



**CATHEDRAL**

**MARCH 2024 CORPORATE  
PRESENTATION**

**CATHEDRALENERGYSERVICES.COM**



# Overview of Cathedral Energy Services



- Significant Canadian & U.S. footprint with focus on adding size and scale
- Fully integrated supplier of premium downhole directional technology
- Comprehensive suite of services, including high-performance mud motors, MWD & RSS
- Strong alignment of Board and Management with meaningful insider ownership (~18.0%)
- Consolidator of directional drilling opportunities, having completed eight acquisitions since 2021

**~C\$209 million<sup>(1)</sup>**  
*Market Capitalization*

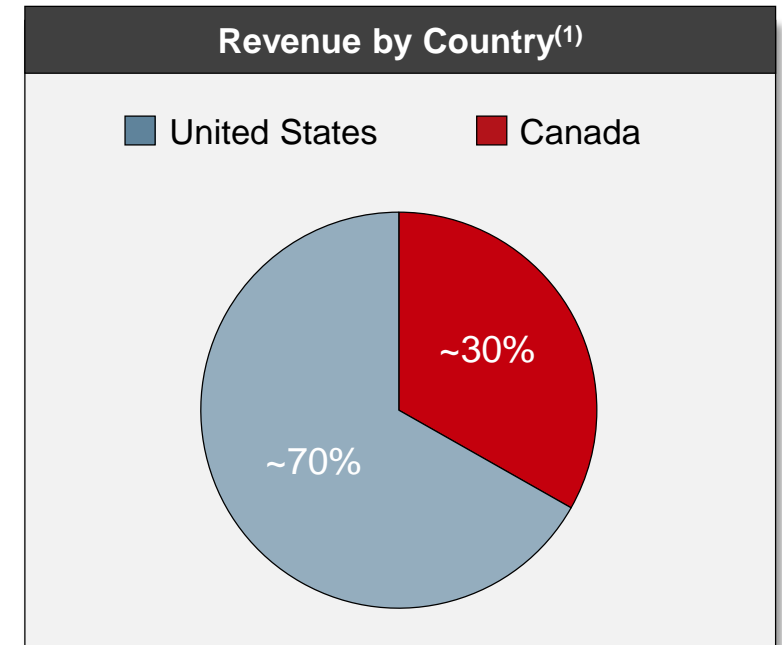
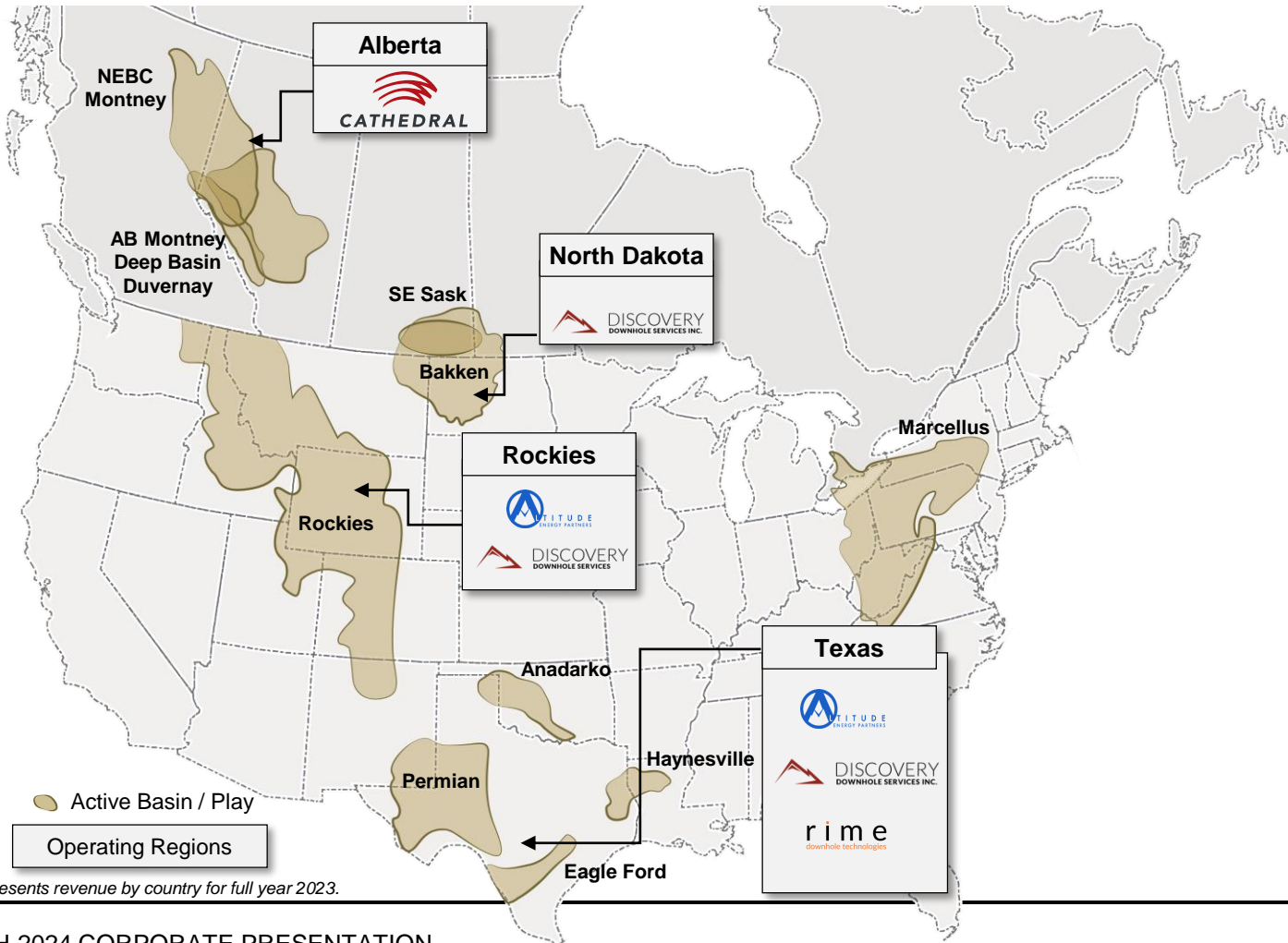
**~C\$316 million<sup>(2)</sup>**  
*Enterprise Value*

**~30%  | ~70% **  
*2023 Revenue Mix*

1. Based on Cathedral's closing share price of \$0.87 as at March 26, 2024 and basic shares outstanding of 239.7 million.

2. Based on Market Capitalization as at March 26, 2024 plus the following values as at December 31, 2023: a) Loans and borrowings (including current portion); b) Lease liabilities (including current portion); and c) the liability portion of the Subordinated Exchangeable Promissory Notes issued in the Rime transaction. The value of Cash as at December 31, 2023 is then subtracted.

# Overview of Operating Locations



1. Represents revenue by country for full year 2023.

# Strategy Overview



## Cathedral's Key Focus Areas

### Expand Current Energy Technology Rental Offerings

- Enables evolving “a la carte” direct-to-customer market
- Further room for expansion through consolidation
- Broader market expansion opportunities

### Offer A Full-Suite of Directional Drilling Services

- Increasing U.S. market share through consolidation
- Organic growth through RSS technology in Canada
- Incremental Adjusted EBITDAS<sup>(1)</sup> growth through rental replacement

### Be a Key Consolidator of Directional Drilling Services

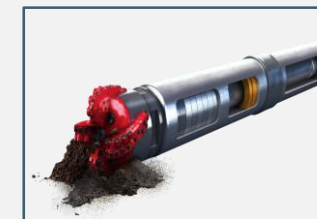
- Incremental market share gains in complementary markets
- Add experienced management teams aligned with equity
- Competing buyers of directional drilling services companies are scarce

1. Adjusted EBITDAS is a non-GAAP financial measure defined in the Forward Looking Information & Disclaimer section.

## Cathedral's Core Technology

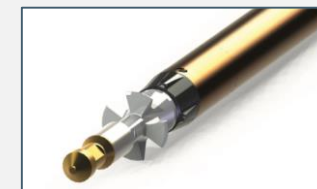
### High Performance Mud Motors

- Flexibility with multiple mud motor product lines
- Focus on durability and reliability
- Consistently improved rates of penetration and customer performance



### Measurement While Drilling (MWD)

- Best-in-Breed reliability and performance
- Build-cost advantage vs “Off the Shelf”
- Higher agility and customer response



### Rotary Steerable Systems (RSS)

- RSS applications continue to grow
- Established as a significant player in the North American market
  - U.S.: 19 Orbit Systems
  - CAD: 4 D-Tech Systems



## Why Does Size and Scale Matter?

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- **Improved margins through economies of scale**
- **Customer and market diversification**
- **Capacity to sustain differentiation through technology advancement and distribution**
- **Increased downcycle resiliency**
- **Strategic moat around the business**
- **Opportunity for multiple expansion typically observed with larger OFS companies**
- **Expanded investor audience**

# Completing the Value Chain Through Strategic Acquisition of Differentiated Technology



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Cathedral entered into an agreement with Rime Downhole Technologies (“Rime”) to acquire the business for consideration of ~\$54.4 million



## Provides Cathedral with industry-leading proprietary MWD products

Cathedral estimates that a significant number of the active drilling rigs in the onshore U.S. are currently operating with either Rime’s complete Slick-HD™ Pulser, or Agilis™ Driver on a stand-alone basis



## Strong Adjusted EBITDAS<sup>(1)</sup> margins and minimal capital requirements

Based on consistent historical results, low requirement for capital investment, and current outlook, Rime is expected to generate strong margins and consistent levels of Adjusted EBITDAS



## Significant expected synergies through integration with Cathedral's U.S. operations

Based on Altitude Energy Partner’s being amongst the most active directional service providers in the United States, Cathedral estimates significant potential annual synergies as it replaces third-party MWD rental equipment on a large portion of its active jobs at attractive investment metrics



## Attractive transaction structure

To fund the purchase of Rime, Cathedral obtained a new USD\$21 million term loan from its lending syndicate while maintaining conservative leverage ratios, and has issued the Exchangeable Notes with an exchange price of CAD \$1.10 per Common Share, representing an approximate 60% premium to the closing price of the Common Shares on the TSX on July 11, 2023

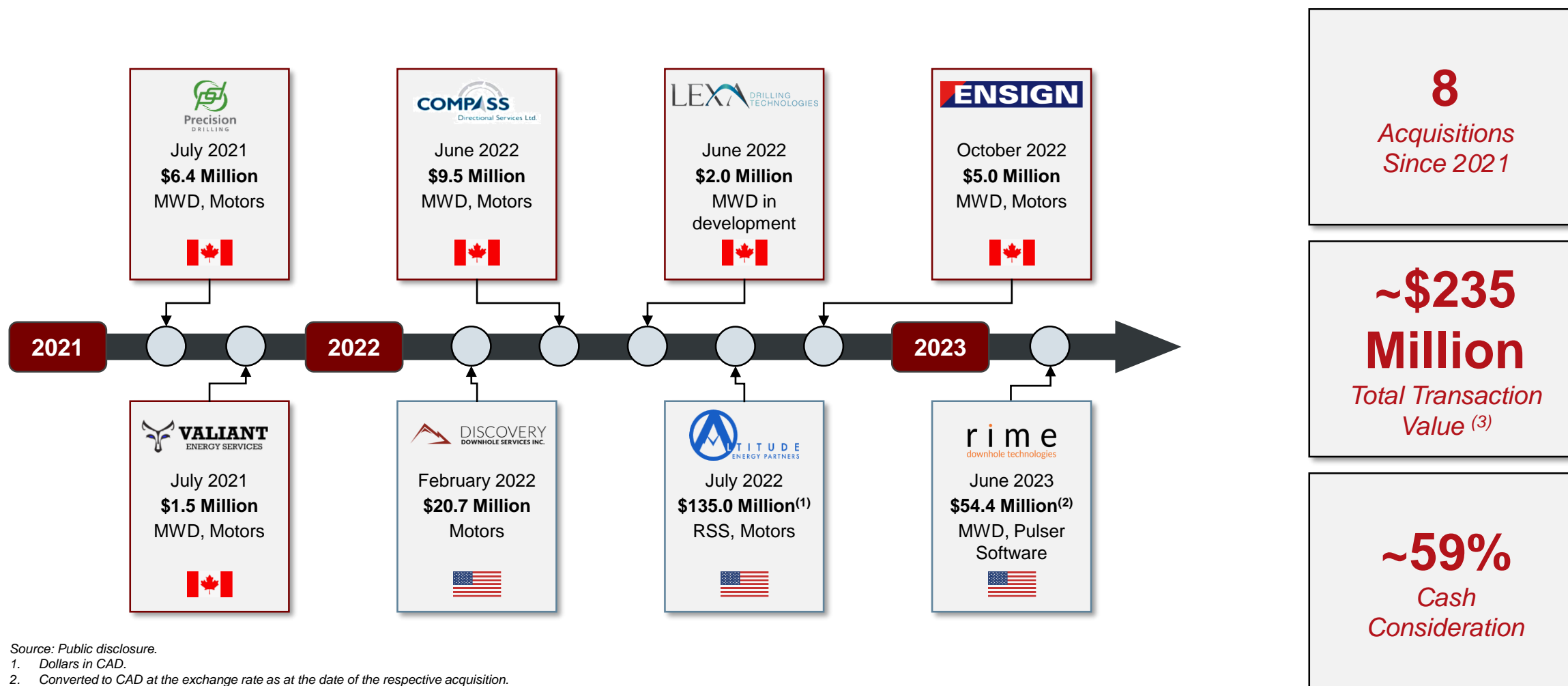


## Accretive transaction metrics

On an annualized basis, including expected synergies and cost of synergies, Cathedral estimates that the acquisition will be accretive on a number of transaction metrics

1. Adjusted EBITDAS is a non-GAAP financial measure defined in the Forward Looking Information & Disclaimer section.

# Overview of Recent Acquisitions (2021 – Present)

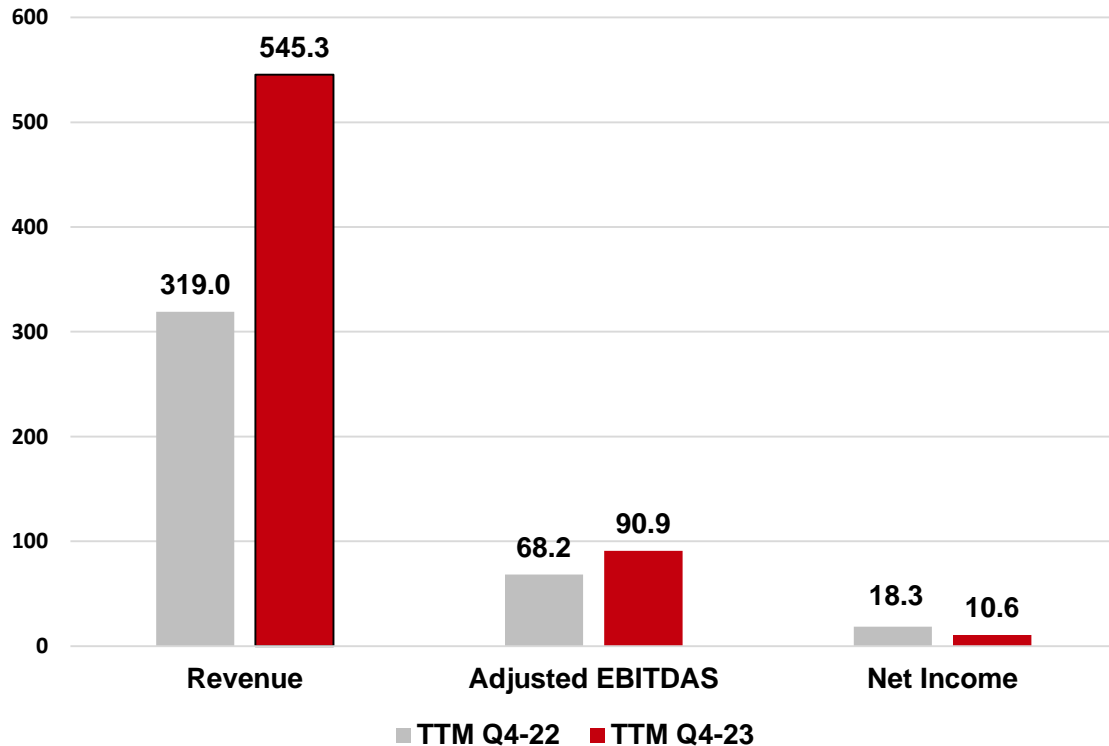


Source: Public disclosure.

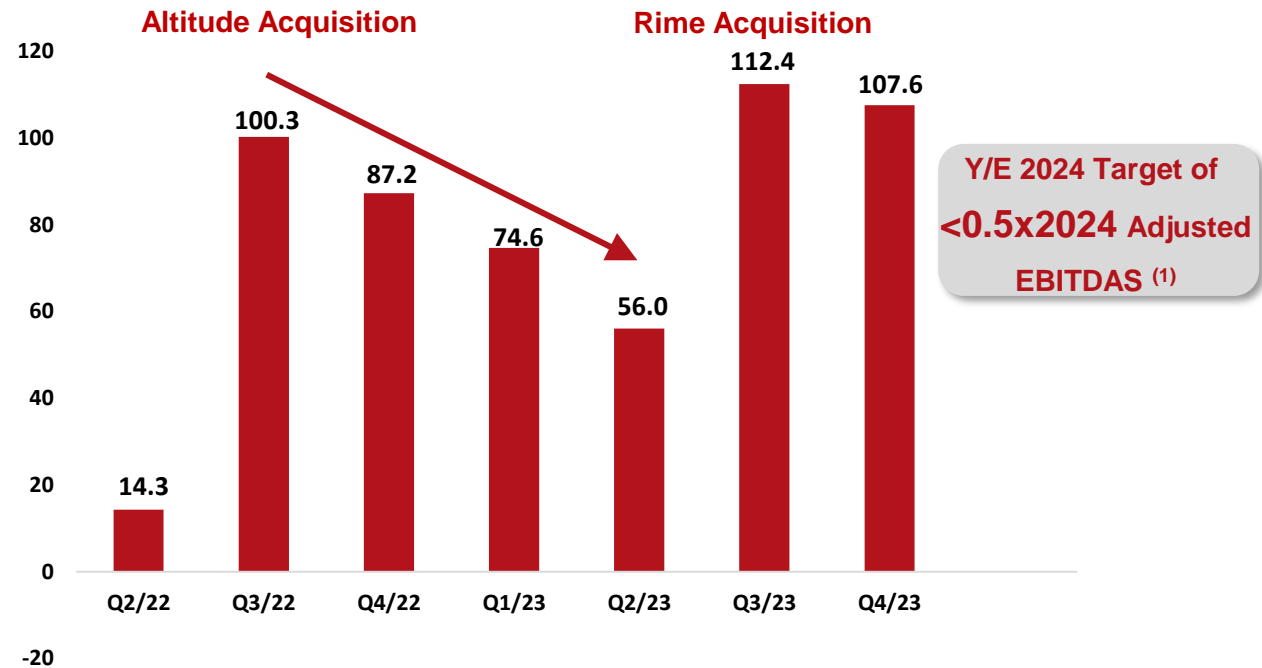
1. Dollars in CAD.
2. Converted to CAD at the exchange rate as at the date of the respective acquisition.
3. Shares issued for acquisitions are valued at the deemed price, which is the per share value used by Cathedral and the sellers to determine the number of Cathedral shares to be issued. Deemed share price will vary from the per share price used for accounting purposes under IFRS.

# Trailing-12-Month Financial Performance and Net Debt Profile

Trailing 12-Month Financial Performance (C\$MM) <sup>(1)</sup>



Net Debt Profile (C\$MM) <sup>(2)</sup>



- Cathedral's term facility with minimum payments of \$5 mm/quarter or \$20mm/year
- Enhanced financial flexibility and optionality as debt reduces

Notes:

1. Adjusted EBITDAS is a non-GAAP financial measure defined in the Forward Looking Information & Disclaimer section. Reconciliations to Net Income can be found in Cathedral's quarterly and annual disclosure documents. Revenues for the period 2022 Q1 to 2023 Q2 have been adjusted to reflect a change in presentation adopted in 2023 Q3 related to lost-in-hole proceeds and gain on disposal of equipment; refer to "Reclassifications" in the 2023 Annual Report for details.

2. Net Debt is a non-GAAP financial measure defined in the Forward Looking Information & Disclaimer section.



- 1 Focused in premier North American resource plays and high-quality producers
- 2 Maximizing margins through vertically-integrated directional drilling offering
- 3 Disciplined approach to M&A and capital allocation
- 4 Lower capital intensity relative to other OFS verticals and attractive return profile
- 5 Strong outlook for the business

## Corporate Management Team



### Corporate Management Team

**Tom Connors**

*President, Chief Executive Officer, & Director*

**Scott MacFarlane**

*Interim Chief Financial Officer*

**Mike Hearn**

*SVP, Corporate Development*

**Suzanne Davies**

*Vice President Legal, Corporate Secretary*

**Randi Hannon**

*Vice President, Finance*

### U.S. and Canada Operations Management

**Fawzi Irani**

*President, Discovery Downhole Services*

**Lee Harns**

*President, Altitude Energy Partners*

**Manoj Gopalan**

*President, Rime Downhole Technologies*

**Vaughn Spengler**

*SVP, Canadian Operations*

# FORWARD LOOKING STATEMENTS & DISCLAIMERS



## Forward-Looking Information

This presentation contains statements and information that may constitute "forward-looking information" within the meaning of applicable securities legislation, including statements identified by the use of words such as "will", "expects", "target", "positions", "believe", "potential" and similar words, including negatives thereof, or other similar expressions concerning matters that are not historical facts. Forward-looking information in this presentation includes, but is not limited to statements regarding: expansion and increased market share through consolidation; organic growth through RSS technology in Canada; incremental Adjusted EBITDAS growth through rental replacement; improved margins through economies of scale; Rime's expectation that it will generate strong margins and consistent levels of Adjusted EBITDAS; accretive transactions metrics; outlook for the business; targeted Loans and borrowings of less than 0.5x 2024 Adjusted EBITDAS; and Cathedral's business plans and strategies for growth.

Such forward-looking information is based on various assumptions that may prove to be incorrect, including, but not limited to, assumptions with respect to: the benefits from the recently completed acquisitions and the ability of Cathedral to integrate such businesses; conditions in the oil and gas markets and debt and equity markets generally; anticipated demand for drilling for natural gas and liquids in the Montney area; the anticipated increase in adoption of RSS technology; the ability of the Company to successfully implement its strategic plans and initiatives, including its consolidation strategy and whether such strategic plans and initiatives will yield the expected benefits. Although the Company believes that such assumptions are reasonable, the Company can give no assurance that such forward-looking statements will prove to be correct or that any of the events anticipated by such forward-looking statements will occur, or if any of them do so, what benefits the Company will derive there from.

Actual results could differ materially due to a number of factors and risks including, but not limited to: the risk that Cathedral will not be able to integrate the businesses of its recent acquisitions as anticipated or at all; the risk that the recent acquisitions will not yield operational or financial benefits as anticipated or at all; the risk that demand for Cathedral's services will not be as anticipated; conditions in the oil and gas and financial markets in Canada and the United States; the ability of management to execute and fund its business strategy; and the impact of general economic conditions in Canada and the United States. Additional information regarding risks and uncertainties of the Company's business are contained under the heading "Risk Factors" in the Company's annual information form for the financial year ended December 31, 2022 and the Company's other public filings which are available under the Company's profile on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca). The forward-looking information included in this presentation is made as of March 26, 2024 and the Company does not undertake an obligation to publicly update such forward-looking information to reflect new information, future events or otherwise, except as required by applicable law.

## Financial Outlook Information

This presentation also contains financial outlook information ("**FOFI**") about prospective revenues, Adjusted EBITDAs, free cash flow and projected net debt, which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. FOFI contained in this presentation was made as of the date of this presentation to provide information about management's current expectations and plans relating to the future. Readers are cautioned that such information may not be appropriate for any other purpose. Cathedral disclaims any intention or obligation to update or revise any FOFI contained in this presentation, whether as a result of new information, future events or otherwise, except as required by applicable law.

## Specified Financial Measures

This presentation includes various financial measures, including non-GAAP financial measures and non-GAAP ratios that are not defined under International Financial Reporting Standards (IFRS). Management believes that these measures provide supplemental financial information that is useful in the evaluation of Cathedral's operations and are commonly used by other oilfield service companies. Investors should be cautioned, however, that these measures should not be construed as alternatives to measures determined in accordance with IFRS as an indicator of Cathedral's performance. Cathedral's method of calculating these measures may differ from that of other organizations, and accordingly, may not be comparable.

"Adjusted EBITDAS" – is a non-GAAP financial measure defined as net income before finance costs, unrealized foreign exchange on intercompany balances, income tax expense, depreciation, amortization, non-recurring costs (including acquisition and restructuring costs and provision), write-down of inventory and share-based compensation; provides supplemental information to earnings that is useful in evaluating the results and financing of the Company's business activities before considering certain charges.

Net Debt is a non-GAAP financial measure and is defined as the summation at each quarter end of: a) Loans and borrowings (including current portion); b) Lease Liabilities (including current portion); c) the liability portion of the promissory notes issued for the Rime acquisition announced on July 11, 2023; and d) less Cash.