



NEWS RELEASE

Patterson-UTI Energy Reports Financial Results for the Quarter Ended September 30, 2025

2025-10-22

HOUSTON, TEXAS / **ACCESS Newswire** / October 22, 2025 / PATTERSON-UTI ENERGY, INC. (NASDAQ:PTEN) today reported financial results for the quarter ended September 30, 2025.

Third Quarter 2025 Financial Results and Other Key Items

- Total revenue of \$1.2 billion
- Net loss attributable to common stockholders of \$36 million
 - Adjusted net loss attributable to common stockholders of \$21 million
- Adjusted EBITDA of \$219 million
- Returned \$64 million to shareholders in the third quarter through an \$0.08 per share dividend and \$34 million in share repurchases
 - Declared a quarterly dividend of \$0.08 per share, payable on December 15, 2025 to holders of record as of December 1, 2025

Management Commentary

"In the third quarter, our teams successfully navigated a challenging environment, and we are executing our plan that concentrates on optimizing our business in the areas that we can control," said Andy Hendricks, Chief

Executive Officer. "Operationally, our teams are performing well, and we continue to enhance our commercial strategy through additional integration and performance-based agreements, while at the same time we are lowering our cost structure. Margin performance across Patterson-UTL is outpacing what we have historically seen in periods of activity moderation. We think this outperformance is a function of the focus and execution of the teams in each of our segments and the technology edge that we are using to deliver better drilling and completion results for our customers. We expect this relative margin resiliency to continue."

"U.S. activity levels stabilized towards the end of the third quarter, and while we do expect normal seasonality in completion activity during the fourth quarter, we think our activity should remain relatively steady into 2026," continued Mr. Hendricks. "We believe the full impact of the moderation of activity over the past six months is yet to be fully reflected in U.S. oil production, and we believe current industry activity is already below levels needed to hold U.S. oil production steady. Any further rig count declines would likely result in additional pressure on U.S. oil production volumes for an extended period, which could negatively impact global oil supply in 2026. On natural gas, we continue to see a strengthening outlook as physical LNG takeaway begins to come into focus, which we expect to result in higher natural gas drilling and completion activity in 2026."

"We continue to deliver on the cash generation potential of our company, and we expect the fourth quarter will be our strongest free cash flow generating quarter of the year," said Andy Smith, Chief Financial Officer. "Our low leverage and strong liquidity give us significant flexibility in capital allocation going forward, and we will continue to deploy capital only towards opportunities we believe will deliver high long-term returns for our shareholders, including the option to further accelerate our share repurchase program."

Drilling Services

During the third quarter, our Drilling Services segment revenue totaled \$380 million. Drilling Services adjusted gross profit was \$134 million during the quarter. Our U.S. Contract Drilling operating days totaled 8,737, with an average of 95 rigs working in the third quarter.

Activity in our U.S. Contract Drilling business was steady outside the Permian Basin compared to the second quarter, with the sequential change in activity a function of moderating industry demand in the Permian Basin. Additionally, our Directional Drilling business performance was strong, benefitting from high service quality and additional integrated offerings with both our drilling rigs and drill bits.

Completion Services

Third quarter Completion Services revenue totaled \$705 million, with adjusted gross profit of \$111 million. Our commercial team effectively managed our frac schedule during the quarter, with steady overall activity compared

to the second quarter. Additionally, our operational execution was very strong, with our teams making great strides in efficiency and benefiting from some cost reduction activities in the segment during the first half of the year. Pricing per horsepower hour was steady compared to the second quarter, with lower revenue from low margin sand and chemical product sales.

Our fleet of Emerald™ 100% natural gas-powered assets remains in high demand with strong operational and financial performance. Towards the end of the third quarter, we accepted delivery of our first commercial direct-drive hydraulic fracturing fleet, which is scheduled to begin long-term dedicated work in the fourth quarter.

After successful introduction in the third quarter, we continue to deploy our Vertex™ Automated Controls across all pumping fleets, with projection for full deployment by year-end. This will allow us to implement closed loop automation for all pump types to improve our operating efficiency and asset management, while delivering optimized completion designs for our customers based on real-time surface measurements.

Drilling Products

Third quarter Drilling Products revenue totaled \$86 million, with adjusted gross profit of \$36 million.

Performance was strong in the United States and Canada, where our sequential change in revenue again outperformed the change in industry activity. We reached another company record for U.S. revenue per U.S. industry rig, with the segment improving on this metric by approximately 40% since we acquired Ulterra in 2023. International revenue was down slightly, the result of lower drilling activity in Saudi Arabia, which is our largest international market.

Segment margins were impacted by higher than normal bit repair expense early in the quarter, although the segment did see margins return closer to historical levels by the end of the quarter.

Other

During the third quarter, Other revenue totaled \$5 million, with adjusted gross profit totaling \$2 million.

Other Operating Expenses

Other Operating Expenses for the quarter totaled \$23 million, of which \$20 million was associated with the accrual of expenses associated with personal injury-related claims for incidents that occurred several years ago, partially offset by a favorable contract dispute resolution.

Outlook

Within the Drilling Services segment for the fourth quarter, we expect our average rig count will be similar to the third quarter, which reflects activity remaining relatively steady, compared to our current rig count, through the end of the year. We expect adjusted gross profit within the Drilling Services segment to be down approximately 5% from the third quarter.

In our Completion Services segment for the fourth quarter, we expect adjusted gross profit to be approximately \$85 million. From an activity perspective, we expect less seasonality compared to the fourth quarter last year.

In our Drilling Products segment for the fourth quarter, we expect adjusted gross profit will improve slightly compared to the third quarter. We expect relatively steady results in the U.S. and Canada, with higher revenue and adjusted gross profit from our International business.

We expect Other adjusted gross profit in the fourth quarter to be roughly flat compared to the third quarter.

For the fourth quarter, we expect selling, general and administrative expense to be relatively steady compared to the third quarter, and we expect depreciation, depletion, amortization, and impairment expense of approximately \$225 million.

We expect capital expenditures to approximate \$140 million during the fourth quarter. For full-year 2025, we now expect capital expenditures to be below \$600 million, before considering the benefit of \$33 million in asset sales we have realized through the third quarter. For full-year 2025, our updated capital expenditure budget is lower than previously expected.

All references to "per share" in this press release are diluted earnings per common share as defined within Accounting Standards Codification Topic 260.

Third Quarter Earnings Conference Call

The Company's quarterly conference call to discuss the operating results for the quarter ended September 30, 2025, is scheduled for October 23, 2025, at 9:00 a.m. Central Time. The dial-in information for participants is (800) 715-9871 (Domestic) and (646) 307-1963 (International). The conference ID for both numbers is 5526772. The call is also being webcast and can be accessed through the Investor Relations section of the Company's website at **investor.patenergy.com**. A replay of the conference call will be on the Company's website for two weeks.

About Patterson-UTI

Patterson-UTL is a leading provider of drilling and completion services to oil and natural gas exploration and production companies in the United States and other select countries, including contract drilling services, integrated well completion services and directional drilling services in the United States, and specialized bit solutions in the United States, Middle East and many other regions around the world. For more information, visit www.patenergy.com.

Cautionary Statement Regarding Forward-Looking Statements

This press release contains forward-looking statements which are protected as forward-looking statements under the Private Securities Litigation Reform Act of 1995 that are not limited to historical facts, but reflect Patterson-UTL's current beliefs, expectations or intentions regarding future events. Words such as "anticipate," "believe," "budgeted," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "pursue," "see," "should," "strategy" "target," or "will," and similar expressions are intended to identify such forward-looking statements. The statements in this press release that are not historical statements, including statements regarding Patterson-UTL's future expectations, beliefs, plans, objectives, financial conditions, assumptions or future events or performance that are not historical facts, are forward-looking statements within the meaning of the federal securities laws. These statements are subject to numerous risks and uncertainties, many of which are beyond Patterson-UTL's control, which could cause actual results to differ materially from the results expressed or implied by the statements. These risks and uncertainties include, but are not limited to: adverse oil and natural gas industry conditions, including the impact of commodity price volatility on industry outlook; global economic conditions, including inflationary pressures and risks of economic downturns or recessions in the United States and elsewhere; volatility in customer spending and in oil and natural gas prices that could adversely affect demand for Patterson-UTL's services and their associated effect on rates; excess supply of drilling and completions equipment, including as a result of reactivation, improvement or construction; competition and demand for Patterson-UTL's services; the impact of the ongoing Ukraine/Russia and Middle East conflicts and instability in other international regions; strength and financial resources of competitors; utilization, margins and planned capital expenditures; ability to obtain insurance coverage on commercially reasonable terms and liabilities from operational risks for which Patterson-UTL does not have and receive full indemnification or insurance; operating hazards attendant to the oil and natural gas business; failure by customers to pay or satisfy their contractual obligations (particularly with respect to fixed-term contracts); the ability to realize backlog; specialization of methods, equipment and services and new technologies, including the ability to develop and obtain satisfactory returns from new technology and the risk of obsolescence of existing technologies; the ability to attract and retain management and field personnel; loss of key customers; shortages, delays in delivery, and interruptions in supply, of equipment and materials; cybersecurity events; difficulty in building and deploying new equipment; complications with the design or implementation of Patterson-UTL's new enterprise resource planning system; governmental regulation, including climate legislation, regulation and other related risks; environmental, social and

governance practices, including the perception thereof; environmental risks and ability to satisfy future environmental costs; technology-related disputes; legal proceedings and actions by governmental or other regulatory agencies; changes to tax, tariff and import/export regulations and sanctions by the United States or other countries, including the impacts of any sustained escalation or changes in tariff levels or trade-related disputes; the ability to effectively identify and enter new markets or pursue strategic acquisitions; public health crises, pandemics and epidemics; weather; operating costs; expansion and development trends of the oil and natural gas industry; financial flexibility, including availability of capital and the ability to repay indebtedness when due; adverse credit and equity market conditions; our return of capital to stockholders, including timing and amounts (including any plans or commitments in respect thereof) of any dividends and share repurchases; stock price volatility; and compliance with covenants under Patterson-UTI's debt agreements.

Additional information concerning factors that could cause actual results to differ materially from those in the forward-looking statements is contained from time to time in Patterson-UTI's SEC filings. Patterson-UTI's filings may be obtained by contacting Patterson-UTI or the SEC or through Patterson-UTI's website at <http://www.patenergy.com> or through the SEC's Electronic Data Gathering and Analysis Retrieval System (EDGAR) at <http://www.sec.gov>. Patterson-UTI undertakes no obligation to publicly update or revise any forward-looking statement.

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

	September 30, 2025	December 31, 2024
	<u> </u>	<u> </u>
ASSETS		
Current assets:		
Cash, cash equivalents and restricted cash	\$ 186,913	\$ 241,293
Accounts receivable, net	800,448	763,806
Inventory	155,933	167,023
Other current assets	134,207	123,193
	<u>1,277,501</u>	<u>1,295,315</u>
Total current assets	2,785,428	3,010,342
Property and equipment, net	487,388	487,388

Goodwill	842,972	929,610
Intangible assets, net	139,821	110,811
Other assets	<u>\$ 5,533,110</u>	<u>\$ 5,833,466</u>
Total assets	<u><u> </u></u>	<u><u> </u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:	\$ 461,265	\$ 421,318
Accounts payable	283,880	385,751
Accrued liabilities	32,628	34,924
Other current liabilities	<u>777,773</u>	<u>841,993</u>
Total current liabilities	1,220,716	1,219,770
Long-term debt, net	232,803	238,097
Deferred tax liabilities, net	46,733	57,762
Other liabilities	<u>2,278,025</u>	<u>2,357,622</u>
Total liabilities		
Stockholders' equity:	3,248,805	3,465,823
Stockholders' equity attributable to controlling interests	6,280	10,021
Noncontrolling interest	<u>3,255,085</u>	<u>3,475,844</u>
Total equity	<u>\$ 5,533,110</u>	<u>\$ 5,833,466</u>
Total liabilities and stockholders' equity	<u><u> </u></u>	<u><u> </u></u>

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

Three Months Ended			Nine Months Ended	
September 30,	June 30,	September 30,	September 30,	
<u>2025</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
<u>\$ 1,175,954</u>	<u>\$ 1,219,320</u>	<u>\$ 1,357,222</u>	<u>\$ 3,675,811</u>	<u>\$ 4,215,776</u>

REVENUES					
COSTS AND EXPENSES:					
	893,833	929,363	1,011,907	2,784,610	3,060,210
Direct operating costs	225,598	261,858	374,680	719,322	917,274
Depreciation, depletion, amortization and impairment	-	-	885,240	-	885,240
Impairment of goodwill	61,976	64,108	65,696	193,014	195,258
Selling, general and administrative	90	488	6,699	1,010	29,577
Merger and integration expense	22,511	(7,011)	3,629	18,450	(13,381)
Other operating expense (income), net					
	1,204,008	1,248,806	2,347,851	3,716,406	5,074,178
Total operating costs and expenses					
	(28,054)	(29,486)	(990,629)	(40,595)	(858,402)
OPERATING INCOME (LOSS)					
OTHER INCOME (EXPENSE):					
	1,480	1,272	745	4,216	4,801
Interest income	(17,488)	(17,645)	(17,990)	(52,830)	(54,238)
Interest expense, net of amount capitalized	1,020	(1,644)	(716)	1,344	358
Other income (expense)					
	(14,988)	(18,017)	(17,961)	(47,270)	(49,079)
Total other income (expense)					
	(43,042)	(47,503)	(1,008,590)	(87,865)	(907,481)
INCOME (LOSS) BEFORE INCOME TAXES					
	(6,592)	1,194	(30,256)	(4,008)	7,526
INCOME TAX EXPENSE (BENEFIT)					
	(36,450)	(48,697)	(978,334)	(83,857)	(915,007)
NET INCOME (LOSS)					
	(48)	447	427	684	1,442
NET INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTEREST					
	\$ (36,402)	\$ (49,144)	\$ (978,761)	\$ (84,541)	\$ (916,449)
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS					
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS PER COMMON SHARE:					
	\$ (0.10)	\$ (0.13)	\$ (2.50)	\$ (0.22)	\$ (2.29)
Basic					

	\$ (0.10)	\$ (0.13)	\$ (2.50)	\$ (0.22)	\$ (2.29)
Diluted					
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING:					
	382,819	385,365	391,732	384,888	399,795
Basic					
	382,819	385,365	391,732	384,888	399,795
Diluted					
	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.24	\$ 0.24
CASH DIVIDENDS PER COMMON SHARE					

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

	Nine Months Ended	
	September 30,	
	2025	2024
Cash flows from operating activities:		
Net income (loss)	\$ (83,857)	\$ (915,007)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, depletion, amortization and impairment	719,322	917,274
Impairment of goodwill	-	885,240
Deferred income tax expense (benefit)	(5,599)	5,824
Stock-based compensation	30,527	35,790
Net (gain) loss on asset disposals	(1,739)	(5,956)
Other	27	7,347
Changes in operating assets and liabilities	(94,988)	(70,810)
Net cash provided by operating activities	563,693	859,702
Cash flows from investing activities:		
Purchases of property and equipment	(450,516)	(538,036)
Investment in unconsolidated affiliate	(10,500)	-

	33,155	14,685
Proceeds from disposal of assets, including insurance recoveries	(8,980)	(1,464)
Other	<u>(436,841)</u>	<u>(524,815)</u>
Net cash used in investing activities	<u></u>	<u></u>
Cash flows from financing activities:	(69,424)	(269,948)
Purchases of treasury stock	(92,114)	(95,593)
Dividends paid	-	50,000
Proceeds from revolving credit facility	-	(50,000)
Repayments of revolving credit facility	(6,216)	(36,635)
Payments of finance leases	(10,820)	(9,156)
Other	<u>(178,574)</u>	<u>(411,332)</u>
Net cash used in financing activities	<u>(2,658)</u>	<u>(753)</u>
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	<u>(54,380)</u>	<u>(77,198)</u>
Net change in cash, cash equivalents and restricted cash	241,293	192,680
Cash, cash equivalents and restricted cash at beginning of period	<u>\$ 186,913</u>	<u>\$ 115,482</u>
Cash, cash equivalents and restricted cash at end of period	<u></u>	<u></u>

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

	Three Months Ended			Nine Months Ended	
	September 30,	June 30,	September 30,	September 30,	
	<u>2025</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Drilling Services	\$ 380,200	\$ 403,805	\$ 421,563	\$ 1,196,865	\$ 1,319,425
Revenues	\$ 246,407	\$ 254,772	\$ 250,877	\$ 748,808	\$ 784,111

Direct operating costs	\$	133,793	\$	149,033	\$	170,686	\$	448,057	\$	535,314
Adjusted gross profit ⁽¹⁾	\$	84,100	\$	112,647	\$	201,272	\$	281,719	\$	392,224
Depreciation, amortization and impairment	\$	3,969	\$	4,152	\$	3,809	\$	12,066	\$	11,761
Selling, general and administrative	\$	8,600	\$	(8,368)	\$	-	\$	232	\$	-
Other operating expense (income), net	\$	37,124	\$	40,602	\$	(34,395)	\$	154,040	\$	131,329
Operating income (loss)		8,737		9,465		9,870		27,775		31,282
Operating days - U.S. ⁽²⁾	\$	46,691	\$	55,174	\$	69,127	\$	175,323	\$	210,346
Capital expenditures										
Completion Services	\$	705,275	\$	719,332	\$	831,567	\$	2,190,687	\$	2,581,937
Revenues	\$	594,118	\$	619,083	\$	703,809	\$	1,870,882	\$	2,102,643
Direct operating costs	\$	111,157	\$	100,249	\$	127,758	\$	319,805	\$	479,294
Adjusted gross profit ⁽¹⁾	\$	117,058	\$	119,774	\$	140,930	\$	352,658	\$	428,303
Depreciation, amortization and impairment	\$	-	\$	-	\$	885,240	\$	-	\$	885,240
Impairment of goodwill	\$	8,821	\$	9,723	\$	10,253	\$	29,953	\$	31,854
Selling, general and administrative	\$	13,000	\$	-	\$	-	\$	13,000	\$	(17,792)
Other operating expense (income), net	\$	(27,722)	\$	(29,248)	\$	(908,665)	\$	(75,806)	\$	(848,311)
Operating income (loss)	\$	81,301	\$	68,985	\$	86,755	\$	212,459	\$	258,860
Capital expenditures										
Drilling Products	\$	85,880	\$	88,390	\$	89,102	\$	259,933	\$	265,129
Revenues	\$	50,265	\$	49,335	\$	47,144	\$	146,540	\$	141,921
Direct operating costs	\$	35,615	\$	39,055	\$	41,958	\$	113,393	\$	123,208
Adjusted gross profit ⁽¹⁾	\$	21,326	\$	23,584	\$	22,924	\$	67,786	\$	73,282
Depreciation, amortization and impairment	\$	8,486	\$	8,651	\$	9,898	\$	26,256	\$	25,651
Selling, general and administrative	\$	5,803	\$	6,820	\$	9,136	\$	19,351	\$	24,275
Operating income (loss)	\$	13,331	\$	15,252	\$	16,309	\$	46,805	\$	45,853
Capital expenditures										

Other ⁽³⁾	\$	4,599	\$	7,793	\$	14,990	\$	28,326	\$	49,285
Revenues	\$	3,043	\$	6,173	\$	10,077	\$	18,380	\$	31,535
Direct operating costs	\$	1,556	\$	1,620	\$	4,913	\$	9,946	\$	17,750
Adjusted gross profit ⁽¹⁾	\$	923	\$	3,538	\$	8,330	\$	10,797	\$	19,253
Depreciation, depletion, amortization and impairment	\$	(177)	\$	82	\$	156	\$	109	\$	649
Selling, general and administrative	\$	810	\$	(2,000)	\$	(3,573)	\$	(960)	\$	(2,152)
Operating income (loss)	\$	2,145	\$	1,802	\$	5,909	\$	7,543	\$	18,919
Capital expenditures										
Corporate	\$	2,191	\$	2,315	\$	1,224	\$	6,362	\$	4,212
Depreciation	\$	40,877	\$	41,500	\$	41,580	\$	124,630	\$	125,343
Selling, general and administrative	\$	90	\$	488	\$	6,699	\$	1,010	\$	29,577
Merger and integration expense	\$	911	\$	1,357	\$	3,629	\$	5,218	\$	4,411
Other operating expense (income), net	\$	1,011	\$	2,993	\$	2,487	\$	8,386	\$	4,058
Capital expenditures										
	\$	144,479	\$	144,206	\$	180,587	\$	450,516	\$	538,036
Total Capital Expenditures										

Adjusted gross profit is defined as revenues less direct operating costs (excluding depreciation, depletion, amortization and impairment expense, which does not include impairment of goodwill). See Non-GAAP Financial Measures below for a reconciliation of GAAP gross profit to adjusted gross profit by segment.

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.

Other includes our oilfield rentals business, prior to its divestiture in April 2025, and oil and natural gas working interests.

PATTERSON-UTI ENERGY, INC.
Non-GAAP Financial Measures
Adjusted EBITDA
(unaudited, dollars in thousands)

	Three Months Ended			Nine Months Ended	
	September 30,	June 30,	September 30,	September 30,	
	2025	2025	2024	2025	2024
Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA) ⁽¹⁾ :					
	\$ (36,450)	\$ (48,697)	\$ (978,334)	\$ (83,857)	\$ (915,007)
Net income (loss)	(6,592)	1,194	(30,256)	(4,008)	7,526
Income tax expense (benefit)	16,008	16,373	17,245	48,614	49,437
Net interest expense	225,598	261,858	374,680	719,322	917,274
Depreciation, depletion, amortization and impairment	20,000	(4,585)	-	15,415	(17,792)
Legal accruals and settlements	-	-	885,240	-	885,240
Impairment of goodwill	90	488	6,699	1,010	29,577
Merger and integration expense	<u>\$ 218,654</u>	<u>\$ 226,631</u>	<u>\$ 275,274</u>	<u>\$ 696,496</u>	<u>\$ 956,255</u>
Adjusted EBITDA	<u><u>\$ 1,175,954</u></u>	<u><u>\$ 1,219,320</u></u>	<u><u>\$ 1,357,222</u></u>	<u><u>\$ 3,675,811</u></u>	<u><u>\$ 4,215,776</u></u>
Total revenues					
Adjusted EBITDA by Operating Segment:					
	\$ 128,224	\$ 148,664	\$ 166,877	\$ 438,174	\$ 523,553
Drilling Services	102,336	90,526	117,505	289,852	447,440
Completion Services	27,129	30,404	32,060	87,137	97,557
Drilling Products	1,733	1,538	4,757	9,837	17,101
Other	(40,768)	(44,501)	(45,925)	(128,504)	(129,396)
Corporate	<u>\$ 218,654</u>	<u>\$ 226,631</u>	<u>\$ 275,274</u>	<u>\$ 696,496</u>	<u>\$ 956,255</u>
Adjusted EBITDA	<u><u>\$ 1,175,954</u></u>	<u><u>\$ 1,219,320</u></u>	<u><u>\$ 1,357,222</u></u>	<u><u>\$ 3,675,811</u></u>	<u><u>\$ 4,215,776</u></u>

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 (loss) plus income tax expense (benefit), net interest expense, depreciation, depletion, amortization and impairment expense, legal accruals and settlements, impairment of goodwill, 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 (loss) 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 (loss). 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
Adjusted Free Cash Flow
(unaudited, dollars in thousands)

	Nine Months Ended	
	September 30,	
	2025	2024
Adjusted Free Cash Flow ⁽¹⁾ :		
Net cash provided by operating activities	\$ 563,693	\$ 859,702
Less capital expenditures	(450,516)	(538,036)
Plus proceeds from disposal of assets, including insurance recoveries	33,155	14,685
Adjusted free cash flow	<u>\$ 146,332</u>	<u>\$ 336,351</u>

We define adjusted free cash flow as net cash provided by operating activities less capital expenditures, plus proceeds from disposal of assets, including insurance recoveries. We present adjusted 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 adjusted free cash flow may not be the same as similarly titled measures of other companies. Adjusted free cash flow is not intended to represent our residual cash flow available for discretionary expenditures. Adjusted 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			Nine Months Ended	
	September 30,	June 30,	September 30,	September 30,	
	2025	2025	2024	2025	2024
Drilling Services					
	\$ 380,200	\$ 403,805	\$ 421,563	\$ 1,196,865	\$ 1,319,425
Revenues	(246,407)	(254,772)	(250,877)	(748,808)	(784,111)
Less direct operating costs	(84,100)	(112,647)	(201,272)	(281,719)	(392,224)
Less depreciation, amortization and impairment	49,693	36,386	(30,586)	166,338	143,090
GAAP gross profit (loss)	84,100	112,647	201,272	281,719	392,224
Depreciation, amortization and impairment	\$ 133,793	\$ 149,033	\$ 170,686	\$ 448,057	\$ 535,314
Adjusted gross profit ⁽¹⁾					
Completion Services					
	\$ 705,275	\$ 719,332	\$ 831,567	\$ 2,190,687	\$ 2,581,937
Revenues	(594,118)	(619,083)	(703,809)	(1,870,882)	(2,102,643)
Less direct operating costs	(117,058)	(119,774)	(140,930)	(352,658)	(428,303)
Less depreciation, amortization and impairment	(5,901)	(19,525)	(13,172)	(32,853)	50,991
GAAP gross profit (loss)	117,058	119,774	140,930	352,658	428,303
Depreciation, amortization and impairment	\$ 111,157	\$ 100,249	\$ 127,758	\$ 319,805	\$ 479,294
Adjusted gross profit ⁽¹⁾					
Drilling Products					
	\$ 85,880	\$ 88,390	\$ 89,102	\$ 259,933	\$ 265,129
Revenues	(58,865)	(48,885)	(47,110)	(165,710)	(144,881)

	(50,265)	(49,335)	(47,144)	(146,540)	(141,921)
Less direct operating costs	(21,326)	(23,584)	(22,924)	(67,786)	(73,282)
Less depreciation, amortization and impairment	<u>14,289</u>	<u>15,471</u>	<u>19,034</u>	<u>45,607</u>	<u>49,926</u>
GAAP gross profit (loss)	21,326	23,584	22,924	67,786	73,282
Depreciation, amortization and impairment	<u>\$ 35,615</u>	<u>\$ 39,055</u>	<u>\$ 41,958</u>	<u>\$ 113,393</u>	<u>\$ 123,208</u>
Adjusted gross profit ⁽¹⁾	<u><u></u></u>	<u><u></u></u>	<u><u></u></u>	<u><u></u></u>	<u><u></u></u>
Other	\$ 4,599	\$ 7,793	\$ 14,990	\$ 28,326	\$ 49,285
Revenues	(3,043)	(6,173)	(10,077)	(18,380)	(31,535)
Less direct operating costs	(923)	(3,538)	(8,330)	(10,797)	(19,253)
Less depreciation, depletion, amortization and impairment	<u>633</u>	<u>(1,918)</u>	<u>(3,417)</u>	<u>(851)</u>	<u>(1,503)</u>
GAAP gross profit (loss)	923	3,538	8,330	10,797	19,253
Depreciation, depletion, amortization and impairment	<u>\$ 1,556</u>	<u>\$ 1,620</u>	<u>\$ 4,913</u>	<u>\$ 9,946</u>	<u>\$ 17,750</u>
Adjusted gross profit ⁽¹⁾	<u><u></u></u>	<u><u></u></u>	<u><u></u></u>	<u><u></u></u>	<u><u></u></u>

We define "Adjusted gross profit" as revenues less direct operating costs (excluding depreciation, depletion, amortization and impairment expense, which does not include impairment of goodwill). 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
Adjusted Net Income (Loss)
(unaudited, in thousands)

	Three Months Ended September 30, 2025	
	As Reported	Adjusted
	Total	Total
	<u></u>	<u></u>
Net income (loss) attributable to common stockholders as reported	\$ (36,402)	\$ (36,402)

Reverse certain items:			90
Merger and integration expense			20,000
Legal accruals and settlements			(4,219)
Income tax expense (benefit)			
		<u>\$</u>	<u>(36,402)</u>
		<u>\$</u>	<u>(20,531)</u>
Adjusted net income (loss) ⁽¹⁾			
			21.0%
Federal statutory tax rate			

We define adjusted net income (loss) as net loss attributable to common stockholders as reported, excluding merger and integration expense and legal accruals and settlements. We present adjusted net income (loss) in order to convey to investors our performance on a basis that, by excluding the items listed above, is more comparable to our net income (loss) reported in previous periods. Adjusted net income (loss) should not be construed as an alternative to GAAP net income (loss).

Contact:

Michael Sabella

Vice President, Investor Relations

(281) 885-7589

SOURCE: Patterson-UTL Energy

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