's strong competitive positioning, prudent balance sheet, and operating leverage as industry conditions continued to improve from the lows experienced in 2020. In comparison to the first quarter of 2020, which reflected pre-pandemic activity levels, financial results in the first quarter of 2021 still reflect ongoing headwinds associated with the COVID-19 pandemic on the oil and gas industry.

Pason generated \$42.6 million in revenue in Q1 2021, a 42% reduction from \$74.0 million generated in the three months ended March 31, 2020. Despite the year over year decline in activity levels and revenue, through disciplined cost management subsequent to the cost restructuring efforts undertaken in the second quarter of 2020, Pason was able to generate \$13.2 million in Adjusted EBITDA, or 30.9% of revenue, in the first quarter of 2021 compared to \$33.3 million or 45.0% of revenue in Q1 2020. Sequentially, Q1 2021 revenue represented an increase of 30% from \$32.8 million generated in Q4 2020 as the Company continued to defend its leading market share position in key markets with improving activity levels. In the quarter, the Company saw some incremental operating costs related to ongoing research and development efforts and equipment repairs to meet increased activity, but continued to see improvements in Adjusted EBITDA margin, from 25.2% in Q4 2020 to 30.9% in Q1 2021.

The Company recorded net income attributable to Pason of \$4.3 million (\$0.05 per share) in the first quarter of 2021 compared to net income attributable to Pason of \$16.9 million (\$0.20 per share) recorded in the corresponding period in 2020. The year-over-year decline is due to the factors and headwinds outlined above.

Pason's balance sheet remains strong with no interest bearing debt and \$151.4 million in cash and cash equivalents as at March 31, 2021 (as at March 31, 2020: \$170.3 million). Pason generated \$13.7 million in funds flow from operations in the first quarter (Q1 2020: \$26.7 million), which was partially offset by investments in working capital to meet improving industry activity levels, resulting in cash generated from operating activities of \$11.1 million (Q1 2020: \$25.6 million). Year-over-year, funds flow from operations and cash from operating activities was negatively impacted by the reduction in activity levels affecting gross profit, offset by the Company receiving government wage subsidies as well as cost savings from the 2020 restructuring.

In the first quarter, Pason remained disciplined on capital expenditures, with \$1.8 million in Q1 2021 which represents a 40% reduction from \$3.1 million in the comparative 2020 period, and as a result generated \$9.2 million of Free Cash Flow (Q1 2020: \$22.9 million). The Company's first quarter results and ability to generate positive Free Cash Flow through the early stages of recovering activity levels is a reflection of the Company's operating leverage, and the decision to retain critical technology and service capabilities through the downturn to be in a position of strength with a prudent balance sheet as activity levels recovered.

## President's Message

The context in which this quarter's message is being written could not feel more different than that of the first quarter a year ago. At this time twelve months ago, we had just come through the last quarter prior to the devastating impacts of the COVID-19 pandemic. Industry activity was falling precipitously as oil prices plummeted and traded at negative prices for the only time in history. Nobody could predict the full extent of the pandemic and how deep the reductions in drilling activity would ultimately be, nor how long they would persist.

While a year-over-year comparison of the 2021 first quarter financial results to those of the comparative period a year ago reflect the differing realities of a pre-pandemic environment in 2020 and an ongoing pandemic in 2021, our industry continues to recover. Our financial results are improving sequentially, and our outlook is increasingly optimistic, albeit tempered with continued uncertainty around ongoing impacts from COVID-19 and the production policy decisions of the OPEC+ nations.

North American land rig counts in the first quarter were down 45% from the prior year period but are up more than 90% from their lowest point in the summer of 2020. Pason's revenue remains highly correlated to North American land drilling activity and, as a result, consolidated first quarter revenue of \$42.6 million was down 42% from the first quarter of 2020. Adjusted EBITDA of \$13.2 million was down 60% from the prior year period, as many of our costs are fixed in nature. Continued discipline on capital expenditures and a strong focus on working capital management helped deliver free cash flow of \$9.2 million in the quarter, also down 60% from 2020 levels. Net income attributable to Pason of \$4.3 million was down 74% year-over-year.

Through the most challenging quarters of the current downturn, we continued to invest in the required technology and service capabilities to grow our competitive position. With these capabilities in place, we have been able to generate strong incremental margins as the industry recovers. Our financial results bottomed in the third quarter of 2020, and since that time we have posted incremental Adjusted EBITDA margins of 73%.

Our competitive position remained strong in the first quarter. In North America, revenue per industry day of \$720 was down 2% year-over-year and was unchanged from the fourth quarter of 2020. International revenue decreased 24% from the prior year period and was up 23% sequentially as industry activity continued to improve across our major operating regions.

We continue to advance our efforts in the solar and energy storage market through Energy Toolbase (ETB). Our economic analysis and proposal generation software package remains a compelling tool for project developers, maintaining a strong subscriber base, and our pipeline of opportunities and bookings for new installations continues to grow for our energy storage control system. We remain focused on developing an integrated platform to enable the modeling, control, and monitoring of energy storage systems.

Our balance sheet remains strong. We ended the first quarter with \$151.4 million of cash and cash equivalents, and \$170.8 million of positive working capital. We are maintaining our quarterly dividend at \$0.05 per share.

Many leading indicators point to continued growth in North American land drilling activity. WTI oil prices, currently in the mid-\$60s, are at levels last seen in early 2019, a full year prior to the COVID-19 pandemic. US land production continues to be approximately 15% lower than pre-pandemic levels. The

inventory of drilled but uncompleted wells (DUCs) continues to steadily decline from its peak in the summer of 2020 and now sits at its lowest level since late 2018. According to the International Energy Agency, oil demand is now at 95% of its pre-COVID highs.

Against this backdrop, industry analysts are now calling for the US land rig count to exit 2021 at approximately 500 rigs and to push toward 600 rigs in 2022. We will ensure we have the necessary people and equipment to meet the expectations of our customers as activity increases. We anticipate certain operating costs will begin to increase in the coming quarters in anticipation of future activity levels, though our incremental margins will remain strong. We continue to expect to spend up to \$15 million in capital expenditures in 2021.

Our product development initiatives continue to be aligned with the efforts of customers to increasingly utilize automation and analytics technologies to improve drilling performance. We remain committed to providing unmatched service quality and technology innovations, and our resolve is strengthened as the industry increasingly looks to better utilize technology in its efforts.

Jon Faber

A handwritten signature in black ink, appearing to read "Jon Faber". The signature is fluid and cursive, with the first letter "J" being particularly large and stylized.

President and Chief Executive Officer  
April 29, 2021

# Discussion of Operations

## Overall Performance

	Three Months Ended March 31,		
	2021	2020	Change
(000s)	(\$)	(\$)	(%)
<b>Revenue</b>			
Drilling Data	22,733	38,671	(41)
Mud Management and Safety	11,511	21,397	(46)
Drilling Intelligence	3,017	5,395	(44)
Communications	2,515	5,078	(50)
Analytics and Other	2,779	3,421	(19)
<b>Total revenue</b>	<b>42,555</b>	<b>73,962</b>	<b>(42)</b>
<b>Operating expenses</b>			
Rental services	16,457	24,781	(34)
Local administration	2,451	4,373	(44)
Depreciation and amortization	7,831	10,414	(25)
	<b>26,739</b>	<b>39,568</b>	<b>(32)</b>
<b>Gross profit</b>	<b>15,816</b>	<b>34,394</b>	<b>(54)</b>
<b>Other expenses</b>			
Research and development	7,116	8,062	(12)
Corporate services	3,032	3,685	(18)
Stock-based compensation expense (recovery)	2,602	(122)	<i>nmf</i>
Other income	(2,182)	(806)	171
	<b>10,568</b>	<b>10,819</b>	<b>(2)</b>
<b>Income before income taxes</b>	<b>5,248</b>	<b>23,575</b>	<b>(78)</b>
Income tax provision	1,257	7,023	(82)
<b>Net income</b>	<b>3,991</b>	<b>16,552</b>	<b>(76)</b>
<b>Adjusted EBITDA <sup>(1)</sup></b>	<b>13,170</b>	<b>33,305</b>	<b>(60)</b>

(1) Non-IFRS financial measures are defined under Non-IFRS Financial Measures

## Changes in Reportable Segments

Prior to the third quarter of 2020, the Company presented three operating segments, based upon the geographic segments of the Company's core business of servicing the oil and gas industry, consisting of Canada, the United States, and International. The United States segment included ETB, which is the operating entity of the Company's solar and energy storage business.

In the third quarter of 2020 the Company streamlined its structure and operations by consolidating its core US and Canadian operations. As a result of this consolidation, along with the continued investment in solar and energy storage business, the Company determined that the prior operating segments no longer reflected how management monitored and evaluated operating results. This conclusion was reached in part due to the fact that solar and energy storage business is distinct from its core business and that anticipated future operating results will be significant enough to warrant a distinct segment, as well as the consolidation of management of North American operations. As such, the Company now reports on the following segments: North America, International, Solar and Energy Storage, and these reportable segments reflect how management allocates resources and assesses the performance of the Company.

All comparative figures have been reclassified to conform to the new presentation.

# North American Operations

	Three Months Ended March 31,		
	2021	2020	Change
(000s)	(\$)	(\$)	(%)
<b>Revenue</b>			
Drilling Data	18,384	33,167	(45)
Mud Management and Safety	9,996	19,164	(48)
Communications	2,249	4,629	(51)
Drilling Intelligence	2,809	5,094	(45)
Analytics and Other	1,141	1,768	(35)
<b>Total revenue</b>	<b>34,579</b>	<b>63,822</b>	<b>(46)</b>
<b>Rental services and local administration</b>	<b>13,920</b>	<b>22,036</b>	<b>(37)</b>
<b>Depreciation and amortization</b>	<b>6,990</b>	<b>9,369</b>	<b>(25)</b>
<b>Segment gross profit</b>	<b>13,669</b>	<b>32,417</b>	<b>(58)</b>

	Three Months Ended March 31,		
	2021	2020	Change
	(\$)	(\$)	(%)
Revenue per Industry day	720	738	(2)

Although North American industry activity continued to recover from the lows experienced in the third quarter of 2020, in comparison to the first quarter of 2020 which represented pre-pandemic activity levels, challenging industry conditions remained. Revenue in the North American business unit was \$34.6 million during the first quarter of 2021, a decrease of 46% from the comparable period in 2020, as average North American land rig count fell 45% during the same comparative periods. In the first quarter, Pason grew Revenue per Industry Day from the low points of the downturn as the Company's competitive position and product adoption remained strong. Year-over-year, North American Revenue per Industry Day was \$720, a decrease of 2% from the comparable period in 2020, primarily due to a strengthening Canadian dollar negatively impacting US dollar source revenue on translation as well as the geographic sales mix within North America. As certain regions within the North American segment experience fluctuations in activity levels due to seasonality, Pason expects Revenue per Industry Day to fluctuate with the relative revenue levels associated within North American regions.

Rental services and local administration decreased by 37% in the first quarter of 2021 over the 2020 comparative period. The decrease in operating costs is attributable to the Company's restructuring efforts undertaken in Q2 2020 to support lower activity levels.

Depreciation and amortization decreased by 25% in the first quarter of 2021 over the 2020 comparative period. The decrease is due to a combination of lower capital expenditures, certain development projects becoming fully amortized in 2020, and the impacts of foreign exchange.

Segment gross profit was \$13.7 million during the first quarter of 2021 compared to \$32.4 million in the 2020 comparative period, representing a 58% decline year-over-year, due to the factors outlined above.

## International Operations

	Three Months Ended March 31,		
	2021	2020	Change
(000s)	(\$)	(\$)	(%)
<b>Revenue</b>			
Drilling Data	4,349	5,504	(21)
Mud Management and Safety	1,515	2,233	(32)
Communications	266	449	(41)
Drilling Intelligence	208	301	(31)
Analytics and Other	726	762	(5)
<b>Total revenue</b>	<b>7,064</b>	<b>9,249</b>	<b>(24)</b>
<b>Rental services and local administration</b>	<b>3,640</b>	<b>5,283</b>	<b>(31)</b>
<b>Depreciation and amortization</b>	<b>836</b>	<b>1,039</b>	<b>(20)</b>
<b>Segment gross profit</b>	<b>2,588</b>	<b>2,927</b>	<b>(12)</b>

The International business unit's revenue decreased by 24% in the first quarter of 2021 over the 2020 comparative period as activity levels in the Company's major international markets also experienced a significant reduction in activity, as was witnessed in North America.

Rental services and local administration decreased by 31% in the first quarter of 2021 over the 2020 comparative period. The decrease in operating costs is attributable to the Company's restructuring efforts undertaken in Q2 2020 to support lower activity levels.

Depreciation and amortization decreased by 20% in the first quarter of 2021 over the 2020 comparative period. The decrease is due to a combination of lower capital expenditures in recent years, several development projects becoming fully amortized in 2020, and the impacts of foreign exchange.

Segment gross profit was \$2.6 million during the first quarter of 2021 compared to \$2.9 million in the 2020 comparative period, due to the factors outlined above.

## Solar and Energy Storage Operations

	Three Months Ended March 31,		
	2021	2020	Change
(000s)	(\$)	(\$)	(%)
<b>Revenue</b>			
Analytics and Other	912	891	2
<b>Total revenue</b>	<b>912</b>	<b>891</b>	<b>2</b>
<b>Operating expenses and local administration</b> <sup>(1)</sup>	<b>1,348</b>	<b>1,835</b>	<b>(27)</b>
<b>Depreciation and amortization</b>	<b>5</b>	<b>6</b>	<b>(17)</b>
<b>Segment gross loss</b>	<b>(441)</b>	<b>(950)</b>	<b>(54)</b>

(1) Included in rental services and local administration in the Condensed Interim Statements of Operations.

Revenue generated by the Solar and Energy Storage business unit was \$0.9 million in both the first quarter of 2021 and the 2020 comparative period, for which the majority is comprised of subscription-based software licenses for the Company's solar energy planning tools. Operating expenses and local administration was \$1.3 million during the first quarter of 2021, a 27% decrease from \$1.8 million during the comparable period primarily due to the effects of foreign exchange and timing of compensation accruals. Segment gross loss was \$0.4 million for the first quarter of 2021 compared to a segment gross loss of \$1.0 million during the 2020 comparable period.

The Solar and Energy Storage business unit incurred the following research and development costs, which are included in research and development in the Condensed Interim Statement of Operations. Consistent with the Company's other reporting segments, research and development costs are excluded from the segment gross loss table above.

	Three Months Ended March 31,		
	2021	2020	Change
(000s)	(\$)	(\$)	(%)
<b>Research and development</b>	<b>1,043</b>	<b>1,003</b>	<b>4</b>

## Corporate Expenses

	Three Months Ended March 31,		
	2021	2020	Change
(000s)	(\$)	(\$)	(%)
Research and development	7,116	8,062	(12)
Corporate services	3,032	3,685	(18)
Stock-based compensation	2,602	(122)	<i>nmf</i>
<b>Total corporate expenses</b>	<b>12,750</b>	<b>11,625</b>	<b>10</b>

Research and development and corporate service expenses in the first quarter of 2021 have decreased by 12% and 18% accordingly, compared to 2020 levels as a result of the Company's cost reduction initiatives undertaken during the second quarter of 2020, and the Company remaining disciplined on cost structure as activity levels improve.

The change in stock-based compensation expense (recovery) is attributable to the change in the Company's share price performance.



## Other Income

	Three Months Ended March 31,		
	2021	2020	Change
(000s)	(\$)	(\$)	(%)
Other (income) expenses			
Government wage assistance	(2,924)	—	<i>nmf</i>
Net monetary gain	(49)	(419)	(88)
Net interest income	(8)	(398)	(98)
Equity loss (income)	329	(244)	<i>nmf</i>
Foreign exchange loss	448	(47)	<i>nmf</i>
Other	22	302	(93)
<b>Total other income</b>	<b>(2,182)</b>	<b>(806)</b>	<b>171</b>

In the first quarter, Pason recognized \$2.9 million in government wage assistance, primarily related to the Canada Emergency Wage Subsidy (CEWS) (Q1 2020: \$nil). In the first quarter, the Company recorded a sequential increase in government wage assistance as the Company trued up previously accrued claim amounts. In April 2021, the Government of Canada announced the extension of the CEWS program to the end of September 2021. The Company awaits further details on eligibility and measurement requirements, but intends to participate through the duration of this program extension as applicable.

Net monetary gain included in other income is a result of applying hyperinflation accounting to the Company's Argentinian subsidiary.

The 98% decrease in net interest income is primarily due to a decrease in the yield on the Company's passive investments.

The equity loss (income) is a result of the Company using the equity method of accounting to account for its investments in Intelligent Wellhead Systems Inc. and the Pason Rawabi joint venture and reflects the current period change in the value of the Company's equity investment.

## Income Tax Provision

During the first quarter of 2021, the Company recorded an income tax provision of \$1.3 million, an 82% decrease compared to the comparative period in 2020. The decrease is primarily attributable to the decrease in income before income taxes, in light of lower activity levels year-over-year.

## Summary of Quarterly Results

Three Months Ended	Jun 30, 2019	Sept 30, 2019	Dec 31, 2019	Mar 31, 2020	Jun 30, 2020	Sep 30, 2020	Dec 31, 2020	Mar 31, 2021
(000s, except per share data)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Revenue	72,894	72,195	68,410	73,962	26,848	23,068	32,758	<b>42,555</b>
EBITDA <sup>(1)</sup>	25,606	33,167	25,555	33,469	4,271	2,348	8,300	<b>15,673</b>
Adjusted EBITDA <sup>(1)</sup>	30,741	31,489	26,615	33,305	(848)	(1,118)	8,201	<b>13,170</b>
Funds flow from operations	23,794	29,899	22,126	26,722	134	4,765	8,939	<b>13,730</b>
Per share – basic	0.28	0.35	0.26	0.32	0.00	0.06	0.11	<b>0.17</b>
Per share – diluted	0.28	0.35	0.26	0.32	0.00	0.06	0.11	<b>0.17</b>
Cash from operating activities	37,938	37,453	24,714	25,593	29,953	5,754	(2,717)	<b>11,085</b>
Free cash flow <sup>(1)</sup>	32,547	33,067	19,955	22,935	29,888	4,141	(3,100)	<b>9,176</b>
Net income (loss)	9,245	15,418	10,096	16,552	(4,799)	(3,957)	(2,662)	<b>3,991</b>
Net income (loss) attributable to Pason	9,245	15,418	10,405	16,919	(4,487)	(3,698)	(2,166)	<b>4,315</b>
Per share – basic	0.11	0.18	0.12	0.20	(0.05)	(0.04)	(0.03)	<b>0.05</b>
Per share – diluted	0.11	0.18	0.12	0.20	(0.05)	(0.04)	(0.03)	<b>0.05</b>

(1) Non-IFRS financial measures are defined in the Management's Discussion and Analysis section.

Pason's quarterly financial results vary quarter to quarter due in part to the seasonality of the oil and gas industry in the North American business unit, which is somewhat offset by the less seasonal nature of the International and Solar and Energy Storage business units. The first quarter is generally the strongest quarter for the North American business unit due to strong activity in Canada, where location access is best during the winter. The second quarter is typically the slowest due to spring break-up in Canada, when many areas are not accessible due to ground conditions, and, therefore, do not permit the movement of heavy equipment. Activity generally increases in the third quarter, depending on the year, as ground conditions have often improved and location access becomes available; however, a rainy summer can have a significant adverse effect on drilling activity. By the fourth quarter, access to most areas in Canada becomes available when the ground freezes. Consequently, the performance of the Company may not be comparable quarter to consecutive quarter, but should be considered on the basis of results for the whole year, or by comparing results in a quarter with results in the corresponding quarter for the previous year.

The overall seasonality of the Company's operations has, and will continue to become less pronounced as a result of market share growth internationally and in the US, along with increased diversification of operations with the Company's Solar and Energy Storage business units. Furthermore, as noted herein and specifically as it relates to results starting in Q2 2020, quarterly results will vary significantly due to the drastic impacts of the global COVID-19 pandemic on the oil and gas industry.

### Q1 2021 vs Q4 2020

Following the historic lows in industry activity in Q3 2020, North America and International rig counts increased throughout the fourth quarter of 2020 and this continued into the first quarter of 2021. Consolidated revenue was \$42.6 million in the first quarter of 2021, a 30% increase compared to consolidated revenue of \$32.8 million in the fourth quarter of 2020.

Revenue in the North American business unit was \$34.6 million in the first quarter of 2021, a 31% increase compared to revenue of \$26.3 million in the fourth quarter of 2020. The increase in revenue is attributable to a 33% increase in North American industry days as industry fundamentals continued to improve, partially offset by the impact of a strengthening Canadian dollar for US dollar source revenue.

The International business unit reported revenue of \$7.1 million in the first quarter of 2021, a 23% increase compared to revenue of \$5.7 million in the fourth quarter of 2020. The increase in revenue is attributable to a global increase in drilling activity, partially offset by heavy rains in Australia, which caused several rigs to temporarily suspend operations.

Gross profit was \$15.8 million in the first quarter of 2021, a 76% increase compared to gross profit of \$9.1 million in the fourth quarter of 2020. Adjusted EBITDA was \$13.2 million in the first quarter of 2021 compared to \$8.2 million during the fourth quarter of 2020. The increase in gross profit and Adjusted EBITDA is mainly due to the \$9.8 million increase in revenue, which offset certain incremental costs associated with ongoing research and development activities and equipment repairs to meet increased activity levels. The first quarter continues to demonstrate Pason's operating leverage as the Company began to absorb its fixed cost base with improving activity levels.

Accordingly, cash from operating activities was \$11.1 million in the first quarter of 2021, compared to a cash outflow of \$2.7 million in the fourth quarter of 2020.

The Company recorded net income attributable to Pason in the first quarter of 2021 of \$4.3 million (\$0.05 per share) compared to a net loss attributable to Pason of \$2.2 million (\$0.03 per share) in the fourth quarter of 2020. The 2021 first quarter results benefited from the increased activity levels as noted above, while the fourth quarter of 2020 included a \$1.8 million charge resulting from the revaluation of a put option obligation.

## Liquidity and Capital Resources

As at	March 31, 2021	December 31, 2020	Change
(000s)	(\$)	(\$)	(%)
Cash and cash equivalents	151,427	149,282	1
Working capital	170,765	167,366	2
Total assets	360,481	361,416	—
Total interest bearing debt	—	—	—

Throughout the downturn, Pason managed to preserve its strong balance sheet with no interest bearing debt and \$151.4 million in cash and cash equivalents as March 31, 2021. In the first quarter, Pason saw an increase in working capital from \$167.4 million at December 31, 2020, to \$170.8 million at March 31, 2021, primarily driven by increased accounts receivable as activity levels have improved, and partially offset by the impact of the strengthening Canadian dollar on US dollar source working capital. As industry conditions improve, Pason remains focused on disciplined management of required investments in working capital.

The Company has an undrawn \$5.0 million demand revolving credit facility available as at March 31, 2021, consistent with December 31, 2020.

## Cash Flow Statement Summary

Three months ended March 31,	2021	2020	Change
(000s)	(\$)	(\$)	(%)
Funds flow from operations	13,730	26,722	(49)
Cash from operating activities	11,085	25,593	(57)
Cash used in financing activities	(4,781)	(20,431)	(77)
Cash used in investing activities	(1,909)	(7,658)	(75)
Capital expenditures	1,849	3,088	(40)
As a % of funds flow <sup>(1)</sup>	13.5 %	11.6 %	190 bps

(1) Calculated by dividing capital expenditures by funds flow from operations.

## Cash from operating activities

Funds flow from operations decreased by 49% in the first quarter of 2021 over the 2020 comparative period due to the reduction in activity levels experienced by the Company year-over-year, partially offset by the Company's reduced cost structure in the first quarter of 2021 and the government wage assistance received by the Company. Cash from operating activities decreased by 57% in the first quarter of 2021 over the 2020 comparative period due to the reduction in funds flow from operations, and further driven by the investments made in working capital in Q1 2021 as activity levels improved.

## Cash used in financing activities

Cash used in financing activities was \$4.8 million during the first quarter of 2021, a 77% decline over the comparative period in 2020. The decline is primarily driven by the reduction in the quarterly dividend as outlined further below.

### Dividend

During the first quarter of 2021, the Company declared and paid dividends to holders of common shares totalling \$4.2 million (Q1 2020 - \$16.0 million), or \$0.05 per share (Q1 2020 - \$0.19 per share). In light of the COVID-19 pandemic and related uncertainty surrounding the outlook for industry activity, on August 6, 2020, Pason announced a reduced quarterly dividend from an annualized \$0.76 per share to \$0.20 per share, preserving approximately \$46.5 million in cash on an annualized basis.

### Normal Course Issuer Bid (NCIB)

In 2020, the Company renewed its NCIB commencing on December 18, 2020, and expiring on December 17, 2021. Under the current NCIB, the Company may purchase for cancellation, from time to time, as the Company considers advisable, up to a maximum of 4,149,047 common shares, which represents 10% of the applicable public float.

The actual number of common shares that may be purchased for cancellation and the timing of any such purchases will be determined by the Company, subject to a maximum daily purchase limitation of 83,393 common shares. The Company may make one block purchase per calendar week that exceeds the daily purchase restriction.

During the first quarter of 2021, the Company did not repurchase any common shares for cancellation. During the first quarter of 2020, the Company repurchased 442,000 common shares for cancellation for a total cash consideration of \$3.8 million. The total consideration is allocated between share capital and retained earnings.

Pason continues to assess capital allocation on an ongoing basis taking into account, among other considerations, the Company's financial position, operating results, and industry outlook. Pason will continue to balance the Company's commitment to shareholder returns while preserving financial strength to support long-term success.

## Cash used in investing activities

Net cash used in investing activities was \$1.9 million during the first quarter of 2021, a 75% decline over the comparative period in 2020. The decline is primarily driven by the Company's \$5.0 million obligation under put option paid out in the first quarter of 2020, along with a reduction in capital expenditures in light of lower activity levels, resulting in a 40% reduction in capital expenditures year-over-year.

## Contractual Obligations

As at March 31, 2021	Less than 1 year	1–3 years	Thereafter	Total
(000s)	(\$)	(\$)	(\$)	(\$)
Operating leases and other contracts	3,794	4,939	2,299	11,032

Contractual obligations relate primarily to minimum future lease payments required primarily for operating leases of certain facilities. A portion of these future obligations have been recognized on the balance sheet as a leased asset and a corresponding liability, in accordance with IFRS 16, Leases.

## Disclosure of Outstanding Share and Options Data

As at March 31, 2021, there were 83,088,941 common shares and 3,566,071 options issued and outstanding. As at April 29, 2021, there were 83,088,941 common shares and 3,566,071 options issued and outstanding.

## Impact of Hyperinflation

Due to various qualitative and quantitative factors, Argentina was designated a hyper-inflationary economy as of the second quarter of 2018 for accounting purposes. As such, the Company has applied accounting standards IAS 21, The Effects of Changes in Foreign Exchange, and IAS 29, Financial Reporting in Hyper-Inflationary Economies its Condensed Consolidated Interim Financial Statements for its Argentinian operating subsidiary. The Company's Condensed Consolidated Interim Financial Statements are based on the historical cost approach in IAS 29.

The impact of applying IAS 21 to the operating results of the Argentina subsidiary for the first quarter of 2021 are detailed as follows:

### Impact on IFRS Measures

	Three Months Ended March 31,		
	2021	2020	Change
(000s)	(\$)	(\$)	(%)
Increase in revenue	269	93	189
(Increase) in rental services and local administration expenses	(118)	(55)	115
(Increase) in depreciation expense	(233)	(144)	62
<b>(Decrease) in segment gross profit</b>	<b>(82)</b>	<b>(106)</b>	<b>(23)</b>
Net monetary gain presented in other expenses	49	419	(88)
Other expenses	—	(11)	<i>nmf</i>
(Increase) in income tax provision	(32)	(12)	167
<b>(Decrease) increase in net income</b>	<b>(65)</b>	<b>290</b>	<i>nmf</i>

### Impact on Non-IFRS Measures

	Three Months Ended March 31,		
	2021	2020	Change
(000s)	(\$)	(\$)	(%)
Increase in revenue	269	93	189
(Increase) in rental services and local administration expenses	(118)	(55)	115
Net monetary gain presented in other expenses	49	419	(88)
(Increase) in other expenses	—	(11)	<i>nmf</i>
<b>Increase in EBITDA</b>	<b>200</b>	<b>446</b>	<b>(55)</b>
Elimination of net monetary gain presented in other expenses	(49)	(419)	(88)
Elimination of other expenses	—	11	<i>nmf</i>
<b>Increase in Adjusted EBITDA</b>	<b>151</b>	<b>38</b>	<b>297</b>

## Additional IFRS Measures

In its Condensed Consolidated Interim Financial Statements, the Company uses certain additional IFRS measures. Management believes these measures provide useful supplemental information to readers.

### Funds flow from operations

Management believes that funds flow from operations, as reported in the Condensed Consolidated Interim Statements of Cash Flows, is a useful additional measure as it represents the cash generated during the period, regardless of the timing of collection of receivables and payment of payables. Funds flow from operations represents the cash flow from continuing operations, excluding non-cash items. Funds flow from operations is defined as net income adjusted for depreciation and amortization expense, non-cash, stock-based compensation expense, deferred taxes, and other non-cash items impacting operations.

### Cash from operating activities

Cash from operating activities is defined as funds flow from operations adjusted for changes in working capital items.

## Non-IFRS Financial Measures

These definitions are not recognized measures under IFRS, and accordingly, may not be comparable to measures used by other companies. Management believes these non-IFRS measures provide readers with additional information regarding the Company's operating performance, and ability to generate funds to finance its operations, fund its research and development and capital expenditure program, and return capital to shareholders through dividends or share repurchases.

### Revenue per Industry day

Revenue per Industry day is defined as the daily revenue generated from all products that the Company is renting over all active drilling rig days in the North American market. This metric provides a key measure of the Company's ability to evaluate and manage product adoption, pricing, and market share penetration. Drilling days are calculated by using accepted industry sources.

### EBITDA and Adjusted EBITDA

EBITDA is defined as net income before interest income and expense, income taxes, stock-based compensation expense, and depreciation and amortization expense.

Adjusted EBITDA is defined as EBITDA, adjusted for foreign exchange, impairment of property, plant, and equipment, restructuring costs, net monetary adjustments, government wage assistance, revaluation of put obligation, and other items, which the Company does not consider to be in the normal course of continuing operations.

Management believes that EBITDA and Adjusted EBITDA are useful supplemental measures as they provide an indication of the results generated by the Company's principal business activities prior to the consideration of how these results are taxed in multiple jurisdictions, how the results are impacted by foreign exchange or how the results are impacted by the Company's accounting policies for equity-based compensation plans.

## Reconcile Net Income to EBITDA

Three Months Ended	Jun 30, 2019	Sept 30, 2019	Dec 31, 2019	Mar 31, 2020	Jun 30, 2020	Sep 30, 2020	Dec 31, 2020	Mar 31, 2021
(000s)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Net income (loss)	9,245	15,418	10,096	16,552	(4,799)	(3,957)	(2,662)	<b>3,991</b>
Add:								
Income taxes	3,469	5,485	3,846	7,023	(1,072)	(1,369)	282	<b>1,257</b>
Depreciation and amortization	9,978	9,917	10,713	10,414	8,612	7,503	7,888	<b>7,831</b>
Stock-based compensation	3,089	2,446	1,481	(122)	1,868	276	2,818	<b>2,602</b>
Net interest income	(175)	(99)	(581)	(398)	(338)	(105)	(26)	<b>(8)</b>
EBITDA	25,606	33,167	25,555	33,469	4,271	2,348	8,300	<b>15,673</b>

## Reconcile EBITDA to Adjusted EBITDA

Three Months Ended	Jun 30, 2019	Sept 30, 2019	Dec 31, 2019	Mar 31, 2020	Jun 30, 2020	Sep 30, 2020	Dec 31, 2020	Mar 31, 2021
(000s)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
EBITDA	25,606	33,167	25,555	33,469	4,271	2,348	8,300	<b>15,673</b>
Add:								
Foreign exchange loss (gain)	553	615	930	(47)	79	113	968	<b>448</b>
Recognition of onerous lease	4,289	—	—	—	(5,757)	—	—	<b>—</b>
Government wage assistance	—	—	—	—	(4,363)	(3,334)	(2,244)	<b>(2,924)</b>
Reorganization costs	—	—	—	—	5,554	—	—	<b>—</b>
Put option revaluation	—	—	—	—	—	—	1,812	<b>—</b>
Net monetary gain	—	(2,376)	(511)	(419)	(396)	(465)	(594)	<b>(49)</b>
Other	293	83	641	302	(236)	220	(41)	<b>22</b>
Adjusted EBITDA	30,741	31,489	26,615	33,305	(848)	(1,118)	8,201	<b>13,170</b>

## Free cash flow

Free cash flow is defined as cash from operating activities plus proceeds on disposal of property, plant, and equipment, less capital expenditures (including changes to non-cash working capital associated with capital expenditures), and deferred development costs. This metric provides a key measure on the Company's ability to generate cash from its principal business activities after funding capital expenditure programs, and provides an indication of the amount of cash available to finance, among other items, the Company's dividend and other investment opportunities.

## Reconcile cash from operating activities to free cash flow

Three Months Ended	Jun 30, 2019	Sept 30, 2019	Dec 31, 2019	Mar 31, 2020	Jun 30, 2020	Sep 30, 2020	Dec 31, 2020	Mar 31, 2021
(000s)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Cash from operating activities	37,938	37,453	24,714	25,593	29,953	5,754	(2,717)	<b>11,085</b>
Less:								
Net additions to property, plant and equipment	(5,510)	(3,726)	(4,143)	(2,236)	(644)	(1,282)	(66)	<b>(1,510)</b>
Deferred development costs	119	(660)	(616)	(422)	579	(331)	(317)	<b>(399)</b>
Free cash flow	32,547	33,067	19,955	22,935	29,888	4,141	(3,100)	<b>9,176</b>

## Critical Accounting Estimates

The preparation of the Company's Condensed Consolidated Interim Financial Statements requires that certain estimates and judgments be made with respect to the reported amounts of revenue and expenses and the carrying value of assets and liabilities. These estimates are based on historical experience and management's judgments based on information available as at the financial statement date, and as a result, the estimates used by management involve uncertainty and may change as additional experience is acquired. Furthermore, as the impacts of the COVID-19 pandemic on the oil and gas industry continue, management cannot reasonably estimate the resulting length or severity of the impact on the Company. As such, actual results may differ significantly from estimates made within the Condensed Consolidated Interim Financial Statements for the three months ended March 31, 2021. Significant estimates made by the Company have most recently been set out in the Company's MD&A for the year ended December 31, 2020, and its consolidated financial statements and note disclosures for the year ended December 31, 2020, and within Note 3 of the Company's Condensed Consolidated Interim Financial Statements for the three months ended March 31, 2021.

## Significant Accounting Policies

The Company's significant accounting policies have been disclosed within the Consolidated Financial Statements for the year ended December 31, 2020, and within Note 3 of these Condensed Consolidated Interim Financial Statements for the three months ended March 31, 2021.

## Internal Control over Financial Reporting

There have been no significant changes in the design of the Company's internal controls over financial reporting during the three months ended March 31, 2021 that would materially affect, or is reasonably likely to materially affect, the Company's controls and processes over financial reporting.

## Risk and Uncertainties

Pason has implemented a risk management framework that helps the Company manage the reality that future events, decisions, or actions may cause undesirable effects. The framework takes a value-based approach to identifying, prioritizing, communicating, mitigating, and monitoring risks, and aligns this with the Company's appetite for risk considering its culture, strategy, and objectives.

Although a framework can help the Company to manage its risks, the Company's performance is subject to a variety of risks and uncertainties. Although the risks described below are the risks that we believe are material, there may also be risks of which we are currently unaware, or that we currently regard as immaterial based upon the information available to us. Interested parties should be aware that the occurrence of the events described in these risk factors could have a material adverse effect on our business, operating results, and financial condition.



## COVID-19

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. COVID-19's negative impact on the demand for oil has been significant and this combined with an over-supply of oil led to a decline in oil prices. As a result, Pason customers reduced their capital expenditure programs, which led to a precipitous fall in the active rig count in Pason's major markets, starting in the second quarter of 2020. This supply / demand imbalance is having a direct impact on Pason's revenue. The ultimate impact of COVID-19 on future oil demand is unknown at the present time and thus it is not possible to predict the long-term effects of COVID-19 on the Company's operating results. The current economic climate has or may have significant adverse impacts to Pason, including but not limited to: material declines in revenue and cash flows due to reduced drilling and demand for associated products and services, increased risk of non-payment of accounts receivable, potential for impairment charges on long-term assets, and additional reorganization costs, if deemed required in the context of Pason's ongoing efforts to reduce its cost structure.

Operationally, the Company experienced minimal adverse impacts to its business operations and workforce throughout the COVID-19 pandemic. With the exception of certain international regions that experienced temporary country-wide economic shutdowns, Pason's operations have been and continue to remain open and fully operating. In response to the pandemic, additional safety measures have been implemented throughout the Company's operations, both in the field and in office / warehouse settings, to ensure the ongoing safety of our employees and our customers' employees, and to maintain delivery of products and services to customers while complying with recommendations from global and local health authorities.

## Operating Risks

Pason derives the majority of its revenue from the rental of instrumentation and data services to oil and gas companies and drilling contractors in Canada, the US, Australia, and Latin America. The demand for our products is directly related to land-based or offshore drilling activity funded by energy companies' capital expenditure programs. A substantial or extended decline in energy prices or diversion of funds to large capital programs could adversely affect capital available for drilling activities, directly impacting Pason's revenue.

## Commodity Prices

Prices for crude oil and natural gas fluctuate in response to a number of factors beyond Pason's control. The factors that affect prices include, but are not limited to, the following: the actions of the Organization of Petroleum Exporting Countries, world economic conditions, government regulation, political stability in the Middle East and elsewhere, global supply and demand for crude oil and natural gas, the price of foreign imports, the availability of alternate fuel sources, and weather conditions. Any of these can reduce the amount of drilling activity.

## Seasonality

Drilling activity in Canada is seasonal due to weather that limits access to leases in the spring and summer, making the first and last quarters of each year the peak level of demand for Pason's services due to the higher level of drilling activity. The length of the drilling season can be shortened due to warmer winter weather or rainy seasons. Pason can offset some of this risk, although not eliminate it, through continued growth in the US and internationally, where activity is less seasonal.

## **Proprietary Rights**

Pason relies on innovative technologies and products to protect its competitive position in the market. To protect Pason's intellectual property, the Company employs trademarks, patents, employment agreements, and other measures to protect trade secrets and confidentiality of information. Pason also believes that due to the rapid pace of technological change in the industry, technical expertise, knowledge, and innovative skills, combined with an ability to rapidly develop, produce, enhance, and market products, also provides protection in maintaining a competitive position.

## **Litigation**

The Company is involved in various claims and litigation arising in the normal course of business. While the outcome of these matters is uncertain and there can be no assurance that such matters will be resolved in Pason's favour, the Company does not currently believe that the outcome of any pending or threatened proceedings related to these or other matters, or the amounts that the Company may be required to pay by reason thereof, would individually or in the aggregate have a material adverse impact on its day-to-day business operations.

## **Credit Risk**

Pason is exposed to credit risk to the extent that its customers, operating primarily in the oil and natural gas industry, may experience financial difficulty and be unable to meet their obligations. However, Pason has a large number of customers on both the operator and contractor side, which minimizes exposure to any single customer.

## **Qualified Personnel**

Due to the specialized and technical nature of Pason's business, Pason is highly dependent on attracting and retaining qualified or key personnel. There is competition for qualified personnel in the areas where Pason operates, and there can be no assurance that qualified personnel can be attracted or retained to meet the growth needs of the business. Further, the Company does not carry "key person" insurance on any of its key employees. As such, the unexpected loss of a key employee could have an adverse effect on Pason's results. To mitigate these risks, Pason has a human resources department in each significant business unit that is focused on recruiting and retention initiatives. In addition, the Company has deployed necessary equipment and technology to enable remote work for employees impacted by COVID-19 restrictions.

## **Alternative Energies**

There continues to be extensive discussion at all levels of government worldwide and by the public concerning the burning of fossil fuels and the impact this may have on the global environment. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability, which could lead to potentially increased capital expenditures and operating costs. Implementation of strategies for reducing greenhouse gases could have a material impact on the nature of operations of the Company. Given the evolving nature of the debate related to climate change and the control of greenhouse gases and the possible resulting requirements, it is not possible to predict either the nature of those requirements or the impact on the Company.

## International Operations

Assets outside of Canada and the US may be adversely affected by changes in governmental policy, social instability, or other political or economic developments beyond the Company's control, including expropriation of property, exchange rate fluctuations, and restrictions on repatriation of cash. The Company has mitigated these risks where practical and considered warranted. The vast majority of the Company's revenues are generated in Canada and the US, which limits exposure to risks and uncertainties in foreign countries. The Company's Argentinian subsidiary is operating in a highly inflationary economy and its operating results are being impacted by a weakening Argentina peso relative to the Canadian dollar, the details of which are outlined in the Company's Consolidated Financial Statements.

## Foreign Exchange Exposure

The Company operates internationally and is primarily exposed to exchange risk relative to the US dollar. The Canadian operations are exposed to currency risk on US denominated financial assets and liabilities with fluctuations in the rate recognized as foreign exchange gains or losses in the Consolidated Statements of Operations. The Company's self-sustaining foreign subsidiaries expose the Company to exchange rate risk on the translation of their financial assets and liabilities to Canadian dollars for public reporting purposes.

Adjustments arising when translating the foreign subsidiaries into Canadian dollars are reflected in the Consolidated Statements of Operations and Other Comprehensive Income as unrealized foreign currency translation adjustments.

The Company does not employ any financial instruments to manage risk or hedge its activities. The vast majority of the Company's activities are conducted in Canada and the US, where local revenue is earned against local expenses and the Company is therefore naturally hedged.

## Major Customers

Pason has a large customer base, consisting of both operators and contractors, and does not rely on any single customer for a significant portion of its revenue. No single customer accounted for more than 10% of the consolidated revenues of the Company. The loss of one or more customers, further consolidation in the industry, or a reduction in the amount of business Pason does with any of its customers, if not offset by obtaining new customers or increasing the amount of business it does with existing customers, could have a significant impact on Pason's revenue.

## Dividends

The decision to pay dividends and the amount paid is at the discretion of Pason's Board of Directors, which regularly reviews the Company's financial position, operating results, and industry outlook. Pason's ability to pay dividends is dependent on the Company's ability to generate cash flow in excess of its operating and investment needs and the Company's financial position.

## Taxation

Pason and its subsidiaries are subject to income and other forms of taxation in the various jurisdictions in which they operate. Pason attempts to structure its operations in a tax efficient manner in light of prevailing tax regimes. Any adverse change to existing taxation measures, policies or regulations, or the introduction of new taxation measures, policies or regulations in any of the jurisdictions in which Pason operates could have a negative impact on Pason's business, operating results, or financial condition.

The management of Pason believes that the provision for income taxes is adequate and in accordance with both generally accepted accounting principles and appropriate regulations. However, the tax filing positions of the Company are subject to review and audit by tax authorities who may challenge and succeed in management's interpretation of the applicable tax legislation.

## Information Security

Pason's business operations use an extensive network of communications and computer hardware and software systems. In addition, Pason's equipment captures, transmits, and stores significant quantities of drilling data on behalf of its customers. The Company takes measures to protect the security and integrity of its information systems and data, however, there is a risk that these measures may not fully protect against a potential security breach, which could have a negative impact on the Company's ability to operate or its reputation with existing and potential customers.

## SEDAR

Additional information relating to the Company, including the Company's most recent Annual Information Form can be accessed on the Company's website at [www.pason.com](http://www.pason.com) and on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

## Forward Looking Information

Certain statements contained herein constitute "forward-looking statements" and/or "forward-looking information" under applicable securities laws (collectively referred to as "forward-looking statements"). Forward-looking statements can generally be identified by the words "anticipate", "expect", "believe", "may", "could", "should", "will", "estimate", "project", "intend", "plan", "outlook", "forecast" or expressions of a similar nature suggesting a future outcome or outlook.

Without limiting the foregoing, this document includes, but is not limited to, the following forward-looking statements: the Company's growth strategy and related schedules; divergence in activity levels between the geographic regions in which we operate; demand fluctuations for our products and services; the Company's ability to increase or maintain market share; projected future value, forecast operating and financial results; planned capital expenditures; expected product performance and adoption, including the timing, growth and profitability thereof; potential dividends and dividend growth strategy; future use and development of technology; our financial ability to meet long-term commitments not included in liabilities; the collectability of accounts receivable; the application of critical accounting estimates and judgements; treatment under governmental regulatory and taxation regimes; and projected increasing shareholder value.

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. They are subject to known and unknown risks, uncertainties, assumptions, and other factors that could cause actual results to be materially different from results that are expressed or implied by such forward-looking statements.

Although we believe that these forward-looking statements are reasonable based on the information available on the date such statements are made and processes used to prepare the information, such statements are not guarantees of future performance and readers are cautioned against placing undue reliance on forward-looking statements. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties and other factors, which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Such risks and uncertainties include, but are not limited to: the state of the economy; volatility in industry activity levels and resulting customer expenditures on exploration and production activities; customer demand for existing and new products; the industry shift towards more efficient drilling activity and technology to assist in that efficiency; the impact of competition; the loss of key customers; the loss of key personnel; cybersecurity risks; reliance on proprietary technology and ability to protect the Company's proprietary technologies; changes to government regulations (including those related to safety, environmental, or taxation); the impact of extreme weather events and seasonality on our suppliers and on customer operations; and war, terrorism, pandemics, social or political unrest that disrupts global markets.

These risks, uncertainties and assumptions include but are not limited to those discussed in Pason's Annual Information Form under the heading, "Risk and Uncertainty", in our management's discussion and analysis for the year ended December 31, 2020 and in our other filings with Canadian securities regulators. These documents are on file with the Canadian securities regulatory authorities and 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)).

Forward-looking statements contained in this document are expressly qualified by this cautionary statement. Except to the extent required by applicable law, Pason assumes no obligation to publicly update or revise any forward-looking statements made in this document or otherwise, whether as a result of new information, future events or otherwise.

# Corporate Information

## Directors

**Marcel Kessler**  
Chairman of the Board  
Pason Systems Inc.  
Calgary, Alberta

**T. Jay Collins**<sup>(2)(3)</sup>  
Director  
Oceaneering International Inc.  
Houston, Texas

**Jon Faber**  
President & CEO  
Pason Systems Inc.  
Calgary, Alberta

**Judi Hess**<sup>(4)(5)</sup>  
CEO & Director  
Copperleaf Technologies Inc.  
Vancouver, British Columbia

**James B. Howe**<sup>(1)(6)(7)</sup>  
President  
Bragg Creek Financial  
Consultants Ltd.  
Calgary, Alberta

**Laura Schwinn**<sup>(2)(4)(6)</sup>  
President Specialty Catalysts  
W. R. Grace & Co.  
Columbia, Maryland

- (1) Audit Committee Chair
- (2) Audit Committee Member
- (3) HR and Compensation Committee Chair
- (4) HR and Compensation Committee Member
- (5) Corporate Governance and Nominations Committee Chair
- (6) Corporate Governance and Nomination Committee Member
- (7) Lead Director

## Officers & Key Personnel

**Jon Faber**  
President  
& Chief Executive Officer

**Celine Boston**  
Chief Financial Officer

**Kevin Boston**  
Vice President, Commercial

**Natalie Fenez**  
Vice President, Legal & Corporate  
Secretary

**Heather Hantos**  
Vice President, Human Resources

**Bryce McLean**  
Vice President, Operations

**Lars Olesen**  
Vice President, Product & Technology

**Russell Smith**  
Vice President, International

**Ryan Van Beurden**  
Vice President, Rig-site Research &  
Development

**Reid Wuntke**  
President, Energy Toolbase Software Inc.

## Corporate Head Office

Pason Systems Inc.  
6130 Third Street SE  
Calgary, Alberta  
T2H 1K4  
T: 403-301-3400  
F: 403-301-3499  
InvestorRelations@pason.com  
www.pason.com

## Auditors

**Deloitte LLP**  
Calgary, Alberta

## Banker

**Royal Bank of Canada**  
Calgary, Alberta

## Registrar and Transfer Agent

**Computershare Trust Company  
of Canada**  
Calgary, Alberta

## Stock Trading

**Toronto Stock Exchange**  
Trading Symbol: PSI.TO

## Eligible Dividend Designation

Pursuant to the Canadian Income Tax Act, dividends paid by the Company to Canadian residents are considered to be "eligible" dividends.