



Pason Reports First Quarter 2020 Results

FOR IMMEDIATE RELEASE

CALGARY, Alberta (April 30, 2020) – Pason Systems Inc. (TSX:PSI) announced today its 2020 first quarter results.

Performance Data

Three Months Ended March 31,	2020	2019	Change
(CDN 000s, except per share data) (unaudited)	(\$)	(\$)	(%)
Revenue	73,962	82,143	(10)
EBITDA ^(1,2)	33,469	40,435	(17)
Adjusted EBITDA ^(1,2)	33,305	40,799	(18)
As a % of revenue	45.0	49.7	(470) bps
Funds flow from operations	26,722	35,899	(26)
Per share – basic	0.32	0.42	(24)
Per share – diluted	0.32	0.42	(24)
Cash from operating activities	25,593	8,442	203
Capital expenditures	3,088	10,317	(70)
Free cash flow ⁽¹⁾	22,935	385	n/a
Cash dividends declared	0.19	0.18	6
Net income	16,552	19,044	(13)
Net income attributable to Pason	16,919	19,044	(11)
Per share – basic	0.20	0.22	(10)
Per share – diluted	0.20	0.22	(10)
Total interest bearing debt	—	—	—
Shares outstanding end of period (#000's)	84,096	85,801	(2)

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

(2) Prior period amounts have been restated to conform with current year's presentation.

Q1 2020 vs Q1 2019

The Company generated consolidated revenue of \$74.0 million in the first quarter of 2020, a decrease of 10% from the corresponding period in 2019. The decrease is attributable to a drop in US industry activity, offset by an increased market share in the US business unit.

Adjusted EBITDA decreased to \$33.3 million in the first quarter, a decrease of 18% from the corresponding period in 2019. The decrease in adjusted EBITDA was driven by the decrease in gross profit in the US business unit, partially offset by an increase in gross profit in the Canadian business unit.

Funds flow from operations was \$26.7 million in the first quarter, a decrease of 26% from the corresponding period in 2019.

Cash from operating activities was \$25.6 million in the first quarter of 2020, an increase of \$17.2 million from the corresponding period in 2019. In 2019, the Company made a \$15.3 million withholding tax payment to the CRA.



Press Release

Free cash flow was \$22.9 million in the first quarter of 2020, compared to \$0.4 million from the corresponding period in 2019. In 2019, free cash flow was negatively affected by the operating activities described above and higher capital expenditures in the US business unit.

The Company recorded net income attributable to Pason of \$16.9 million (\$0.20 per share) in the first quarter of 2020 compared to net income attributable to Pason of \$19.0 million (\$0.22 per share) recorded in the corresponding period in 2019. The drop in US industry activity, combined with the Company's fixed cost structure, led to a drop in net income. These factors were offset by lower stock-based compensation expense in the first quarter of 2020 relative to the corresponding period in 2019.

President's Message

The first quarter of 2020 started relatively strong, when the unprecedented impact of COVID-19 on global oil demand was not yet clear. As the global economy was shutting down, a disagreement between Russia and Saudi Arabia over proposed production cuts led to an increase in supply at the worst possible time and a collapse of oil prices. The result was that the end of the first quarter 2020 became anemic for the industry.

Accordingly, Pason's operating environment deteriorated in the period with drilling industry activity decreasing by 25% in the United States compared to the same period in 2019. This headwind was partially offset by 7% higher industry activity in Canada, market share gains in the United States, and continued growth in product penetration in all geographies. Revenue per EDR Day for the quarter increased in both the United States and Canada.

Pason generated revenue of \$74.0 million in the period, a decrease of 10% compared to the same quarter of last year. Adjusted EBITDA was \$33.3 million for the quarter, a decrease of 18%. Adjusted EBITDA as a percentage of revenue was 45% compared to 50% one year ago, highlighting our largely fixed cost structure. Net income attributable to Pason for the quarter was \$16.9 million (\$0.20 per share), down from \$19.0 million (\$0.22 per share) in the first quarter of 2019. Capital expenditures for the quarter were \$3.0 million and free cash flow was \$22.9 million. At March 31, 2020, our working capital position stood at \$208 million, including cash and short-term investments of \$170 million.

The Company and its Board of Directors are actively assessing an optimal cost structure and capital allocation strategy, including the levels of future dividends, in order to balance the Company's commitment to shareholder returns while preserving its financial strength. Pason will maintain the quarterly dividend to be paid on June 29, 2020 at \$0.19 per share and in light of the uncertainties related to COVID-19 and the significant negative impact that a weakened commodity price environment have on the outlook for industry activity, we currently intend to reduce the next quarterly dividend, expected to be declared following the second quarter, to \$0.05 per share.

Pason recognizes the uncertainties and concerns caused by the COVID-19 pandemic. The Company is considered an "essential critical infrastructure" company in the United States and an "essential service" in Canada. As such, we continue to support drilling operations and technology solutions, providing valuable services to our customers in support of the global energy infrastructure. The health and safety of all Pason stakeholders - our employees, customers, and vendors, remain a top priority for us. Accordingly, Pason has implemented additional policies and procedures to protect the well-being of our stakeholders. To minimize the impact of COVID-19 on our ongoing operations, we began working remotely where possible since March 16th. We are proud of how our people have responded in these challenging times.

Pason will continue to make operationally sound and fiscally conservative decisions to support our long-term success. In light of the uncertainties related to the outlook for industry activity, Pason has reassessed its cost structure, as well as capital expenditures, for the remainder of 2020. We intend to make reductions to operating and other expenses during the second quarter while retaining key capabilities, people and relationships to strengthen our competitive position for the future. We now intend to spend approximately \$10 million in capital expenditures in 2020, which includes the capitalized portion of R&D, down from \$25 million announced at the beginning of the year.

Going forward, we will allocate capital to safeguard the long-term prospects of Pason's core drilling-related business and of Energy Toolbase, our foothold in the solar and energy storage market.

The energy world has been upended by the two 2020 oil black swans - a demand collapse and a supply surge. Survival has become the primary focus of many E&P and oilfield service companies. Significantly reduced cash flows for every company in the industry, including Pason, are unavoidable in the short term. However, this environment also provides an opportunity for the strongest companies, such as Pason, to become even stronger by leapfrogging competition in terms of technology and service, and opportunities may emerge to acquire high-quality assets and business lines. As the macro environment for oil corrects over the next 18 to 24 months, the focus will again shift to the long-term future.

Pason will survive and we are confident that we will make it through this much better and stronger than our competitors and peers.

A handwritten signature in black ink, appearing to read "Marcel Kessler", with a stylized flourish at the end.

Marcel Kessler
President and Chief Executive Officer
April 30, 2020

Management's Discussion and Analysis

The following discussion and analysis has been prepared by management as of April 30, 2020, 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 and accompanying notes.

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.

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

Impact of Hyperinflation

In 2018, the Company concluded that its Argentinian subsidiary is operating in a hyperinflationary economy. This conclusion impacts the application of two accounting standards, IAS 21, The Effects of Changes in Foreign Exchange, and IAS 29, Financial Reporting in Hyperinflationary Economies.

The impact of applying IAS 21 to the operating results of Argentina subsidiary for the first quarter of 2020 was to increase revenue by \$93 and reduce segment gross profit by \$106. The impact of applying IAS 29 to the non-monetary assets and liabilities, and shareholders' equity of the Argentina subsidiary was to record a non-cash net monetary adjustment of \$419 for the three months ended March 31, 2020. The impact of applying these two standards on the comparative period in 2019 was not material.

Impact on IFRS Measures

Three Months Ended March 31,	2020
(000s) (unaudited)	(\$)
Increase in revenue	93
(Increase) in rental services and local administration expenses	(55)
(Increase) in depreciation expense	(144)
(Decrease) in segment gross profit	(106)
Net monetary gain presented in other expenses	419
Increase in other expenses	(11)
(Increase) in income tax expenses	(12)
Increase in net income	290

Impact on Non-IFRS Measures

Three Months Ended March 31,	2020
(000s) (unaudited)	(\$)
Increase in revenue	93
(Increase) in rental services and local administration expenses	(55)
Net monetary gain presented in other expenses	419
Increase in other expenses	(11)
Increase in EBITDA	446
(Elimination) of net monetary gain presented in other expenses	(419)
(Elimination) of other expenses	11
Increase in Adjusted EBITDA	38

Additional IFRS Measures

In its Consolidated 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 Consolidated 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. These Non-IFRS measures provide readers with additional information regarding the Company's ability to generate funds to finance its operations, fund its research and development and capital expenditure program, and pay dividends.

Revenue per EDR day

Revenue per EDR day is defined as the daily revenue generated from all products that the Company has on rent on a drilling rig that has the Company's base EDR installed. This metric provides a key measure on the Company's ability to increase production adoption and evaluate product pricing.

EBITDA

EBITDA is defined as net income before interest income and expense, income taxes, stock-based compensation expense, depreciation and amortization expense, and gains on disposal of investments.

Adjusted EBITDA

Adjusted EBITDA is defined as EBITDA, adjusted for foreign exchange, impairment of property, plant, and equipment, restructuring costs, net monetary adjustments, 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.

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 the capital expenditure program, and provides an indication of the amount of cash available to finance, among other items, the Company's dividend and other investment opportunities.

Overall Performance

Three Months Ended March 31,	2020	2019	Change
(000s) (unaudited)	(\$)	(\$)	(%)
Revenue			
Drilling Data	38,671	43,253	(11)
Mud Management and Safety	21,397	23,674	(10)
Communications	5,078	5,957	(15)
Drilling Intelligence	5,395	5,973	(10)
Analytics and Other	3,421	3,286	4
Total revenue	73,962	82,143	(10)

The Pason Electronic Drilling Recorder (EDR) remains the Company's primary product. The EDR provides a complete system of drilling data acquisition, data networking, and drilling management tools and reports at both the wellsite and at customer offices. The EDR is the base product from which all other wellsite instrumentation products are linked. By linking these products, a number of otherwise redundant elements such as data processing, display, storage, and networking are eliminated. This ensures greater reliability and a more robust system of instrumentation for the customer.

For the first quarter of 2020, industry activity in the US market decreased by 25% in the first quarter of 2020 compared to the corresponding period in 2019. The US business unit experienced a decline in drilling activity as producers reduced capital spending. For the first quarter of 2020, industry activity in the Canadian market increased by 7% compared to the corresponding period in 2019.

Total revenue decreased by 10% in the first quarter of 2020 compared to the corresponding period in 2019 as a result of a decrease in drilling activity in the US business unit.

Analytics and other revenue increased by 4% in the first quarter of 2020 compared to the corresponding period in 2019 predominantly as a result of the revenue generated from the acquisition of Energy Toolbase Software Inc.

US EDR days decreased by 22% in the first quarter of 2020 compared to the corresponding period in 2019, while Canadian EDR days, which includes non-oil and gas-related activity, remained constant from 2019 levels.

In the first quarter of 2020, the Pason EDR was installed on 64% of the land rigs in the US market, an increase of 300bps over the same period in 2019.

In the first quarter of 2020, the Pason EDR was installed on 89% of the land rigs in the Canadian market, a decrease of 500bps over the same period in 2019. In calculating market share, the Company uses the number of EDR days billed and oil and gas drilling days as reported by accepted industry sources.

Discussion of Operations

United States Operations

Three Months Ended March 31,	2020	2019	Change
(000s) (unaudited)	(\$)	(\$)	(%)
Revenue			
Drilling Data	24,710	29,176	(15)
Mud Management and Safety	14,083	17,217	(18)
Communications	2,274	3,229	(30)
Drilling Intelligence	2,117	3,152	(33)
Analytics and Other	1,803	1,691	7
Total revenue	44,987	54,465	(17)
Rental services and local administration	18,052	19,090	(5)
Depreciation and amortization	4,579	4,774	(4)
Segment gross profit	22,356	30,601	(27)

Three Months Ended March 31,	2020	2019	Change
(unaudited)	(#)	(#)	(%)
Electronic Drilling Recorder (EDR) Rental Days	43,700	55,700	(22)

Three Months Ended March 31,	2020	2019	Change
(unaudited)	(\$)	(\$)	(%)
Revenue per EDR day - USD	750	728	3
Revenue per EDR day - CAD	1,008	968	4

Revenue from the US operations decreased by 17% in the first quarter of 2020 over the 2019 comparable period (19% when measured in USD).

Analytics and other revenue increased 7% in the first quarter of 2020 over the 2019 comparable period predominantly as a result of the revenue generated from the Energy Toolbase Software Inc. acquisition in the third quarter of 2019.

Industry activity in the US market decreased by 25% in the first quarter of 2020 over the 2019 comparable period. Active rig count declined in most major plays.

US market share was 64% for the first quarter of 2020 compared to 61% during the same period in 2019.

EDR rental days decreased by 22% in the first quarter of 2020 over the 2019 comparable period. Revenue per EDR day increased to US\$750 in the first quarter of 2020, an increase of US\$22 over the same period in 2019. The increase in revenue per EDR day is due to increased adoption of certain products.

Rental services and local administration decreased by 5% in the first quarter of 2020 over the 2019 comparative period. The decrease in operating costs is attributable to the Company managing field and office staff levels to support the current level of activity. Included in the US business segment are the results of Energy Toolbase Software Inc.

Canadian Operations

Three Months Ended March 31,	2020	2019	Change
(000s) (unaudited)	(\$)	(\$)	(%)
Revenue			
Drilling Data	8,457	8,092	5
Mud Management and Safety	5,081	4,683	8
Communications	2,355	2,292	3
Drilling Intelligence	2,977	2,490	20
Analytics and Other	856	956	(10)
Total revenue	19,726	18,513	7
Rental services and local administration	5,819	5,709	2
Depreciation and amortization	4,796	4,555	5
Segment gross profit	9,111	8,249	10

Three Months Ended March 31,	2020	2019	Change
(unaudited)	(#)	(#)	(%)
Electronic Drilling Recorder (EDR) Rental Days	15,500	15,500	—

Three Months Ended March 31,	2020	2019	Change
(unaudited)	(\$)	(\$)	(%)
Revenue per EDR day - CAD	1,226	1,142	7

Canadian drilling activity in the first quarter of 2020 increased by 7% relative to the same period in 2019, while EDR rental days remained static.

Revenue in the Canadian business unit increased by 7% in the first quarter of 2020 over the 2019 comparative period.

Drilling intelligence revenue increased 20% in the first quarter of 2020 over the 2019 comparative period due to the continued adoption of drilling intelligence products.

Canadian market share was 89% for the first quarter of 2020 relative to 94% in the comparative period in 2019.

Revenue per EDR day increased by \$84 to \$1,226 during the first quarter of 2020 over the 2019 comparative period. The increase is driven by increased usage of drilling intelligence products.

Depreciation and amortization expense increased by 5% in the first quarter of 2020 over the 2019 comparative period. The increase is due to the Company initiating the amortization of previously deferred research and development projects.

Segment gross profit for the first quarter of 2020 increased by 10% to \$9.1 million relative to \$8.2 million in segment gross profit in the 2019 comparative period.

International Operations

Three Months Ended March 31,	2020	2019	Change
(000s) (unaudited)	(\$)	(\$)	(%)
Revenue			
Drilling Data	5,504	5,985	(8)
Mud Management and Safety	2,233	1,774	26
Communications	449	436	3
Drilling Intelligence	301	331	(9)
Analytics and Other	762	639	19
Total revenue	9,249	9,165	1
Rental services and local administration	5,283	5,306	—
Depreciation and amortization	1,039	893	16
Segment gross profit	2,927	2,966	(1)

Revenue in the International business unit increased by 1% in the first quarter of 2020 compared to the same period in 2019. Activity levels in all of the Company's major international markets remained stable in the first quarter of 2020 over the 2019 comparative period.

Depreciation expense increased by 16% in the first quarter of 2020 compared to the same period in 2019 due to hyperinflation accounting.

Segment gross profit was \$2.9 million for the first quarter of 2020, an decrease of 1% compared to the same period in 2019.

Corporate Expenses

Three Months Ended March 31,	2020	2019	Change
(000s) (unaudited)	(\$)	(\$)	(%)
Other expenses			
Research and development	8,062	7,744	4
Corporate services	3,685	3,653	1
Stock-based compensation	(122)	3,824	—
Other			
Foreign exchange loss	(47)	101	—
Net interest expense - lease liability	178	137	30
Interest income - short term investments	(576)	(185)	211
Net monetary gain	(419)	—	—
Equity income	(244)	(158)	54
Other	302	263	15
Total corporate expenses	10,819	15,379	(30)

Net monetary gain is as a result of applying hyperinflation accounting to the Company's Argentinian subsidiary.

Stock-based compensation was a recovery in the first quarter of 2020 due to the decrease in the Company's stock price.

Q1 2020 vs Q4 2019

Consolidated revenue was \$74.0 million in the first quarter of 2020 compared to \$68.4 million in the fourth quarter of 2019, an increase of \$5.6 million.

Revenue in the US business unit was \$45.0 million in the first quarter of 2020 compared to \$44.2 million in the fourth quarter of 2019. The increase is attributable to a 200bps increase in market share and the weakening of the Canadian dollar.

Revenue in the Canadian business unit was \$19.7 million in the first quarter of 2020 compared to \$14.2 million in the fourth quarter of 2019. The increase is attributable an increase in market share and industry activity.

The International business unit reported revenue of \$9.2 million in the first quarter of 2020 compared to \$10.0 million in the fourth quarter of 2019. The decrease is attributable to a general decrease in industry activity.

Adjusted EBITDA, which adjusts EBITDA for foreign exchange and certain non-recurring charges, was \$33.3 million in the first quarter of 2020 compared to \$26.6 million in the fourth quarter of 2019. The increase in this financial metric was mostly attributable to the increase in segment gross profit of the Canadian business unit of \$4.6 million.

Funds flow from operations was \$26.7 million in the first quarter of 2020 compared to \$22.1 million in the fourth quarter of 2019.

Stock-based compensation was a recovery of \$0.1 million in the first quarter of 2020 compared to an expense of \$1.5 million in the fourth quarter of 2019.

The Company recorded net income attributable to Pason in the first quarter of 2020 of \$16.9 million (\$0.20 per share) compared to net income attributable to Pason of \$10.4 million (\$0.12 per share) in the fourth quarter of 2019. The increase is mostly attributable to the increase in segment gross profit of the Canadian business unit and the decrease in stock-based compensation.

Condensed Consolidated Interim Balance Sheets

As at	March 31, 2020	December 31, 2019
(CDN 000s) (unaudited)	(\$)	(\$)
Assets		
Current		
Cash and cash equivalents	170,330	161,016
Trade and other receivables	63,133	59,716
Income taxes recoverable - other	15,304	15,304
Prepaid expenses	2,645	3,621
Income taxes recoverable	—	2,382
Total current assets	251,412	242,039
Non-current		
Property, plant and equipment	120,201	118,522
Investments	26,510	26,265
Intangible assets and goodwill	52,099	51,015
Total non-current assets	198,810	195,802
Total assets	450,222	437,841
Liabilities and equity		
Current		
Trade payables and accruals	22,768	34,420
Income taxes payable	5,556	3,133
Stock-based compensation liability	2,257	2,442
Lease liability	3,301	3,275
Investment - put option	10,000	15,000
Total current liabilities	43,882	58,270
Non-current		
Deferred tax liabilities	8,983	8,566
Lease liability	11,355	11,532
Stock-based compensation liability	2,882	3,479
Obligation under put option	10,420	9,540
Total non-current liabilities	33,640	33,117
Equity		
Share capital	166,612	166,701
Share-based benefits reserve	31,515	30,863
Foreign currency translation reserve	81,758	57,830
Equity reserve	(8,375)	(8,375)
Retained earnings	101,968	99,806
Total equity attributable to equity holders of the Company	373,478	346,825
Non-controlling interest	(778)	(371)
Total equity	372,700	346,454
Total liabilities and equity	450,222	437,841

Condensed Consolidated Interim Statements of Operations

Three Months Ended March 31,	2020	2019
(CDN 000s, except per share data) (unaudited)	(\$)	(\$)
Revenue	73,962	82,143
Operating expenses		
Rental services	24,781	26,794
Local administration	4,373	3,311
Depreciation and amortization	10,414	10,222
	39,568	40,327
Gross profit	34,394	41,816
Other expenses		
Research and development	8,062	7,744
Corporate services	3,685	3,653
Stock-based compensation (recovery) expense	(122)	3,824
Other expense	(806)	158
	10,819	15,379
Income before income taxes	23,575	26,437
Income tax provision	7,023	7,393
Net income	16,552	19,044
Net income attributable to:		
Shareholders of Pason	16,919	19,044
Non-controlling interest	(367)	—
Net income	16,552	19,044
Income per share		
Basic	0.20	0.22
Diluted	0.20	0.22

Condensed Consolidated Interim Statements of Other Comprehensive Income

Three Months Ended March 31,	2020	2019
(CDN 000s) (unaudited)	(\$)	(\$)
Net income	16,552	19,044
Items that may be reclassified subsequently to net income:		
Tax recovery on net investment in foreign operations related to an inter-company financing	—	791
Foreign currency translation adjustment	23,888	(7,526)
Other comprehensive gain (loss)	23,888	(6,735)
Total comprehensive income	40,440	12,309
Total comprehensive income (loss) attributed to:		
Shareholders of Pason	40,847	12,309
Non-controlling interest	(407)	—
	40,440	12,309

Condensed Consolidated Interim Statements of Cash Flows

Three Months Ended March 31,	2020	2019
(CDN 000s) (unaudited)	(\$)	(\$)
Cash from (used in) operating activities		
Net income	16,552	19,044
Adjustment for non-cash items:		
Depreciation and amortization	10,414	10,222
Stock-based compensation	(122)	3,824
Deferred income taxes	7	2,775
Hyperinflationary adjustment	(444)	—
Unrealized foreign exchange loss and other	315	34
Funds flow from operations	26,722	35,899
Movements in non-cash working capital items:		
(Increase) in trade and other receivables	(360)	(9,254)
Decrease in prepaid expenses	1,099	279
Increase in income taxes	6,631	3,525
(Decrease) in trade payables, accruals and stock-based compensation liability	(7,463)	(6,998)
Effects of exchange rate changes	497	(73)
Cash generated from operating activities	27,126	23,378
Income tax paid	(1,533)	(14,936)
Net cash from operating activities	25,593	8,442
Cash flows from (used in) financing activities		
Proceeds from issuance of common shares	—	2,013
Payment of dividends	(16,026)	(15,439)
Repurchase and cancellation of shares under NCIB	(3,820)	(2,022)
Repayment of lease liability	(585)	(671)
Net cash used in financing activities	(20,431)	(16,119)
Cash flows (used in) from investing activities		
Payment on investment - put option	(5,000)	—
Additions to property, plant and equipment	(2,666)	(9,749)
Development costs	(422)	(568)
Proceeds on disposal of investment and property, plant and equipment	414	110
Changes in non-cash working capital	16	2,150
Net cash used in investing activities	(7,658)	(8,057)
Effect of exchange rate on cash and cash equivalents	11,810	(4,173)
Net increase (decrease) in cash and cash equivalents	9,314	(19,907)
Cash and cash equivalents, beginning of period	161,016	203,838
Cash and cash equivalents, end of period	170,330	183,931

Operating Segments

The Company operates in three geographic segments: Canada, the United States, and International (Latin America, Offshore, the Eastern Hemisphere, and the Middle East). The following table represents a disaggregation of revenue from contracts with customers along with the reportable segment for each category:

Three Months Ended March 31, 2020	Canada	United States	International	Total
(CDN 000s) (unaudited)	(\$)	(\$)	(\$)	(\$)
Revenue				
Drilling Data	8,457	24,710	5,504	38,671
Mud Management and Safety	5,081	14,083	2,233	21,397
Communications	2,355	2,274	449	5,078
Drilling Intelligence	2,977	2,117	301	5,395
Analytics and Other	856	1,803	762	3,421
Total Revenue	19,726	44,987	9,249	73,962
Rental services and local administration	5,819	18,052	5,283	29,154
Depreciation and amortization	4,796	4,579	1,039	10,414
Segment gross profit	9,111	22,356	2,927	34,394
Research and development				8,062
Corporate services				3,685
Stock-based compensation				(122)
Other expense				(806)
Income tax expense				7,023
Net income				16,552
Net income attributable to Pason				16,919
Capital expenditures	2,054	684	350	3,088
As at March 31, 2020				
Property plant and equipment	38,941	65,791	15,469	120,201
Intangible assets	13,688	2,390	—	16,078
Goodwill	1,259	32,162	2,600	36,021
Segment assets	95,229	298,522	56,471	450,222
Segment liabilities	32,821	38,774	5,927	77,522

Year Ended March 31, 2019	Canada	United States	International	Total
(CDN 000s) (unaudited)	(\$)	(\$)	(\$)	(\$)
Revenue				
Drilling Data	8,092	29,176	5,985	43,253
Mud Management and Safety	4,683	17,217	1,774	23,674
Communications	2,292	3,229	436	5,957
Drilling Intelligence	2,490	3,152	331	5,973
Analytics and Other	956	1,691	639	3,286
Total Revenue	18,513	54,465	9,165	82,143
Rental services and local administration	5,709	19,090	5,306	30,105
Depreciation and amortization	4,555	4,774	893	10,222
Segment gross profit	8,249	30,601	2,966	41,816
Research and development				7,744
Corporate services				3,653
Stock-based compensation				3,824
Other expense				158
Income tax expense				7,393
Net income				19,044
Net income attributable to Pason				19,044
Capital expenditures	904	8,782	631	10,317
As at March 31, 2019				
Property plant and equipment	42,624	71,960	14,734	129,318
Intangible assets	18,978	—	—	18,978
Goodwill	1,259	7,625	2,600	11,484
Segment assets	109,912	294,585	51,536	456,033
Segment liabilities	39,725	25,285	4,990	70,000

Other Expenses

Three Months Ended March 31,	2020	2019
(CDN 000s) (unaudited)	(\$)	(\$)
Foreign exchange (gain) loss	(47)	101
Net interest expense - lease liabilities	178	137
Interest income - short term investments	(576)	(185)
Net monetary gain	(419)	—
Equity income	(244)	(158)
Other	302	263
Other expenses	(806)	158

Events After the Reporting Period

On April 30, 2020, the Company announced a quarterly dividend of \$0.19 per share on the Company's common shares. The dividend will be paid on June 29, 2020 to shareholders of record at the close of business on June 15, 2020.

In April 2020, the Company entered into an agreement to terminate the lease at its previous US head office in Golden, Colorado. The Company anticipates that in the second quarter of 2020 it will recognize \$5.8 million in other income, which is comprised of the derecognition of the previous recorded onerous lease liability of \$6.3 million, offset by the termination payment.

First Quarter Conference Call

Pason will be conducting a conference call for interested analysts, brokers, investors and media representatives to review its first quarter 2020 results at 9:00 am (Calgary time) on Friday, May 1, 2020. The conference call dial-in number is 1-888-231-8191 or 1-647-427-7450. You can access the seven-day replay by dialing 1-855-859-2056 or 1-416-849-0833, using password 1196423.

Pason Systems Inc. is a leading global provider of specialized data management systems for drilling rigs. Our solutions, which include data acquisition, wellsite reporting, remote communications, web-based information management, and analytics, enable collaboration between the rig and the office. Pason's common shares trade on the Toronto Stock Exchange under the symbol PSI.

Additional information, including the Company's Annual Report and Annual Information Form for the year ended December 31, 2019, is available on SEDAR at www.sedar.com or on the Company's website at www.pason.com.

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For more information about Pason Systems Inc., visit the company's website at www.pason.com or contact investorrelations@pason.com

Certain information regarding the Company contained herein may constitute forward-looking information under applicable securities law. The words "anticipate", "expect", "believe", "may", "should", "will", "estimate", "project", "outlook", "forecast" or other similar words are used to identify such forward-looking information and statements. Forward-looking statements in this document may include statements, express or implied regarding the anticipated business prospects and financial performance of Pason; expectations or projections about future strategies and goals for growth and expansion; expected and future cash flows and revenues; and expected impact of future commitments. These forward-looking statements are based upon various underlying factors and assumptions, including the state of the economy and the oil and gas exploration and production business, in particular; the Company's business prospects and opportunities; and estimates of the financial and operational performance of Pason.

Forward-looking information and 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 information and statements. Risk factors that could cause actual results or events to differ materially from current expectations include, among others, the ability of Pason to successfully implement its strategic initiatives and whether such strategic initiatives will yield the expected benefits, the operating performance of Pason's assets and businesses, the price of energy commodities, competitive factors in the energy industry, changes in laws and regulations affecting Pason's businesses, technological developments, and general economic conditions.

Readers are cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such forward looking statements, although considered reasonable by management as of the date hereof, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this press release are expressly qualified by this cautionary statement.

Additional information on risks and uncertainties and other factors that could affect Pason's operations or financial results are included in Pason's reports on file with the Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com) or through Pason's website (www.pason.com). Furthermore, any forward looking statements contained in this news release are made as of the date of this news release, and Pason does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by securities law.