

OPTIMIZING A SMALL AUDIT SHOP'S INFLUENCE

APRIL 8, 2024



Leonard Amaya, Vice President Internal Audit

Forward-Looking Statements & Non-GAAP Financial Measures

Certain statements in this presentation are forward-looking statements that are subject to a number of risks and uncertainties, many of which are beyond our control. All statements, other than statements of historical fact included in this presentation, regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this presentation, the words “could,” “believe,” “anticipate,” “intend,” “estimate,” “expect,” “may,” “continue,” “predict,” “potential,” “project” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. Forward-looking statements may include statements about our industry; our financial strategy, budget, projections, operating results, cash flows and liquidity; and our plans, business strategy and objectives, expectations and intentions that are not historical. Forward-looking statements entail various risks and uncertainties that could cause actual results to differ from those expressed, including, among other things, the volatility of future oil and natural gas prices; the level of capital spending and well completions by the onshore oil and natural gas industry, which may be affected by geopolitical and economic developments in the U.S. and globally, including conflicts, instability, acts of war or terrorism in oil producing countries or regions, as well as actions by members of OPEG; general economic conditions and inflation, particularly cost inflation with labor or materials; the adequacy of our capital resources and liquidity, including the ability to meet our debt obligations; equipment and supply chain constraints; our ability to maintain existing prices or implement price increases on our products and services; pricing pressures, reduced sales, or reduced market share as a result of intense competition in the markets for our dissolvable plug products; availability of skilled and qualified labor and key management personnel; our ability to accurately predict customer demand; competition in our industry; governmental regulation and taxation of the oil and natural gas industry; environmental liabilities; our ability to implement new technologies and services; operating hazards inherent in our industry. Although we believe that our plans, intentions and expectations reflected in or suggested by the forward-looking statements contained herein are reasonable, we can give no assurance that these plans, intentions or expectations will be achieved.

For additional information regarding known material factors that could affect our operating results and performance, please see our Current Reports on Form 8-K, Annual Report on Form 10-K and Quarterly Reports on Form 10-Q which are available at the SEC’s website, <http://www.sec.gov>. Should one or more of these known material risks occur, or should the underlying assumptions change or prove incorrect, our actual results, performance, achievements or plans could differ materially from those expressed or implied in any forward-looking statement. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. All subsequent written or oral forward-looking statements concerning us are expressly qualified in their entirety by the cautionary statements above. We undertake no obligation to publicly update or revise any forward-looking statements after the date they are made, whether as a result of new information, future events or otherwise, except as required by law. All information in this presentation is as of December 31, 2023 as indicated unless otherwise noted.

In addition to reporting financial results in accordance with GAAP, the Company has presented Adjusted EBITDA, Adjusted EBITDA margin, free cash flow, adjusted gross profit and return on invested capital (ROIC). These are not recognized measures under, or an alternative to, GAAP. The Company’s management believes that this presentation provides useful information to management, analysts and investors regarding certain additional financial and business trends relating to its results of operations and financial condition. In addition, management uses these measures for reviewing the financial results of the Company. These non-GAAP measures are intended to provide additional information only and do not have any standard meaning prescribed by GAAP. Use of these terms may differ from similar measures reported by other companies. In particular, because of its limitations, Adjusted EBITDA and free cash flow should not be considered as a measure of discretionary cash available to use to reinvest in growth of the Company’s business, or as a measure of cash that will be available to meet the Company’s obligations. These non-GAAP measures have limitations as an analytical tool, and you should not consider them in isolation or as a substitute for analysis of the Company’s results as reported under GAAP.

Industry and Market Data

This presentation includes market data and other statistical information from third party sources, including independent industry publications, government publications and other published independent sources. Although the Company believes these third party sources are reliable as of their respective dates, the Company has not independently verified the accuracy or completeness of this information.

COMPANY OVERVIEW



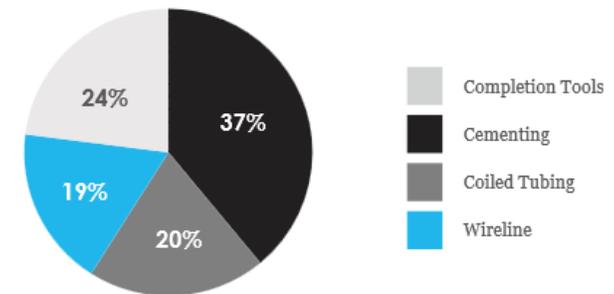
A leading North American onshore completion and production services provider that targets unconventional oil and gas resource development. Nine brings years of experience partnering with customers across all major onshore basins in both the U.S. and Canada to design and deploy downhole solutions and technology to prepare horizontal, multistage wells for production.

The Company focuses on providing customers with cost-effective and comprehensive completion solutions designed to maximize production levels and operating efficiencies. Nine's success is a product of the culture, which is driven by our intense focus on performance and wellsite execution as well as a commitment to forward-leaning technologies that aids in the development of smarter, customized applications that drive efficiencies.

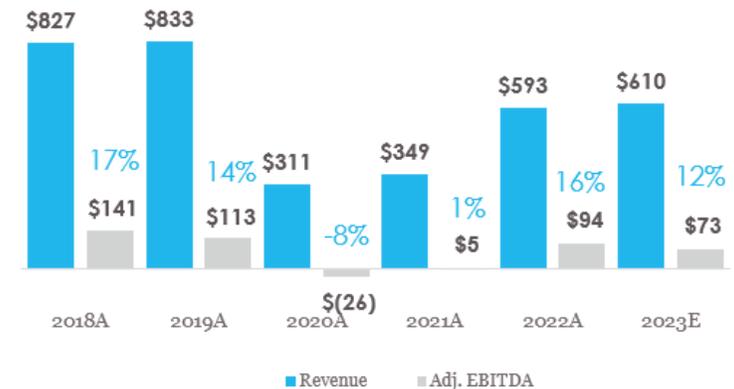
Headquartered in Houston, Texas, with operating facilities in the Permian, Eagle Ford, MidCon, Rockies, Barnett, Bakken, Marcellus, Utica and throughout Canada.

www.nineenergyservice.com

REVENUE BY SERVICE LINE¹



FINANCIAL OVERVIEW (\$MM)



4

My Background

Experience

- 25+ years of combined accounting, financial consulting, auditing experience (external and internal, public and industry)
- Strong knowledge of GAAP, internal controls, ITGC
- Extensive interaction with executive levels of management and board of directors

Specialties

- IA Department establishment and development
- SOX Compliance and controls enhancement
- KPI development and administration
- Six Sigma process analysis and improvement.
- Energy oil and gas, utility, manufacturing, and retail
- International audits including North and South America, Europe, and Australia



[linkedin.com/in/leonard-amaya-cpa](https://www.linkedin.com/in/leonard-amaya-cpa)

Our Small Audit Shop

Scope of Work

- SOX 404 testing and PMO
- Operational audits, fraud investigations
- System implementation and change management reviews
- ESG data and process controls

Team



Kryste Dolen
Internal Audit Manager

Fort Worth Office

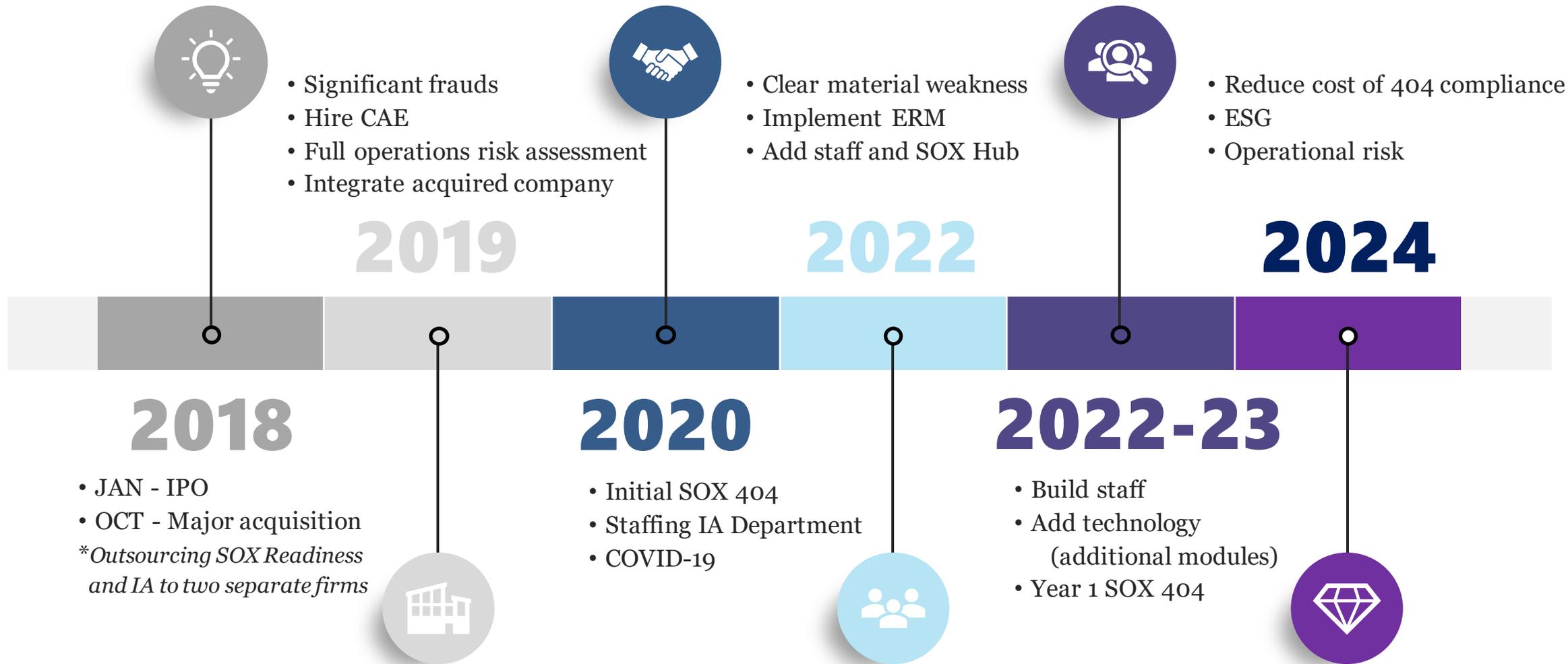


Perry Song, CIA, CISA
Internal Audit Manager

Fort Worth Office



NINE INTERNAL AUDIT TIMELINE



influence 1 of 2 noun

in·flu·ence 'in-,flü-ən(t)s especially Southern in-'flü-



plural influences

[Synonyms of influence >](#)

1 : the power or capacity of causing an effect in indirect or intangible ways : [SWAY](#)

impact 1 of 2 noun

im·pact 'im-,pakt

plural impacts

[Synonyms of impact >](#)

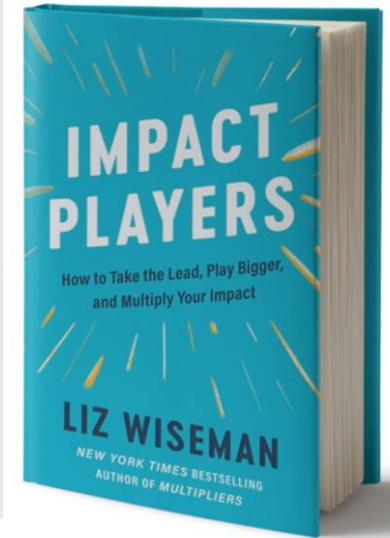
2 : the force of impression of one thing on another : a significant or major effect



- Add value
- Provide insight
- Consult on design of process and controls
- Measure and monitor change



When you think of an Impact Player...





“The typical internal audit department is small-averaging less than 5 internal auditors.”
– Richard Chambers



slido



**How many members* including
the CAE comprise your
department?**

*FTEs including contractors

① Start presenting to display the poll results on this slide.

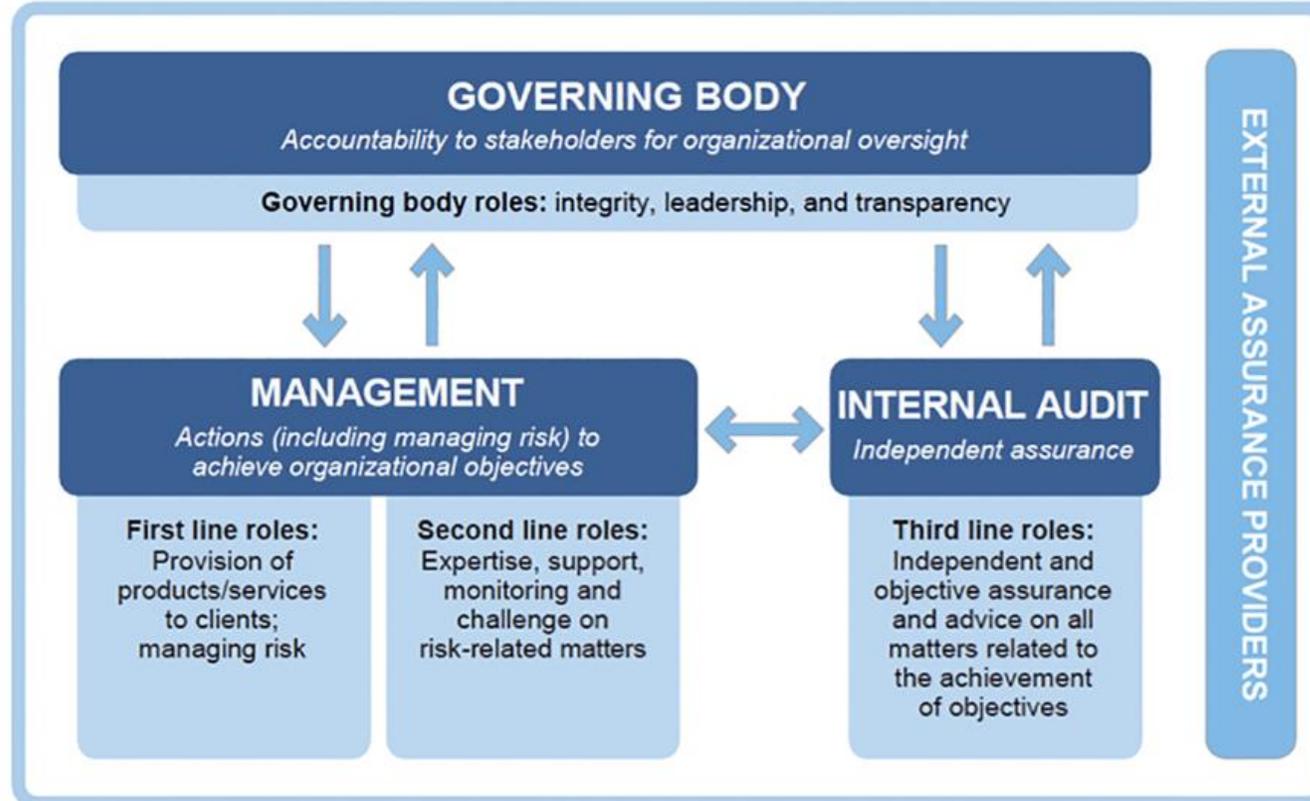
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Describe your company:

① Start presenting to display the poll results on this slide.

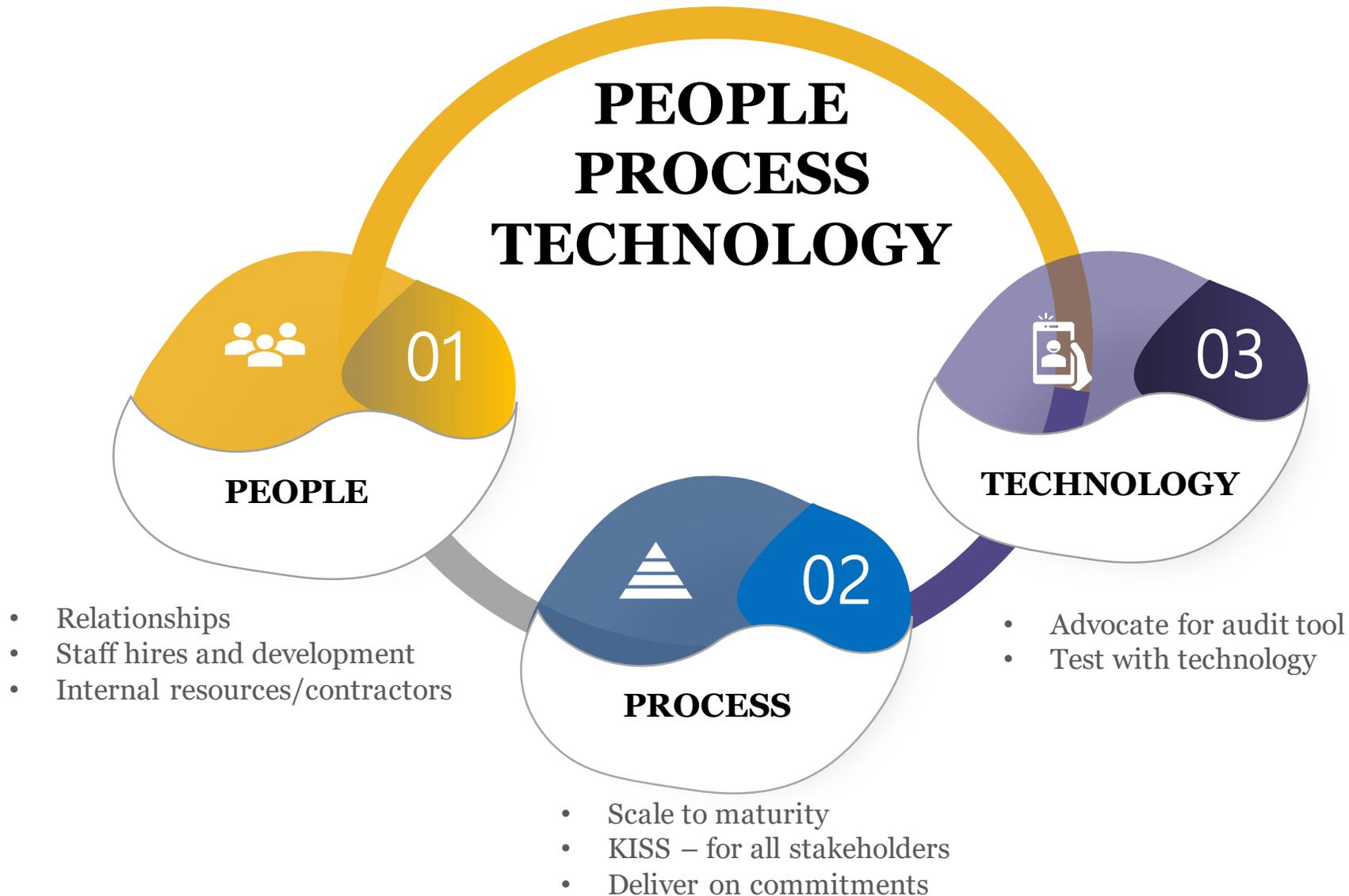
The IIA's Three Lines Model



KEY: ↑ Accountability, reporting ↓ Delegation, direction, resources, oversight ↔ Alignment, communication coordination, collaboration

- Can I cover all the risks?
- Do I have the right resources?
- Is there a way to do more than compliance or operations?
- Is my team sustainable?





Frequent

Staff and Stakeholders

- Staff meetings (dept/function)
- Embed yourself in the business
- Seat at the table
- Frequent updates

Functional

Senior Management Department Leaders

- Gateways to the business
- Business partners
- Raving fans

Less Frequent

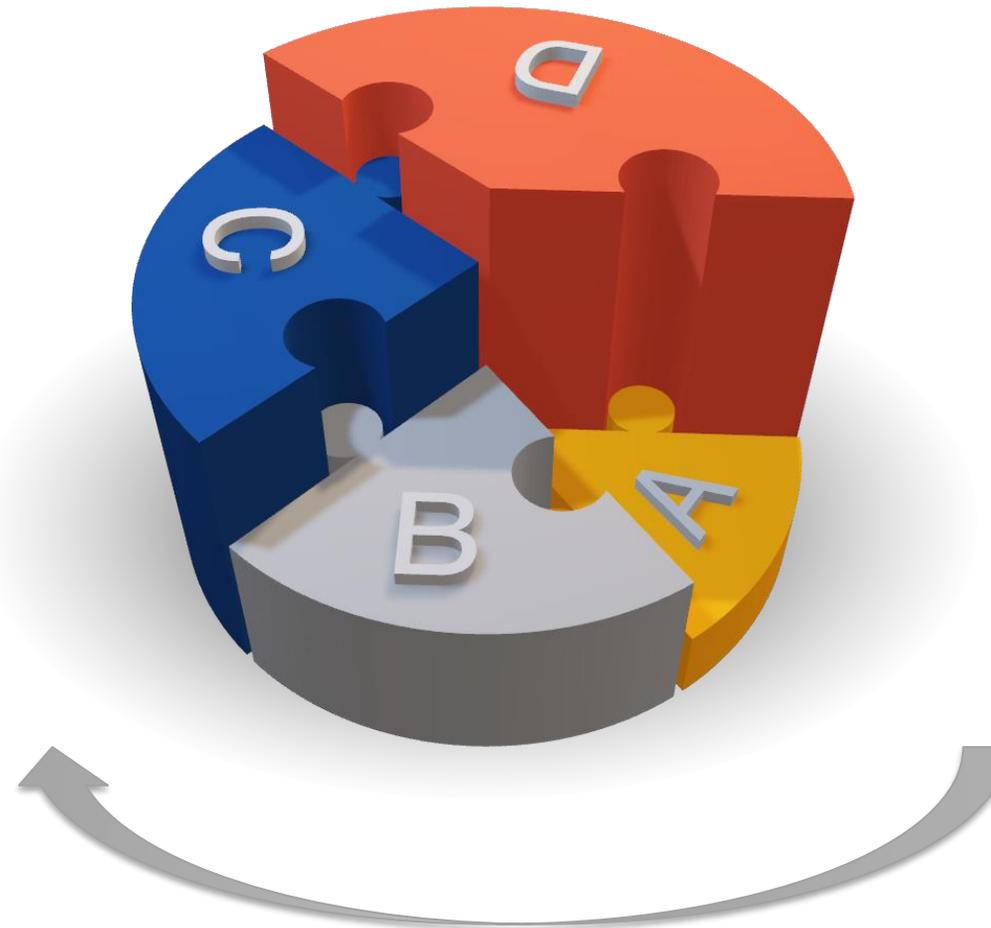
Contractors Co-Source

- Keep in touch
- Anticipate needs 6-12 months out

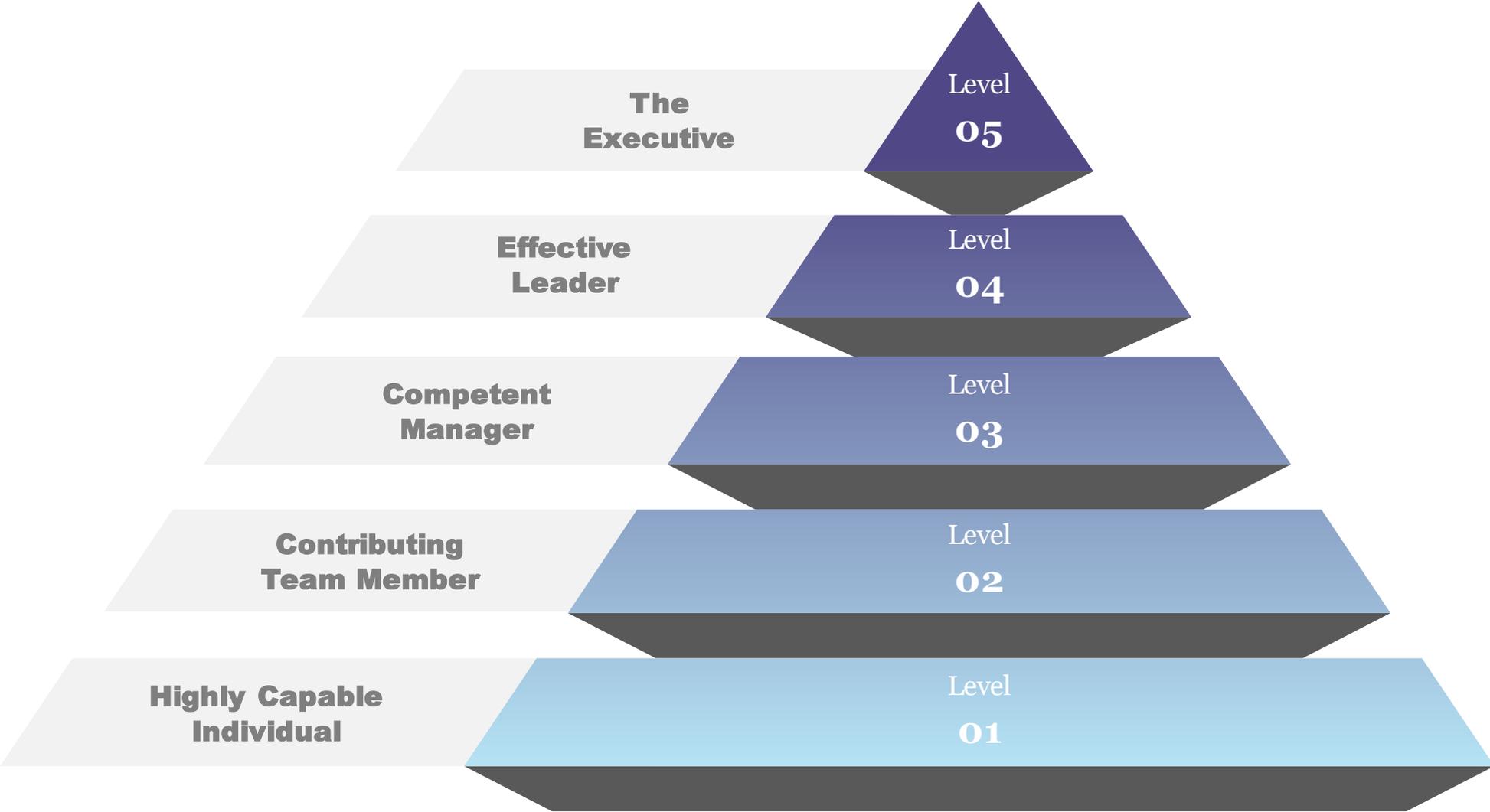
Foundational

Audit Committee Executive Management

- Tone at the top
- Clear targets
- Support
- Deliverables



STAFF DEVELOPMENT AND RETENTION



- **Be right sized**
- **Be clear to stakeholders**
- **Deliver on commitments**
- **Provide insight and value**
 - Do the required work
 - Complete with quality and competence
 - Improve processes and controls, including our own
- **Publish KPI's and dashboard results**

- **Work closely with IT**
 - High risk, high returns
- **Add technology to your team**
 - Audit software
 - Complete with quality and competence
 - Improve processes and controls, including our own
- **Develop IT audit skills for the non-IT auditor**
- **Cybersecurity**



¹ Knowledge Leader provided by Protiviti
10 Big Things for Small Audit Departments, Steve Stanek, 2008

6 Strategies for Generating a “Big Impact” with a Small Internal Audit Staff ¹



¹ <https://richardchambers.com/6-strategies-for-generating-a-big-impact-with-a-small-internal-audit-staff/>
Richard Chambers, August 29, 2022

IT DOES NOT GET ANY EASIER



WORK DIFFERENTLY, MAKE AN IMPACT



*Talent wins games,
but teamwork and
intelligence win
championships.*

”

QUESTIONS

