

PATTERSON-UTI ENERGY, INC.
Condensed Consolidated Balance Sheets
(unaudited, in thousands)

	June 30, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash, cash equivalents and restricted cash	\$ 75,036	\$ 192,680
Accounts receivable, net	866,931	971,091
Inventory	172,405	180,805
Other current assets	165,003	141,122
Total current assets	1,279,375	1,485,698
Property and equipment, net	3,236,056	3,340,412
Goodwill	1,377,448	1,379,741
Intangible assets, net	992,189	1,051,697
Deferred tax assets, net	—	3,927
Other assets	137,263	158,556
Total assets	\$ 7,022,331	\$ 7,420,031
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 476,460	\$ 534,420
Accrued liabilities	329,226	446,268
Other current liabilities	45,511	69,747
Total current liabilities	851,197	1,050,435
Long-term debt, net	1,219,156	1,224,941
Deferred tax liabilities, net	280,432	248,107
Other liabilities	63,032	75,867
Total liabilities	2,413,817	2,599,350
Commitments and contingencies		
Stockholders' equity:		
Stockholders' equity attributable to controlling interests	4,599,110	4,812,292
Noncontrolling interest	9,404	8,389
Total equity	4,608,514	4,820,681
Total liabilities and stockholders' equity	\$ 7,022,331	\$ 7,420,031

PATTERSON-UTI ENERGY, INC.
Condensed Consolidated Statements of Operations
(unaudited, in thousands, except per share data)

	Three Months Ended			Six Months Ended	
	June 30,	March 31,	June 30,	June 30,	
	2024	2024	2023	2024	2023
REVENUES	\$ 1,348,194	\$ 1,510,360	\$ 758,885	\$ 2,858,554	\$ 1,550,687
COSTS AND EXPENSES:					
Direct operating costs	971,164	1,077,139	488,085	2,048,303	1,000,744
Depreciation, depletion, amortization and impairment	267,638	274,956	126,814	542,594	254,994
Selling, general and administrative	64,578	64,984	33,257	129,562	63,823
Credit loss expense	(273)	5,231	—	4,958	—
Merger and integration expense	10,645	12,233	7,940	22,878	7,940
Other operating income, net	(10,786)	(11,182)	(1,793)	(21,968)	(7,359)
Total operating costs and expenses	1,302,966	1,423,361	654,303	2,726,327	1,320,142
OPERATING INCOME	45,228	86,999	104,582	132,227	230,545
OTHER INCOME (EXPENSE):					
Interest income	1,867	2,189	1,212	4,056	2,452
Interest expense, net of amount capitalized	(17,913)	(18,335)	(9,738)	(36,248)	(18,564)
Other	224	850	2,323	1,074	3,809
Total other expense	(15,822)	(15,296)	(6,203)	(31,118)	(12,303)
INCOME BEFORE INCOME TAXES	29,406	71,703	98,379	101,109	218,242
INCOME TAX EXPENSE	17,785	19,997	13,765	37,782	33,950
NET INCOME	11,621	51,706	84,614	63,327	184,292
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	544	471	—	1,015	—
NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ 11,077	\$ 51,235	\$ 84,614	\$ 62,312	\$ 184,292
NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS PER COMMON SHARE:					
Basic	\$ 0.03	\$ 0.13	\$ 0.41	\$ 0.15	\$ 0.88
Diluted	\$ 0.03	\$ 0.13	\$ 0.40	\$ 0.15	\$ 0.87
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING:					
Basic	399,558	408,182	207,839	403,870	209,952
Diluted	399,558	409,819	208,984	403,870	211,188
CASH DIVIDENDS PER COMMON SHARE	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.16	\$ 0.16

PATTERSON-UTI ENERGY, INC.
Condensed Consolidated Statements of Cash Flows
(unaudited, in thousands)

	Six Months Ended	
	June 30,	
	2024	2023
Cash flows from operating activities:		
Net income	\$ 63,327	\$ 184,292
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion, amortization and impairment	542,594	254,994
Deferred income tax expense	36,252	29,080
Stock-based compensation	22,864	5,980
Net gain on asset disposals	(6,689)	(1,374)
Credit loss expense	4,958	—
Other	1,129	(216)
Changes in operating assets and liabilities	(101,022)	(75,550)
Net cash provided by operating activities	563,413	397,206
Cash flows from investing activities:		
Purchases of property and equipment	(357,449)	(249,995)
Proceeds from disposal of assets	9,321	7,792
Other	(1,376)	(9)
Net cash used in investing activities	(349,504)	(242,212)
Cash flows from financing activities:		
Purchases of treasury stock	(230,202)	(100,915)
Dividends paid	(64,368)	(33,507)
Payments of finance leases	(31,905)	—
Other	(6,063)	(7,837)
Net cash used in financing activities	(332,538)	(142,259)
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	985	—
Net (decrease) increase in cash, cash equivalents and restricted cash	(117,644)	12,735
Cash, cash equivalents and restricted cash at beginning of period	192,680	137,553
Cash, cash equivalents and restricted cash at end of period	\$ 75,036	\$ 150,288

PATTERSON-UTI ENERGY, INC.
Additional Financial and Operating Data
(unaudited, dollars in thousands)

	Three Months Ended			Six Months Ended	
	June 30,	March 31,	June 30,	June 30,	
	2024	2024	2023	2024	2023
Drilling Services					
Revenues	\$ 440,289	\$ 457,573	\$ 489,659	\$ 897,862	\$ 967,386
Direct operating costs	\$ 261,497	\$ 271,737	\$ 281,573	\$ 533,234	\$ 562,834
Adjusted gross profit ⁽¹⁾	\$ 178,792	\$ 185,836	\$ 208,086	\$ 364,628	\$ 404,552
Depreciation, amortization and impairment	\$ 98,607	\$ 92,345	\$ 90,400	\$ 190,952	\$ 181,693
Selling, general and administrative	\$ 4,073	\$ 3,879	\$ 4,395	\$ 7,952	\$ 8,240
Other operating loss, net	\$ —	\$ —	\$ 12	\$ —	\$ 34
Operating income	\$ 76,112	\$ 89,612	\$ 113,279	\$ 165,724	\$ 214,585
Capital expenditures	\$ 58,426	\$ 82,793	\$ 82,634	\$ 141,219	\$ 171,913
Completion Services					
Revenues	\$ 805,373	\$ 944,997	\$ 250,241	\$ 1,750,370	\$ 543,509
Direct operating costs	\$ 653,240	\$ 745,594	\$ 196,473	\$ 1,398,834	\$ 416,589
Adjusted gross profit ⁽¹⁾	\$ 152,133	\$ 199,403	\$ 53,768	\$ 351,536	\$ 126,920
Depreciation, amortization and impairment	\$ 138,693	\$ 148,680	\$ 25,976	\$ 287,373	\$ 52,001
Selling, general and administrative	\$ 10,637	\$ 10,964	\$ 2,488	\$ 21,601	\$ 5,183
Other operating income, net	\$ (7,922)	\$ (9,870)	\$ —	\$ (17,792)	\$ —
Operating income	\$ 10,725	\$ 49,629	\$ 25,304	\$ 60,354	\$ 69,736
Capital expenditures	\$ 48,728	\$ 123,377	\$ 29,640	\$ 172,105	\$ 51,065
Drilling Products					
Revenues	\$ 86,054	\$ 89,973	\$ —	\$ 176,027	\$ —
Direct operating costs	\$ 46,147	\$ 48,630	\$ —	\$ 94,777	\$ —
Adjusted gross profit ⁽¹⁾	\$ 39,907	\$ 41,343	\$ —	\$ 81,250	\$ —
Depreciation, amortization and impairment	\$ 23,176	\$ 27,182	\$ —	\$ 50,358	\$ —
Selling, general and administrative	\$ 8,092	\$ 7,661	\$ —	\$ 15,753	\$ —
Operating income	\$ 8,639	\$ 6,500	\$ —	\$ 15,139	\$ —
Capital expenditures	\$ 13,958	\$ 15,586	\$ —	\$ 29,544	\$ —
Other					
Revenues	\$ 16,478	\$ 17,817	\$ 18,985	\$ 34,295	\$ 39,792
Direct operating costs	\$ 10,280	\$ 11,178	\$ 10,039	\$ 21,458	\$ 21,321
Adjusted gross profit ⁽¹⁾	\$ 6,198	\$ 6,639	\$ 8,946	\$ 12,837	\$ 18,471
Depreciation, depletion, amortization and impairment	\$ 5,512	\$ 5,411	\$ 9,304	\$ 10,923	\$ 16,627
Selling, general and administrative	\$ 253	\$ 240	\$ 233	\$ 493	\$ 468
Operating income (loss)	\$ 433	\$ 988	\$ (591)	\$ 1,421	\$ 1,376
Capital expenditures	\$ 9,213	\$ 3,797	\$ 7,192	\$ 13,010	\$ 12,415
Corporate					
Depreciation	\$ 1,650	\$ 1,338	\$ 1,134	\$ 2,988	\$ 4,673
Selling, general and administrative	\$ 41,523	\$ 42,240	\$ 26,141	\$ 83,763	\$ 49,932
Merger and integration expense	\$ 10,645	\$ 12,233	\$ 7,940	\$ 22,878	\$ 7,940
Credit loss expense	\$ (273)	\$ 5,231	\$ —	\$ 4,958	\$ —
Other operating income, net	\$ (2,864)	\$ (1,312)	\$ (1,805)	\$ (4,176)	\$ (7,393)
Capital expenditures	\$ 183	\$ 1,388	\$ 12,928	\$ 1,571	\$ 14,602
Total Capital Expenditures	\$ 130,508	\$ 226,941	\$ 132,394	\$ 357,449	\$ 249,995

⁽¹⁾ Adjusted gross profit is defined as revenues less direct operating costs (excluding depreciation, depletion, amortization and impairment expense). See Non-GAAP Financial Measures below for a reconciliation of GAAP gross profit to adjusted gross profit by segment.

PATTERSON-UTI ENERGY, INC.

Non-GAAP Financial Measures

Adjusted EBITDA

(unaudited, dollars in thousands)

	Three Months Ended			Six Months Ended	
	June 30,	March 31,	June 30,	June 30,	
	2024	2024	2023	2024	2023
Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA) ⁽¹⁾:					
Net income	\$ 11,621	\$ 51,706	\$ 84,614	\$ 63,327	\$ 184,292
Income tax expense	17,785	19,997	13,765	37,782	33,950
Net interest expense	16,046	16,146	8,526	32,192	16,112
Depreciation, depletion, amortization and impairment	267,638	274,956	126,814	542,594	254,994
Merger and integration expense	10,645	12,233	7,940	22,878	7,940
Adjusted EBITDA	<u>\$ 323,735</u>	<u>\$ 375,038</u>	<u>\$ 241,659</u>	<u>\$ 698,773</u>	<u>\$ 497,288</u>
Total revenues	\$ 1,348,194	\$ 1,510,360	\$ 758,885	\$ 2,858,554	\$ 1,550,687
Adjusted EBITDA by Operating Segment:					
Drilling Services	\$ 174,719	\$ 181,957	\$ 203,679	\$ 356,676	\$ 396,278
Completion Services	149,418	198,309	51,280	347,727	121,737
Drilling Products	31,815	33,682	—	65,497	—
Other	5,945	6,399	8,713	12,344	18,003
Corporate	(38,162)	(45,309)	(22,013)	(83,471)	(38,730)
Adjusted EBITDA	<u>\$ 323,735</u>	<u>\$ 375,038</u>	<u>\$ 241,659</u>	<u>\$ 698,773</u>	<u>\$ 497,288</u>

⁽¹⁾ Adjusted earnings before interest, taxes, depreciation and amortization (“Adjusted EBITDA”) is not defined by accounting principles generally accepted in the United States of America (“GAAP”). We define Adjusted EBITDA as net income plus income tax expense, net interest expense, depreciation, depletion, amortization and impairment expense and merger and integration expense. We present Adjusted EBITDA as a supplemental disclosure because we believe it provides to both management and investors additional information with respect to the performance of our fundamental business activities and a comparison of the results of our operations from period to period and against our peers without regard to our financing methods or capital structure. We exclude the items listed above from net income in arriving at Adjusted EBITDA because these amounts can vary substantially from company to company within our industry depending upon accounting methods and book values of assets, capital structures and the method by which the assets were acquired. Adjusted EBITDA should not be construed as an alternative to the GAAP measure of net income. Our computations of Adjusted EBITDA may not be the same as similarly titled measures of other companies.

PATTERSON-UTI ENERGY, INC.

Non-GAAP Financial Measures

Free Cash Flow

(unaudited, dollars in thousands)

	Six Months Ended	
	June 30,	
	2024	2023
Free Cash Flow ⁽¹⁾ :		
Net cash provided by operating activities	563,413	397,206
Less capital expenditures	(357,449)	(249,995)
Free cash flow	<u>\$ 205,964</u>	<u>\$ 147,211</u>

- ⁽¹⁾ We define free cash flow as net cash provided by operating activities less capital expenditures. We present free cash flow as a supplemental disclosure because we believe that it is an important liquidity measure and that it is useful to investors and management as a measure of the company's ability to generate cash flow, after reinvesting in the company, that could be available for financing cash flows, such as dividend payments, share repurchases and/or repurchases of long-term indebtedness. Our computations of free cash flow may not be the same as similarly titled measures of other companies. Free cash flow is not intended to represent our residual cash flow available for discretionary expenditures. Free cash flow is a non-GAAP financial measure that should be considered in addition to, not as a substitute for or superior to, cash flows from operations reported in accordance with GAAP.

PATTERSON-UTI ENERGY, INC.

Non-GAAP Financial Measures

Adjusted Gross Profit

(unaudited, dollars in thousands)

	Three Months Ended			Six Months Ended	
	June 30,	March 31,	June 30,	June 30,	
	2024	2024	2023	2024	2023
Drilling Services					
Revenues	\$ 440,289	\$ 457,573	\$ 489,659	\$ 897,862	\$ 967,386
Less direct operating costs	(261,497)	(271,737)	(281,573)	(533,234)	(562,834)
Less depreciation, amortization and impairment	(98,607)	(92,345)	(90,400)	(190,952)	(181,693)
GAAP gross profit	80,185	93,491	117,686	173,676	222,859
Depreciation, amortization and impairment	98,607	92,345	90,400	190,952	181,693
Adjusted gross profit ⁽¹⁾	\$ 178,792	\$ 185,836	\$ 208,086	\$ 364,628	\$ 404,552
Completion Services					
Revenues	\$ 805,373	\$ 944,997	\$ 250,241	\$ 1,750,370	\$ 543,509
Less direct operating costs	(653,240)	(745,594)	(196,473)	(1,398,834)	(416,589)
Less depreciation, amortization and impairment	(138,693)	(148,680)	(25,976)	(287,373)	(52,001)
GAAP gross profit	13,440	50,723	27,792	64,163	74,919
Depreciation, amortization and impairment	138,693	148,680	25,976	287,373	52,001
Adjusted gross profit ⁽¹⁾	\$ 152,133	\$ 199,403	\$ 53,768	\$ 351,536	\$ 126,920
Drilling Products					
Revenues	\$ 86,054	\$ 89,973	\$ —	\$ 176,027	\$ —
Less direct operating costs	(46,147)	(48,630)	—	(94,777)	—
Less depreciation, amortization and impairment	(23,176)	(27,182)	—	(50,358)	—
GAAP gross profit	16,731	14,161	—	30,892	—
Depreciation, amortization and impairment	23,176	27,182	—	50,358	—
Adjusted gross profit ⁽¹⁾	\$ 39,907	\$ 41,343	\$ —	\$ 81,250	\$ —
Other					
Revenues	\$ 16,478	\$ 17,817	\$ 18,985	\$ 34,295	\$ 39,792
Less direct operating costs	(10,280)	(11,178)	(10,039)	(21,458)	(21,321)
Less depreciation, depletion, amortization and impairment	(5,512)	(5,411)	(9,304)	(10,923)	(16,627)
GAAP gross profit	686	1,228	(358)	1,914	1,844
Depreciation, depletion, amortization and impairment	5,512	5,411	9,304	10,923	16,627
Adjusted gross profit ⁽¹⁾	\$ 6,198	\$ 6,639	\$ 8,946	\$ 12,837	\$ 18,471

⁽¹⁾ We define “Adjusted gross profit” as revenues less direct operating costs (excluding depreciation, depletion, amortization and impairment expense). Adjusted gross profit is included as a supplemental disclosure because it is a useful indicator of our operating performance.

PATTERSON-UTI ENERGY, INC.
Non-GAAP Financial Measures
Drilling Services Adjusted Gross Profit
(unaudited, dollars in thousands)

	Three Months Ended	
	June 30,	March 31,
	2024	2024
U.S. Contract Drilling		
Revenues	\$ 378,398	\$ 393,339
Less direct operating costs	(210,170)	(215,107)
Less depreciation, amortization and impairment	(89,333)	(85,926)
GAAP gross profit	78,895	92,306
Depreciation, amortization and impairment	89,333	85,926
Adjusted gross profit ⁽¹⁾	<u>\$ 168,228</u>	<u>\$ 178,232</u>
Operating days – U.S. ⁽²⁾	10,388	11,024
Average revenue per operating day – U.S. ⁽²⁾	\$ 36.43	\$ 35.68
Average direct operating costs per operating day – U.S. ⁽²⁾	\$ 20.23	\$ 19.51
Average adjusted gross profit per operating day – U.S. ⁽²⁾	\$ 16.19	\$ 16.17
Other Drilling Services		
Revenues	\$ 61,891	\$ 64,234
Less direct operating costs	(51,327)	(56,630)
Less depreciation, amortization and impairment	(9,274)	(6,419)
GAAP gross profit	1,290	1,185
Depreciation, amortization and impairment	9,274	6,419
Adjusted gross profit ⁽¹⁾	<u>\$ 10,564</u>	<u>\$ 7,604</u>

⁽¹⁾ We define “Adjusted gross profit” as revenues less direct operating costs (excluding depreciation, amortization and impairment expense). Adjusted gross profit is included as a supplemental disclosure because it is a useful indicator of our operating performance.

⁽²⁾ Operational data relates to our contract drilling business. A rig is considered to be operating if it is earning revenue pursuant to a contract on a given day.