

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the quarterly period ended **September 30, 2024**  
or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the Transition Period from        to

Commission File No. 001-34037

**SUPERIOR ENERGY SERVICES, INC.**

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	87-4613576 (I.R.S. Employer Identification No.)
1001 Louisiana Street, Suite 2900 Houston, TX (Address of principal executive offices)	77002 (Zip Code)
Registrant's telephone number, including area code: (713) 654-2200 Securities registered pursuant to Section 12(b) of the Act:	

Title of each class	Trading symbol	Name of each exchange on which registered
None	N/A	None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>
	Emerging growth company <input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes  No

The number of shares of the registrant's Class A common stock outstanding on October 28, 2024 was 20,216,192.

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## INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2024 (the “Form 10-Q”) and other documents filed by us with the Securities and Exchange Commission (the “SEC”) contain, and future oral or written statements or press releases by us may contain, forward-looking statements within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Generally, the words “expects,” “anticipates,” “targets,” “goals,” “projects,” “intends,” “plans,” “believes,” “seeks,” “will,” “estimates,” “could,” “may,” and variations of such words and similar expressions identify forward-looking statements, although not all forward looking statements contain these identifying words. All statements, other than statements of historical fact, included in this Form 10-Q or other materials regarding our financial position, financial performance, liquidity, strategic alternatives, market outlook, future capital needs, capital allocation plans, business strategies and other plans and objectives of our management for future operations and activities are forward-looking statements. These statements are based on certain assumptions and analyses made by our management based on their experience and prevailing circumstances on the date such statements are made. Such forward-looking statements, and the assumptions on which they are based, are inherently speculative and are subject to risks and uncertainties that could cause our actual results to differ materially from such statements. Such risks and uncertainties include, but are not limited to:

- the difficulty to predict our long-term liquidity requirements and the adequacy of our capital resources;
- restrictive covenants in the Credit Facility (as defined within) could limit our growth and our ability to finance our operations, fund our capital needs, respond to changing conditions and engage in other business activities that may be in our best interests;
- the conditions in the oil and gas industry;
- U.S. and global market and economic conditions, including impacts relating to inflation, interest rates and supply chain disruptions;
- the effects of public health threats, pandemics and epidemics, and the adverse impact thereof on our growth, operating costs, supply chain, labor availability, logistical capabilities, customer demand and industry demand generally, margins, utilization, cash position, taxes, the price of our securities, and our ability to access capital markets;
- the ability of the members of Organization of Petroleum Exporting Countries (“OPEC+”) to agree on and to maintain crude oil price and production controls;
- operating hazards or other risks, including the significant possibility of accidents resulting in personal injury or death, or property damage or other claims or events for which we may have limited or no insurance coverage or indemnification rights;
- the possibility of not being fully indemnified against losses incurred due to catastrophic events;
- cost and availability of insurance;
- claims, litigation or other proceedings that require cash payments or could impair financial condition;
- credit risk associated with our customer base;
- the effect of regulatory programs and environmental matters on our operations or prospects;
- the impact that unfavorable or unusual weather conditions could have on our operations;
- the potential inability to retain key employees and skilled workers;
- political, legal, economic and other uncertainties (such as the war in Ukraine and conflict in Israel and broader geopolitical tensions in the Middle East and eastern Europe) associated with our international operations could materially restrict our operations or expose us to additional risks;
- potential changes in tax laws, adverse positions taken by tax authorities or tax audits impacting our operating results;
- changes in competitive and technological factors affecting our operations;
- risks associated with the uncertainty of macroeconomic conditions worldwide (such as capital and credit markets conditions, inflation and interest rates);
- risks to our operations and related infrastructure, or that of our business associates, from potential cyber-attacks;
- counterparty risks associated with reliance on key suppliers;
- challenges with estimating our potential liabilities related to our oil and natural gas property;
- risks associated with potential changes of Bureau of Ocean Energy Management (“BOEM”) security and bonding requirements for offshore platforms;
- the likelihood that the interests of our significant stockholders may conflict with the interests of our other stockholders;
- the risks associated with owning our Class A Common Stock, par value \$0.01 per share (the “Class A Common Stock”), for which there is no public market; and
- the likelihood that our stockholders agreement may prevent certain transactions that could otherwise be beneficial to our stockholders.

These risks and other uncertainties related to our business are described in detail in our Annual Report on Form 10-K for the year ended December 31, 2023 (the “Form 10-K”). We undertake no obligation to update any of our forward-looking statements in this Form 10-Q. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements**

**SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Balance Sheets**  
**(in thousands, except per share data)**  
(unaudited)

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 325,881	\$ 391,684
Accounts receivable, net	200,106	276,868
Inventory	70,293	74,995
Income taxes receivable	13,383	10,542
Prepaid expenses	23,363	18,614
Other current assets	7,765	7,922
Total current assets	<u>640,791</u>	<u>780,625</u>
Property, plant and equipment, net	306,285	294,960
Note receivable	72,694	69,005
Restricted cash	54,707	85,444
Deferred tax assets	59,555	67,241
Other assets, net	42,319	43,718
Total assets	<u>\$ 1,176,351</u>	<u>\$ 1,340,993</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Current liabilities:		
Accounts payable	\$ 38,897	\$ 38,214
Accrued expenses	106,203	103,782
Income taxes payable	20,100	20,220
Decommissioning liability	30,747	21,631
Total current liabilities	<u>195,947</u>	<u>183,847</u>
Decommissioning liability	140,030	148,652
Other liabilities	38,599	47,583
Total liabilities	<u>374,576</u>	<u>380,082</u>
Stockholders' equity:		
Common stock \$0.01 par value; 52,000 shares authorized; 20,216 shares and 20,151 shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively	202	202
Additional paid-in capital	911,500	911,388
Retained earnings (deficit)	<u>(109,927)</u>	<u>49,321</u>
Total stockholders' equity	<u>801,775</u>	<u>960,911</u>
Total liabilities and stockholders' equity	<u>\$ 1,176,351</u>	<u>\$ 1,340,993</u>

See accompanying notes to unaudited condensed consolidated financial statements

**SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Operations**  
(in thousands, except per share data)  
(unaudited)

	For the Three Months Ended		For the Nine Months Ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Revenues:				
Services	\$ 82,343	\$ 80,956	\$ 237,367	\$ 280,376
Rentals	77,131	89,348	234,552	260,319
Product sales	37,833	40,081	135,103	134,300
Total revenues	<u>197,307</u>	<u>210,385</u>	<u>607,022</u>	<u>674,995</u>
Cost of revenues:				
Services	56,084	57,202	154,225	181,221
Rentals	30,640	29,580	94,564	88,942
Product sales	22,675	23,063	75,517	78,157
Total cost of revenues (exclusive of items shown separately below)	<u>109,399</u>	<u>109,845</u>	<u>324,306</u>	<u>348,320</u>
Depreciation, depletion, amortization and accretion:				
Services	6,911	6,684	19,393	21,683
Rentals	6,489	7,272	19,163	20,131
Product sales	7,677	6,534	23,836	19,436
Total depreciation, depletion, amortization and accretion	<u>21,077</u>	<u>20,490</u>	<u>62,392</u>	<u>61,250</u>
General and administrative expenses	33,458	30,089	101,837	92,256
Restructuring and transaction expenses	5,891	-	5,891	1,983
Other gains, net	(133)	(4,073)	(1,829)	(5,424)
Income from operations	<u>27,615</u>	<u>54,034</u>	<u>114,425</u>	<u>176,610</u>
Other income (expense):				
Interest income, net	5,032	6,629	17,632	18,581
Loss on Blue Chip Swap securities	(5,113)	(12,120)	(5,113)	(12,120)
Other income (expense), net	979	(4,520)	(2,916)	(8,508)
Income from continuing operations before income taxes	<u>28,513</u>	<u>44,023</u>	<u>124,028</u>	<u>174,563</u>
Income tax expense	<u>(6,597)</u>	<u>(11,403)</u>	<u>(34,754)</u>	<u>(44,615)</u>
Net income from continuing operations	<u>21,916</u>	<u>32,620</u>	<u>89,274</u>	<u>129,948</u>
Income from discontinued operations, net of tax	-	128	1,896	408
Net income	<u>\$ 21,916</u>	<u>\$ 32,748</u>	<u>\$ 91,170</u>	<u>\$ 130,356</u>
Income per share - basic:				
Net income from continuing operations	\$ 1.09	\$ 1.62	\$ 4.43	\$ 6.46
Income from discontinued operations, net of tax	-	0.01	0.09	0.02
Net income	<u>\$ 1.09</u>	<u>\$ 1.63</u>	<u>\$ 4.52</u>	<u>\$ 6.48</u>
Income per share - diluted:				
Net income from continuing operations	\$ 1.09	\$ 1.62	\$ 4.42	\$ 6.45
Income from discontinued operations, net of tax	-	-	0.10	0.02
Net income	<u>\$ 1.09</u>	<u>\$ 1.62</u>	<u>\$ 4.52</u>	<u>\$ 6.47</u>
Weighted-average shares outstanding				
Basic	20,177	20,136	20,170	20,123
Diluted	20,186	20,159	20,182	20,144

See accompanying notes to unaudited condensed consolidated financial statements



**SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Changes in Stockholders' Equity for the Three Months Ended September 30, 2023 and**  
**2024**  
**(in thousands)**  
**(unaudited)**

	Common Stock				Additional Paid-in		Accumulated	Total
	Class A		Class B		Capital			
	Shares	Amount	Shares	Amount	Class A	Class B		
<b>Balances, June 30, 2023</b>	19,999	\$ 200	152	\$ 2	\$ 902,486	\$ 6,855	\$ (28,091)	\$ 881,452
Net income	-	-	-	-	-	-	32,748	32,748
Stock-based compensation expense, net	-	-	-	-	-	1,024	-	1,024
<b>Balances, September 30, 2023</b>	<u>19,999</u>	<u>\$ 200</u>	<u>152</u>	<u>\$ 2</u>	<u>\$ 902,486</u>	<u>\$ 7,879</u>	<u>\$ 4,657</u>	<u>\$ 915,224</u>
<b>Balances, June 30, 2024</b>	20,174	\$ 202	-	\$ -	\$ 910,933	-	\$ (131,843)	\$ 779,292
Net income	-	-	-	-	-	-	21,916	21,916
Common stock issued	33	-	-	-	-	-	-	-
Restricted stock units vested	15	-	-	-	-	-	-	-
Shares withheld and retired	(6)	-	-	-	(358)	-	-	(358)
Stock-based compensation expense, net	-	-	-	-	925	-	-	925
<b>Balances, September 30, 2024</b>	<u>20,216</u>	<u>\$ 202</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 911,500</u>	<u>\$ -</u>	<u>\$ (109,927)</u>	<u>\$ 801,775</u>

See accompanying notes to unaudited condensed consolidated financial statements

**SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Changes in Stockholders' Equity for the Nine Months Ended September 30, 2023 and**  
**2024**  
**(in thousands)**  
(unaudited)

	Common Stock				Additional Paid-in		Accumulated	Total
	Class A		Class B		Capital			
	Shares	Amount	Shares	Amount	Class A	Class B		
<b>Balances, December 31, 2022</b>	<b>19,999</b>	<b>\$ 200</b>	<b>80</b>	<b>\$ 1</b>	<b>\$ 902,486</b>	<b>\$ 5,896</b>	<b>\$ (125,699)</b>	<b>\$ 782,884</b>
Net income	-	-	-	-	-	-	130,356	130,356
Restricted stock units vested	-	-	91	1	-	(1)	-	-
Shares withheld and retired	-	-	(19)	-	-	(1,116)	-	(1,116)
Stock-based compensation expense, net	-	-	-	-	-	3,100	-	3,100
<b>Balances, September 30, 2023</b>	<b>19,999</b>	<b>\$ 200</b>	<b>152</b>	<b>\$ 2</b>	<b>\$ 902,486</b>	<b>\$ 7,879</b>	<b>\$ 4,657</b>	<b>\$ 915,224</b>
<b>Balances, December 31, 2023</b>	<b>20,151</b>	<b>\$ 202</b>	<b>-</b>	<b>\$ -</b>	<b>\$ 911,388</b>	<b>\$ -</b>	<b>\$ 49,321</b>	<b>\$ 960,911</b>
Net income	-	-	-	-	-	-	91,170	91,170
Cash dividends (\$12.38 per share)	-	-	-	-	-	-	(250,418)	(250,418)
Shares repurchased	(15)	-	-	-	(961)	-	-	(961)
Common stock issued	33	-	-	-	-	-	-	-
Restricted stock units vested	68	-	-	-	-	-	-	-
Shares withheld and retired	(21)	-	-	-	(1,363)	-	-	(1,363)
Stock-based compensation expense, net	-	-	-	-	2,436	-	-	2,436
<b>Balances, September 30, 2024</b>	<b>20,216</b>	<b>\$ 202</b>	<b>-</b>	<b>\$ -</b>	<b>\$ 911,500</b>	<b>\$ -</b>	<b>\$ (109,927)</b>	<b>\$ 801,775</b>

See accompanying notes to unaudited condensed consolidated financial statements

**SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Cash Flows**  
(in thousands)  
(unaudited)

	For the Nine Months Ended September 30,	
	2024	2023
<b>Cash flows from operating activities:</b>		
Net income	\$ 91,170	\$ 130,356
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation, depletion, amortization and accretion	62,392	61,250
Deferred income taxes	7,686	29,589
Stock based compensation expense	2,436	3,100
Other gains, net	(1,829)	(6,359)
Loss on Blue Chip Swap securities	5,113	12,120
Washington State Tax Settlement	-	(27,068)
Decommissioning costs	(5,684)	(6,279)
Other reconciling items, net	(3,495)	(2,973)
Changes in operating assets and liabilities	67,396	(38,390)
Net cash from operating activities	225,185	155,346
<b>Cash flows from investing activities:</b>		
Payments for capital expenditures	(67,447)	(67,218)
Proceeds from sales of assets	3,577	24,710
Proceeds from sales of Blue Chip Swap securities	8,121	9,656
Purchases of Blue Chip Swap securities	(13,234)	(21,776)
Net cash from investing activities	(68,983)	(54,628)
<b>Cash flows from financing activities:</b>		
Distributions to shareholders	(250,417)	-
Repurchase of shares	(962)	-
Tax withholdings for vested restricted stock units	(1,363)	(1,116)
Net cash from financing activities	(252,742)	(1,116)
Net change in cash, cash equivalents, and restricted cash	(96,540)	99,602
Cash, cash equivalents, and restricted cash at beginning of period	477,128	339,107
Cash, cash equivalents, and restricted cash at end of period	\$ 380,588	\$ 438,709

See accompanying notes to unaudited condensed consolidated financial statements

**SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES**  
Notes to Unaudited Condensed Consolidated Financial Statements  
*(unless noted otherwise, amounts in thousands, except share data)*

**(1) Basis of Presentation**

Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”); however, management believes the disclosures are adequate such that the information presented is not misleading.

As used herein, “we,” “us,” “our” and similar terms refer to Superior Energy Services, Inc. and its consolidated subsidiaries, unless otherwise specifically stated.

These financial statements and notes should be read in conjunction with the consolidated financial statements and notes included in our Form 10-K.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments, consisting primarily of normal recurring adjustments, necessary for a fair statement of our financial position as of September 30, 2024, our results of operations for the three and nine months ended September 30, 2024 and 2023, and our cash flows for the nine months ended September 30, 2024 and 2023. The balance sheet as of December 31, 2023 was derived from our audited annual financial statements.

**(2) Revenue and Accounts Receivable**

*Disaggregation of Revenue*

The following table presents our revenues by segment disaggregated by geography:

	For the Three Months Ended		For the Nine Months Ended	
	September 30,		September 30,	
	2024	2023	2024	2023
<b>U.S. land</b>				
Rentals	\$ 28,934	\$ 37,478	\$ 100,653	\$ 127,341
Well Services	7,027	8,223	20,735	20,384
Total U.S. land	<u>35,961</u>	<u>45,701</u>	<u>121,388</u>	<u>147,725</u>
<b>U.S. offshore</b>				
Rentals	32,228	44,681	100,123	117,867
Well Services	17,489	14,459	69,486	54,185
Total U.S. offshore	<u>49,717</u>	<u>59,140</u>	<u>169,609</u>	<u>172,052</u>
<b>International</b>				
Rentals	36,695	31,042	105,023	89,225
Well Services	74,934	74,502	211,002	265,993
Total International	<u>111,629</u>	<u>105,544</u>	<u>316,025</u>	<u>355,218</u>
Total Revenues	<u>\$ 197,307</u>	<u>\$ 210,385</u>	<u>\$ 607,022</u>	<u>\$ 674,995</u>

The following table presents our revenues by segment disaggregated by type:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Services</b>				
Rentals	\$ 16,119	\$ 17,073	\$ 56,129	\$ 52,093
Well Services	66,224	63,883	181,238	228,283
Total Services	82,343	80,956	237,367	280,376
<b>Rentals</b>				
Rentals	74,360	84,682	221,592	248,404
Well Services	2,771	4,666	12,960	11,915
Total Rentals	77,131	89,348	234,552	260,319
<b>Product Sales</b>				
Rentals	7,378	11,446	28,078	33,936
Well Services	30,455	28,635	107,025	100,364
Total Product Sales	37,833	40,081	135,103	134,300
Total Revenues	\$ 197,307	\$ 210,385	\$ 607,022	\$ 674,995

*Accounts Receivable, net*

Our allowance for credit losses as of September 30, 2024 and December 31, 2023 was approximately \$5.6 million and \$6.3 million, respectively.

**(3) Inventory**

The components of inventory are as follows:

	September 30, 2024	December 31, 2023
Finished goods	\$ 34,874	\$ 41,082
Raw materials	8,416	10,379
Work-in-process	12,322	8,025
Supplies and consumables	14,681	15,509
Total	\$ 70,293	\$ 74,995

Finished goods inventory includes component parts awaiting assembly of approximately \$19.6 million and \$25.0 million as of September 30, 2024 and December 31, 2023, respectively.

**(4) Decommissioning Liability**

The following table summarizes our net decommissioning liability:

	September 30, 2024	December 31, 2023
Wells	\$ 93,861	\$ 96,603
Platform	76,916	73,680
Total decommissioning liability	170,777	170,283
Note receivable	(72,694)	(69,005)
Total decommissioning liability, net of note receivable	\$ 98,083	\$ 101,278

The following table presents accretion expense (in millions):

	For the Three Months Ended September 30,	For the Nine Months Ended September 30,
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	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Accretion expense	\$ 2.6	\$ 2.6	\$ 7.7	\$ 7.4

## (5) Note Receivable

Our note receivable consists of a commitment from the seller of our oil and gas property for costs associated with abandonment. Pursuant to an agreement with the seller, we will invoice the seller an agreed upon amount at the completion of certain decommissioning activities. The gross amount of the seller's obligation to us is \$108.4 million and is recorded at its present value, which totaled \$72.7 million as of September 30, 2024.

The discount on the note receivable is currently based on an effective interest rate of 7.2% and is amortized to interest income over the expected timing of the completion of the decommissioning activities, which are expected to be completed during the second quarter of 2030. Interest is paid in kind and is compounded into the carrying amount of the note.

We recorded non-cash interest income related to the note receivable as follows (in millions):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Interest income	\$ 1.3	\$ 1.0	\$ 3.7	\$ 2.9

Interest income is included in other reconciling items, net in the Condensed Consolidated Statements of Cash Flows.

## (6) Property, Plant and Equipment, Net

A summary of property, plant and equipment, net is as follows:

	September 30, 2024	December 31, 2023
Machinery and equipment	\$ 468,171	\$ 422,071
Buildings, improvements and leasehold improvements	63,592	66,746
Vehicles	8,768	8,106
Furniture and fixtures	21,432	22,746
Construction-in-progress	19,484	8,195
Land	30,182	25,654
Oil and gas producing assets	30,706	28,984
Total	642,335	582,502
Accumulated depreciation and depletion	(336,050)	(287,542)
Property, plant and equipment, net	\$ 306,285	\$ 294,960

A summary of depreciation and depletion expense associated with our property, plant and equipment is as follows (in millions):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Depreciation	\$ 16.4	\$ 17.0	\$ 48.9	\$ 51.5
Depletion	1.9	0.6	5.1	1.7
Total depreciation and depletion	\$ 18.3	\$ 17.6	\$ 54.0	\$ 53.2

## (7) Debt

In December 2023, we entered into an Amended and Restated Credit Agreement providing for up to a \$140.0 million asset based secured revolving Credit Facility (the "Credit Facility"). The issuance of letters of credit reduces availability under the Credit Facility dollar-for-dollar.

As of September 30, 2024, our borrowing base, as defined in the Credit Agreement, was approximately \$89.9 million, and we had \$39.5 million in letters of credit outstanding, which reduced the borrowing availability to \$50.4 million. At September 30, 2024, we had no outstanding borrowings under the Credit Facility and were in compliance with all required covenants.

## (8) Fair Value Measurements

The following table provides a summary of the financial assets and liabilities measured at fair value on a recurring basis:



	<b>September 30, 2024</b>	<b>December 31, 2023</b>
Non-qualified deferred compensation assets and liabilities		
Other assets, net	\$ 16,511	\$ 17,079
Accrued expenses	1,764	1,797
Other liabilities	15,022	15,589

Our non-qualified deferred compensation plans investments are reported at fair value based on unadjusted quoted prices in active markets for identifiable assets and observable inputs for similar assets and liabilities, which represent a Level 2 in the fair value hierarchy.

The carrying amount of cash equivalents, accounts receivable, accounts payable and accrued expenses, as reflected in the consolidated balance sheets, approximates fair value due to the short maturities.

### (9) Other Income (Expense), Net

A summary of other expense, net is as follows:

	<b>For the Three Months Ended September 30,</b>		<b>For the Nine Months Ended September 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Foreign currency gains (losses)	\$ 1,175	\$ (4,601)	\$ (3,063)	\$ (8,157)
Other, net	(196)	81	147	(351)
Other income (expense), net	<u>\$ 979</u>	<u>\$ (4,520)</u>	<u>\$ (2,916)</u>	<u>\$ (8,508)</u>

Gains and losses on foreign currencies are primarily related to our operations in Argentina and Brazil.

### (10) Blue Chip Swap Securities

During the third quarter of 2024, we utilized an indirect foreign exchange mechanism known as a Blue Chip Swap (“BCS”). The transactions were completed at implied exchange rates that were approximately 63.0% higher than the official exchange rate, resulting in a loss of approximately \$5.1 million during the third quarter of 2024.

A summary of BCS activity is as follows (in millions):

	<b>ARS Repatriated</b>	<b>U.S. Dollar Equivalent</b>	<b>U.S. Dollar Received</b>	<b>Loss on BCS</b>
Total	<u>12,071.9</u>	<u>\$ 13.2</u>	<u>\$ 8.1</u>	<u>\$ 5.1</u>

### (11) Segment Information

Summarized financial information for our segments is as follows:

<i>For the Three Months Ended September 30, 2024</i>	<b>Rentals</b>	<b>Well Services</b>	<b>Corporate and Other</b>	<b>Consolidated Total</b>
Revenues	\$ 97,857	\$ 99,450	\$ -	\$ 197,307
Cost of revenues (exclusive of items shown separately below)	35,227	74,172	-	109,399
Depreciation, depletion, amortization and accretion	12,059	8,455	563	21,077
General and administrative expenses	6,846	13,036	13,576	33,458
Restructuring and transaction expenses	-	-	5,891	5,891
Other gains, net	(131)	(2)	-	(133)
Income (loss) from operations	<u>\$ 43,856</u>	<u>\$ 3,789</u>	<u>\$ (20,030)</u>	<u>\$ 27,615</u>
<i>For the Three Months Ended September 30, 2023</i>	<b>Rentals</b>	<b>Well Services</b>	<b>Corporate and Other</b>	<b>Consolidated Total</b>
Revenues	\$ 113,201	\$ 97,184	\$ -	\$ 210,385
Cost of revenues (exclusive of items shown separately below)	37,769	72,076	-	109,845
Depreciation, depletion, amortization and accretion	12,538	7,277	675	20,490
General and administrative expenses	6,767	11,197	12,125	30,089
Other gains, net	(126)	(3,947)	-	(4,073)
Income (loss) from operations	<u>\$ 56,253</u>	<u>\$ 10,581</u>	<u>\$ (12,800)</u>	<u>\$ 54,034</u>



*For the Nine Months Ended September 30, 2024*

	<u>Rentals</u>	<u>Well Services</u>	<u>Corporate and Other</u>	<u>Consolidated Total</u>
Revenues	\$ 305,799	\$ 301,223	\$ -	\$ 607,022
Cost of revenues (exclusive of items shown separately below)	109,589	214,717	-	324,306
Depreciation, depletion, amortization and accretion	35,831	24,978	1,583	62,392
General and administrative expenses	21,180	35,547	45,110	101,837
Restructuring and transaction expenses	-	-	5,891	5,891
Other (gains) and losses, net	71	(1,886)	(14)	(1,829)
Income (loss) from operations	<u>\$ 139,128</u>	<u>\$ 27,867</u>	<u>\$ (52,570)</u>	<u>\$ 114,425</u>

*For the Nine Months Ended September 30, 2023*

	<u>Rentals</u>	<u>Well Services</u>	<u>Corporate and Other</u>	<u>Consolidated Total</u>
Revenues	\$ 334,433	\$ 340,562	\$ -	\$ 674,995
Cost of revenues (exclusive of items shown separately below)	109,258	239,062	-	348,320
Depreciation, depletion, amortization and accretion	37,259	21,558	2,433	61,250
General and administrative expenses	20,962	34,087	37,207	92,256
Restructuring and transaction expenses	-	-	1,983	1,983
Other gains, net	(419)	(5,005)	-	(5,424)
Income (loss) from operations	<u>\$ 167,373</u>	<u>\$ 50,860</u>	<u>\$ (41,623)</u>	<u>\$ 176,610</u>

Identifiable Assets

	<u>Rentals</u>	<u>Well Services</u>	<u>Corporate and Other</u>	<u>Consolidated Total</u>
September 30, 2024	\$ 458,210	\$ 600,104	\$ 118,037	\$ 1,176,351
December 31, 2023	553,706	597,438	189,849	1,340,993

Income from discontinued operations, net of tax for the nine months ended September 30, 2024 totaled \$1.9 million and represented the release of certain accruals that lapsed attributable to Pumpco Energy Services, Inc., which we classified as discontinued operations in December 2019.

**(12) Stock-Based Compensation Plans**

In the third quarter of 2024, we entered into an amended Management Incentive Plan ("MIP"), which provides the issuance of up to 5,096,715 shares of our Class A common stock, par value \$0.01 per share (the "Class A Common Stock") for the grant of share-based and cash-based awards.

*Restricted Stock Awards ("RSAs") and Restricted Stock Units ("RSUs")*

The following sets forth issuances under the MIP for the nine months ended September 30, 2024:

	<u>Grants of Share-Based Awards</u>		
	<u>RSAs</u>	<u>RSUs</u>	<u>Total</u>
Unvested awards outstanding, December 31, 2023	14,988	106,843	121,831
Granted	32,960	38,040	71,000
Vested	(14,988)	(68,422)	(83,410)
Forfeited	-	(26,459)	(26,459)
Unvested awards outstanding, September 30, 2024	<u>32,960</u>	<u>50,002</u>	<u>82,962</u>
Unamortized grant date fair value, December 31, 2023 (in millions)	\$ 0.2	\$ 3.8	\$ 4.0
Unamortized grant date fair value, September 30, 2024 (in millions)	\$ 1.9	\$ 2.4	\$ 4.3

Stock-based compensation expense associated with MIP grants were as follows (in millions):

	<u>For the Three Months Ended</u>		<u>For the Nine Months Ended</u>	
	<u>September 30,</u>	<u>September 30,</u>	<u>September 30,</u>	<u>September 30,</u>
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Compensation Expense	\$ 0.9	\$ 1.0	\$ 2.4	\$ 3.1

*Performance Stock Units ("PSUs")*

In the third quarter of 2024, 1,414,432 PSUs were granted and will vest to the extent that share price goals are achieved based on terms and conditions set forth in the forms of the PSU award agreement.

### (13) Equity and Earnings per Share

#### *Dividend*

In the first quarter of 2024, we paid a special cash dividend of \$12.38 per share on our outstanding Class A Common Stock totaling \$250.4 million, which includes dividend equivalent payments to holders of unvested RSUs of \$0.7 million.

#### *Share Repurchases*

In the first quarter of 2024, we purchased 14,673 shares of our Class A Common Stock totaling approximately \$1.0 million from a former Board member. Upon repurchase, the repurchased shares were canceled.

The following table presents the reconciliation between the weighted average number of shares for basic and diluted earnings per share:

	For the Three Months Ended		For the Nine Months Ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Weighted-average shares outstanding - basic	20,177	20,136	20,170	20,123
Potentially dilutive stock awards and units	9	23	12	21
Weighted-average shares outstanding - diluted	<u>20,186</u>	<u>20,159</u>	<u>20,182</u>	<u>20,144</u>

### (14) Income Taxes

The effective tax rate on income from continuing operations for the three and nine months ended September 30, 2024 was 23.1% and 28.0%, respectively, and was 25.9% and 25.6% for the three and nine months ended September 30, 2023, respectively. The effective tax rate for all periods is higher than the U.S. federal statutory rate of 21.0%, primarily from non-deductible items and ongoing operations in foreign jurisdictions which have tax rates in excess of the U.S. federal statutory rate.

The effective tax rates for the three and nine months ended September 30, 2024 were favorably impacted by the utilization of foreign tax credits of \$4.5 million and \$12.2 million, respectively.

The effective tax rate for the nine months ended September 30, 2023 was unfavorably impacted by the identification of an error in the tax provision for the year ended December 31, 2022 pertaining to certain net operating loss carryforwards that should have been eliminated as part of a worthless stock deduction taken in the fourth quarter of 2022. As such, we recognized an additional income tax expense of \$7.6 million during the three months ended March 31, 2023 with a corresponding decrease to deferred tax assets to correct this immaterial misstatement. Management has determined that this misstatement was not material to any of its previously issued financial statements.

Additionally, the effective tax rate for the nine months ended September 30, 2023 was favorably impacted by approximately \$14.9 million in income tax benefits recorded during the three months ended June 30, 2023 from reversals of uncertain tax positions in foreign jurisdictions and adjustments to valuation allowances on foreign operations.

The Organization for Economic Co-operation and Development reached agreement on Pillar Two Model Rules (“Pillar Two”) to implement a minimum 15.0% tax rate on certain multinational companies. Participating countries are in various stages of proposing and enacting tax laws to implement the Pillar Two framework. We determined these rules did not have a material impact on our taxes for the three and nine months ended September 30, 2024, and we will continue to evaluate the impact of these proposals and legislative changes as new guidance emerges.

We had approximately \$77.6 million in gross U.S. foreign tax credit deferred tax assets with a valuation allowance of \$50.0 million against them as of December 31, 2023. We continue to evaluate the realizability of our U.S. foreign tax credit carryforwards and may have additional valuation allowance releases in future periods if we achieve positive cumulative income results of appropriate character and timing that provide sufficient positive evidence to do so.

We had unrecognized tax benefits of \$3.0 million as of September 30, 2024, all of which would impact our effective tax rate if recognized. It is reasonably possible that \$2.9 million of unrecognized tax benefits could be settled in the next twelve-month period due to the conclusion of tax audits or due to the expiration of statute of limitations. Unrecognized tax benefits as of December 31, 2023 totaled \$4.1 million.

## (15) Contingencies

Due to the nature of our business, we are involved, from time to time, in various routine litigation or subject to disputes or claims or actions, including those commercial in nature, regarding our business activities in the ordinary course of business. Legal costs related to these matters are expensed as incurred. Management is of the opinion that none of the claims and actions will have a material adverse impact on our financial position, results of operations or cash flows.

As previously reported, we are currently involved in legal proceedings with the Washington State Department of Revenue in relation to a dispute arising in April 2019 pertaining to a use tax assessment from 2016 as a result of the construction of a vessel by one of our subsidiaries. The matter was appealed to the Washington State Board of Tax Appeals, which affirmed the assessment on May 22, 2023. We appealed this decision to Whatcom County Superior Court where it is currently pending review and is schedule for a hearing on February 28, 2025. In order to appeal the assessment to Whatcom County Superior Court, we paid the full \$27.1 million assessment on May 31, 2023.

## (16) Supplemental Cash Flow Information

The table below is a reconciliation of cash, cash equivalents and restricted cash as of the beginning and the end of the periods presented:

	September 30,	
	2024	2023
Cash and cash equivalents	\$ 391,684	\$ 258,999
Restricted cash-non-current	85,444	80,108
Cash, cash equivalents, and restricted cash, beginning of period (January 1 <sup>st</sup> )	<u>\$ 477,128</u>	<u>\$ 339,107</u>
Cash and cash equivalents	\$ 325,881	\$ 357,769
Restricted cash-non-current	54,707	80,940
Cash, cash equivalents, and restricted cash, end of period (September 30 <sup>th</sup> )	<u>\$ 380,588</u>	<u>\$ 438,709</u>

Accrued capital expenditures totaled \$7.2 million and \$1.5 million as of September 30, 2024 and 2023, respectively.

Additionally, during the nine months ended September 30, 2023, gains recognized on the disposition of assets classified as discontinued operations totaled \$0.9 million, and proceeds from these dispositions totaled \$12.1 million.

Changes in operating accounts on cash flows from operating activities are as follows:

	For the Nine Months Ended	
	September 30,	
	2024	2023
Accounts receivable, net	\$ 77,175	\$ (3,399)
Inventory	4,692	(23,083)
Prepaid expenses and other current assets	(4,592)	(1,406)
Accounts payable	(3,371)	9,470
Accrued expenses	(688)	(18,856)
Income taxes	(2,961)	5,274
Other, net	(2,859)	(6,390)
Changes in operating assets and liabilities	<u>\$ 67,396</u>	<u>\$ (38,390)</u>

## (17) New Accounting Pronouncements

There were no material changes in recently issued or adopted accounting standards from those disclosed in our Form 10-K.

## **Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

*The following discussion should be read in conjunction with our unaudited condensed consolidated financial statements and accompanying notes included elsewhere in this Quarterly Report on Form 10-Q. In addition, the following discussion and analysis and information contains forward-looking statements about our business, operations and financial performance based on our current expectations that involve risks, uncertainties and assumptions. Our actual results could differ materially from those anticipated by these forward-looking statements as a result of many factors, including, but not limited to, those identified below and any discussed in the sections titled “Risk Factors” and under the heading “Information Regarding Forward-Looking Statements” in this Quarterly Report on Form 10-Q.*

## Executive Summary

### General

We are a global oilfield products and services company with a portfolio of premier rental and well services brands providing customers with robust inventory, responsive delivery, engineered solutions, and expert consultative service — all aligned with enterprise-wide Shared Core Values for safe, sustainable operations and corporate citizenship; and committed to free cash flow generation and value creation.

Our portfolio of companies operates in two segments, Rentals and Well Services, to provide highly specialized solutions to the upstream oil and gas industry.

We drive true value to our business units by providing enterprise-wide support, financial discipline, capital strength, and strategic focus. Our experienced, knowledgeable leadership within those businesses has excellent latitude to execute their business strategy, determine pricing, allocate inventory, and develop new products and technology, all with a focus on safety, operational excellence, competitive positioning, and financial performance that entrenches our relationships with our customers and elevates our customers' satisfaction.

### Industry Trends

The oil and gas industry is both cyclical and seasonal. The level of spending in the energy industry is heavily influenced by current and expected future prices of oil and natural gas. Changes in customer spending results in increased or decreased demand for our services and products.

Our financial performance is significantly affected by rig count, which is an indicator of the level of spending by oil and gas companies. The following table summarizes average rig counts in the U.S. land, U.S. offshore and International markets as well as prices of oil and natural gas.

	For the Three Months Ended			For the Nine Months Ended		
	September 30, 2024	June 30, 2024	% Change	September 30, 2024	September 30, 2023	% Change
Worldwide Rig Count <sup>(1)</sup>						
U.S.:						
Land	566	583	(2.9%)	583	630	(7.5%)
Offshore	20	20	0.0%	20	18	11.1%
Total	586	603	(2.8%)	603	648	(6.9%)
International <sup>(2)</sup>	937	963	(2.7%)	955	942	1.4%
Worldwide Total	1,523	1,566	(2.7%)	1,558	1,590	(2.0%)
Commodity Prices (average)						
Crude Oil (West Texas Intermediate)	\$ 76.43	\$ 81.81	(6.6%)	\$ 78.58	\$ 76.90	2.2%
Natural Gas (Henry Hub)	\$ 2.11	\$ 2.07	1.9%	\$ 2.10	\$ 2.49	(15.7%)

(1) Estimate of drilling activity as measure by the average active drilling rigs based on Baker Hughes Co. rig count information

(2) Excludes Canadian rig count

## Comparison of the Results of Operations for the Three Months Ended September 30, 2024 and June 30, 2024

We reported net income from continuing operations for the three months ended September 30, 2024 (the "Current Quarter") of \$21.9 million on revenue of \$197.3 million. This compares to a net income from continuing operations for the three months ended June 30, 2024 (the "Prior Quarter") of \$29.5 million on revenues of \$201.1 million.

	Three Months Ended		Change	
	September 30, 2024	June 30, 2024	\$	%
Revenues				
Rentals	\$ 97,857	\$ 99,851	\$ (1,994)	(2.0%)
Well Services	99,450	101,230	(1,780)	(1.8%)
Total revenues	197,307	201,081	(3,774)	
Cost of revenues				
Rentals	35,227	36,596	(1,369)	(3.7%)
Well Services	74,172	71,672	2,500	3.5%
Total cost of revenues (exclusive of items shown separately below)	109,399	108,268	1,131	
Depreciation, depletion, amortization and accretion	21,077	20,868	209	1.0%
General and administrative expenses	33,458	33,404	54	0.2%
Restructuring and transaction expenses	5,891	-	5,891	100.0%
Other gains, net	(133)	(614)	481	(78.3%)
Income from operations	27,615	39,155	(11,540)	
Other income (expense):				
Interest income, net	5,032	5,760	(728)	(12.6%)
Loss on Blue Chip Swap Securities	(5,113)	-	(5,113)	100.0%
Other income (expense), net	979	(2,082)	3,061	(147.0%)
Income from continuing operations before income taxes	28,513	42,833	(14,320)	
Income tax expense	(6,597)	(13,370)	6,773	(50.7%)
Net income from continuing operations	21,916	29,463	(7,547)	

### Revenues and Cost of Revenues

Revenues from our Rentals segment decreased by \$2.0 million, or 2.0%, in the Current Quarter as compared to the Prior Quarter. Revenues in our U.S land market declined from the Prior Quarter as demand in our premium drill pipe and bottom hole assembly product lines was impacted by the reduction in rig count and revenues from our U.S. offshore market were impacted by hurricane disruptions. This decline was partially offset by increased revenue in our U.S. offshore premium drill pipe product line. Cost of revenue for our Rentals segment decreased by \$1.4 million, or 3.7%, particularly across our premium drill pipe service line for all markets. This resulted in an overall increased gross margin of 64.0% for the Current Quarter as compared to 63.3% in the Prior Quarter.

Revenues from our Well Services segment in the Current Quarter decreased \$1.8 million, or 1.8%, from the Prior Quarter. The decrease in revenue in the Current Quarter was driven by declines in completion services in our U.S. offshore market. Cost of revenues increased \$2.5 million, or 3.5%, in the Current Quarter as a result of importation costs in our international markets, specifically in our production services line. These changes resulted in a decline in gross margin for the Current Quarter to 25.4% from 29.2% for the Prior Quarter.

### Restructuring and transaction expenses

Current Quarter restructuring and transaction expenses relate to costs associated with changes in our executive management during the period.

### Loss on Blue Chip Swap securities

During the third quarter of 2024 we utilized Blue Chip Swaps to remit \$8.1 million U.S. dollars from Argentina. The transaction resulted in a loss of \$5.1 million during the Current Quarter. See "Note 10 - Blue Chip Swap Securities".

### Other income (expense), net

Gains on foreign currencies during the Current Quarter were \$1.2 million compared to losses on foreign currencies during the Prior Quarter of \$2.6 million and primarily relate to foreign currency transactions from our operations in Brazil and Argentina, which

recognized currency gains in the Current Quarter of \$0.4 million as compared to losses of \$1.2 million and \$0.9 million, respectively in the Prior Quarter.

### Income tax expense

The effective tax rate on income from continuing operations for the Current Quarter and Prior Quarter was 23.1% and 31.2%, respectively. The effective tax rate for both periods is higher than the U.S. federal statutory rate of 21.0%, primarily from non-deductible items and ongoing operations in foreign jurisdictions which have tax rates in excess of the U.S. federal statutory rate.

The effective tax rate for the Current Quarter was favorably impacted by the utilization of foreign tax credits of \$4.5 million. The effective tax rate for the Prior Quarter was unfavorably impacted by a valuation allowance of approximately \$1.7 million established in a foreign jurisdiction.

### **Comparison of the Results of Operations for the Nine Months Ended September 30, 2024 and 2023**

We reported net income from continuing operations for the nine months ended September 30, 2024 (the "Current Period") of \$89.3 million on revenue of \$607.0 million. This compares to net income from continuing operations for the nine months ended September 30, 2023 (the "Prior Year Period") of \$129.9 million on revenues of \$675.0 million.

	For the Nine Months Ended		Change	
	September 30,		\$	%
	2024	2023		
Revenues:				
Rentals	\$ 305,799	\$ 334,433	\$ (28,634)	(8.6%)
Well Services	301,223	340,562	(39,339)	(11.6%)
Total revenues	607,022	674,995	(67,973)	
Cost of revenues:				
Rentals	109,589	109,258	331	0.3%
Well Services	214,717	239,062	(24,345)	(10.2%)
Total cost of revenues (exclusive of depreciation, depletion, amortization and accretion)	324,306	348,320	(24,014)	
Depreciation, depletion, amortization and accretion	62,392	61,250	1,142	1.9%
General and administrative expenses	101,837	92,256	9,581	10.4%
Restructuring and transaction expenses	5,891	1,983	3,908	197.1%
Other gains, net	(1,829)	(5,424)	3,595	(66.3%)
Income from operations	114,425	176,610	(62,185)	
Other income (expense):				
Interest income, net	17,632	18,581	(949)	(5.1%)
Loss on Blue Chip Swaps	(5,113)	(12,120)	7,007	(57.8%)
Other expense, net	(2,916)	(8,508)	5,592	(65.7%)
Income from continuing operations before income taxes	124,028	174,563	(50,535)	
Income tax expense	(34,754)	(44,615)	9,861	(22.1%)
Net income from continuing operations	89,274	129,948	(40,674)	

### Revenues and Cost of Revenues

Revenues from our Rentals segment decreased \$28.6 million, or 8.6%, in the Current Period as revenue decreased across all product service lines. Revenue was primarily impacted by declines in our premium drill pipe product lines in our U.S. land and U.S. offshore markets. The decline in U.S. revenues was partially offset by increases in revenue in our premium drill pipe product line within our International market. Gross margin decreased to 64.2% for the Current Period as compared to 67.3% in the Prior Year Period.

Revenues from our Well Services segment decreased \$39.3 million, or 11.6%, in the Current Period, and cost of revenues decreased \$24.3 million, or 10.2%, in the Current Period. These decreases were primarily a result of lower activity in our well control services product lines in our International markets. Gross margin for the Current Period decreased to 28.7% as compared to 29.8% for the Prior Year Period.

### General and administrative expenses

General and administrative expenses increased \$9.6 million, or 10.4%, as compared to the Prior Year Period. This increase was primarily related to increases in employee related costs, including benefits and bonus compensation.

### Restructuring and transaction expenses



Current Period restructuring and transaction expenses relate to costs associated with changes in our executive management during the period.

Other gains, net

Other gains, net decreased \$3.6 million during the Current Period from sales of fixed assets as compared to the Prior Year Period.

Loss on Blue Chip Swap securities

Loss on Blue Chip Swap transactions during the Current Period were \$5.1 million as compared to \$12.1 million in the Prior Year Period due to a higher volume of U.S. dollars swapped in the Prior Year Period.

Other expense, net

Losses on foreign currency during the Current Period and Prior Year Period were \$3.1 million and \$8.2 million, respectively, and primarily relate to foreign currency transactions from our operations in Argentina, which recognized losses of \$1.0 million and \$8.7 million during the Current Period and Prior Year Period, respectively.

Income tax expense

The effective tax rate on income from continuing operations for the Current Period and Prior Year Period was 28.0% and 25.6%, respectively. The effective tax rate for both periods is higher than the U.S. federal statutory rate of 21.0%, primarily from non-deductible items and ongoing operations in foreign jurisdictions which have tax rates in excess of the U.S. federal statutory rate.

The effective tax rate for the Current Period was favorably impacted by the utilization of foreign tax credits of \$12.2 million and the reversals of uncertain tax positions in foreign jurisdictions of \$1.1 million and was unfavorably impacted by the establishment of valuation allowances in certain foreign jurisdictions of \$2.3 million.

The effective tax rate for the Prior Year Period was unfavorably impacted by the identification of an error in the tax provision for the year ended December 31, 2022 pertaining to certain net operating loss carryforwards that should have been eliminated as part of a worthless stock deduction taken in the fourth quarter of 2022. As such, we recognized an additional income tax expense of \$7.6 million during the three months ended March 31, 2023 with a corresponding decrease to deferred tax assets to correct this immaterial misstatement. Management has determined that this misstatement was not material to any of its previously issued financial statements.

Additionally, the effective tax rate for the Prior Year Period was favorably impacted by approximately \$14.9 million in income tax benefits recorded during the three months ended June 30, 2023 from reversals of uncertain tax positions in foreign jurisdictions and adjustments to valuation allowances on foreign operations.

**Liquidity and Capital Resources**

Our financial performance and cash flows depend, to a large degree, on the level of spending by oil and gas companies for exploration, development and production activities. Certain sources and uses of cash, such as our level of discretionary capital expenditures and divestitures of non-core assets, are within our control and are adjusted as necessary based on market conditions.

*Financial Condition and Liquidity*

Our primary sources of liquidity have been cash and cash equivalents, cash generated from our operations and asset sales, and availability under our Credit Facility. As of September 30, 2024, we had cash, cash equivalents and restricted cash of \$380.6 million. During the nine months ended September 30, 2024, net cash provided by operating activities was \$225.2 million, and we received \$3.6 million in cash proceeds from the sale of assets. The primary uses of liquidity are to provide support for our operations and capital expenditures. Cash paid for capital expenditures during the nine months ended September 30, 2024 totaled \$67.4 million. Additionally, during the nine months ended September 30, 2024, we paid a special cash dividend totaling \$250.4 million to holders of our outstanding Class A Common Stock.

*Debt Instruments*

In December 2023, we entered into an Amended and Restated Credit Agreement providing for up to a \$140.0 million asset based secured revolving Credit Facility (the "Credit Facility"). The issuance of letters of credit will reduce availability under the Credit Facility dollar-for-dollar.

As of September 30, 2024, our borrowing base, as defined in the Credit Agreement, was approximately \$89.9 million, and we had \$39.5 million in letters of credit outstanding, which reduced the borrowing availability to \$50.4 million. At September 30, 2024, we had no outstanding borrowings under the Credit Facility and were in compliance with all required covenants.

## **Other Matters**

### **Critical Accounting Policies and Estimates**

There have been no changes to the critical accounting policies reported in the Form 10-K that affect our significant judgments and estimates used in the preparation of our Condensed Consolidated Financial Statements included in this Form 10-Q. Please refer to the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Estimates” in the Form 10-K.

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

We are exposed to market risks associated with foreign currency fluctuations and changes in commodity prices.

#### **Foreign Currency Exchange Rates Risk**

While we continue to be exposed to foreign currency exchange rates, we currently do not hold derivatives for trading purposes. When we believe it is prudent, we may enter into forward foreign exchange contracts to hedge the impact of foreign currency fluctuations.

During the third quarter of 2024, we utilized an indirect foreign exchange mechanism known as a Blue Chip Swap. The transactions were completed at implied exchange rates that were approximately 63.0% higher than the official exchange rate, resulting in a loss of approximately \$5.1 million during the third quarter of 2024.

#### **Commodity Price Risk**

Our revenues, profitability and future rate of growth significantly depend upon the market prices of oil and natural gas. Lower prices reduce the amount of oil and gas that can economically be produced.

### **Item 4. Controls and Procedures**

#### **Evaluation of disclosure controls and procedures**

Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. In addition, the disclosure controls and procedures provide reasonable assurance that such information is accumulated and communicated to management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure. An evaluation was carried out, under the supervision and with the participation of our management, including our CEO and CFO, regarding the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, our CEO and CFO have concluded that our disclosure controls and procedures as of September 30, 2024 were effective to provide reasonable assurance that information required to be disclosed by us in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and is accumulated and communicated to management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

#### **Changes in Internal Control Over Financial Reporting**

There were no changes in internal control over financial reporting during the quarter ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**PART II. OTHER INFORMATION**

**Item 1. Legal Proceedings**

Information in response to this item is provided in “Part I-Item 1, Note 15, Contingencies” and is incorporated by reference herein.

**Item 1A. Risk Factors**

As of September 30, 2024, there have been no material changes in risk factors previously disclosed in our Form 10-K.

## **Item 6. Exhibits**

### **Exhibit No. Description**

- [3.1](#) [Second Amended and Restated Certificate of Incorporation \(incorporated by reference to Exhibit 3.1 to Superior Energy Services, Inc.'s Current Report on Form 8-K filed on December 30, 2023 \(File No. 001-34037\)\)](#).
- [3.2](#) [Second Amended and Restated Bylaws \(incorporated by reference to Exhibit 3.2 to Superior Energy Services, Inc.'s Current Report on Form 8-K filed on December 20, 2023 \(File No. 001-34037\)\)](#).
- [10.1^](#) [Employment Agreement, dated as of August 14, 2024, by and between Superior Energy Services, Inc. and David J. Lesar.](#)
- [10.2^](#) [Transition and Separation Agreement, dated as of August 14, 2024, by and between Superior Energy Services, Inc. and Brian Moore.](#)
- [10.3^](#) [Employment Agreement, dated as of August 14, 2024, by and between Superior Energy Services, Inc. and James S. Brown.](#)
- [10.4^](#) [Second Amendment to the Superior Energy Services, Inc. 2021 Management Incentive Plan.](#)
- [10.5^](#) [Form of Superior Energy Services, Inc. 2021 Management Incentive Plan Performance Stock Unit Award Agreement by and between Superior Energy Services, Inc. and David J. Lesar.](#)
- [10.6^](#) [Form of Superior Energy Services, Inc. 2021 Management Incentive Plan Performance Stock Unit Award Agreement by and between Superior Energy Services, Inc. and James S. Brown.](#)
- [10.7^](#) [Form of Superior Energy Services, Inc. 2021 Management Incentive Plan Restricted Stock Award Agreement by and between Superior Energy Services, Inc. and David J. Lesar.](#)
- [10.8^](#) [Form of Superior Energy Services, Inc. 2021 Management Incentive Plan Restricted Stock Unit Award Agreement by and between Superior Energy Services, Inc. and James S. Brown.](#)
- [31.1\\*](#) [Officer's certification pursuant to Rules 13a-14\(a\) and 15d-14\(a\) under the Securities Exchange Act of 1934, as amended.](#)
- [31.2\\*](#) [Officer's certification pursuant to Rules 13a-14\(a\) and 15d-14\(a\) under the Securities Exchange Act of 1934, as amended.](#)
- [32.1\\*](#) [Officer's certification pursuant to Section 1350 of Title 18 of the U.S. Code.](#)
- [32.2\\*](#) [Officer's certification pursuant to Section 1350 of Title 18 of the U.S. Code.](#)
- 101.INS\* Inline XBRL Instance Document
- 101.SCH\* Inline XBRL Taxonomy Extension Schema Document
- 101.CAL\* Inline XBRL Taxonomy Extension Calculation Linkbase Document
- 101.LAB\* Inline XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE\* Inline XBRL Taxonomy Extension Presentation Linkbase Document
- 101.DEF\* Inline XBRL Taxonomy Extension Definition Linkbase Document
- 104\* Cover Page Interactive Data File (embedded within the Inline XBRL document)

\* Filed herewith

^ Management contract or compensatory plan or arrangement

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**SUPERIOR ENERGY SERVICES, INC.**  
**(Registrant)**

Date: October 30, 2024

By: /s/ David J. Lesar

\_\_\_\_\_  
David J. Lesar

Chairman of the Board, Director and Chief Executive Officer  
(Principal Executive Officer)

By: /s/ James W. Spexarth

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James W. Spexarth

Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)