

SUPERIOR ENERGY SERVICES, INC.

**Condensed Consolidated Financial Statements for
the Three and Nine Months Ended September 30, 2025**

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

| | <u>September 30, 2025</u> | <u>December 31, 2024</u> |
|---|---------------------------|--------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 161,915 | \$ 343,995 |
| Accounts receivable, net | 267,754 | 209,186 |
| Inventory | 71,162 | 56,481 |
| Income taxes receivable | 24,011 | 15,851 |
| Prepaid expenses | 26,482 | 27,100 |
| Other current assets | 4,099 | 6,147 |
| Total current assets | <u>555,423</u> | <u>658,760</u> |
| Property, plant and equipment, net | 763,185 | 384,044 |
| Note receivable | 74,695 | 70,940 |
| Restricted cash | 54,181 | 53,824 |
| Deferred tax assets | 40,424 | 71,186 |
| Goodwill | 140,222 | - |
| Intangible assets, net | 164,118 | 5,730 |
| Other assets, net | 52,504 | 34,970 |
| Total assets | <u>\$ 1,844,752</u> | <u>\$ 1,279,454</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) | | |
| Current liabilities: | | |
| Accounts payable | \$ 78,581 | \$ 47,577 |
| Accrued expenses | 116,624 | 115,818 |
| Income taxes payable | 6,099 | 13,910 |
| Short term notes payable | 442,911 | - |
| Decommissioning liability | 26,228 | 29,411 |
| Total current liabilities | <u>670,443</u> | <u>206,716</u> |
| Decommissioning liability | 175,283 | 191,408 |
| Other liabilities | 57,127 | 35,433 |
| Total liabilities | <u>902,853</u> | <u>433,557</u> |
| Stockholders' equity: | | |
| Common stock \$0.01 par value; 52,000 shares authorized; 20,140 shares and 20,216 shares issued and outstanding at September 30, 2025 and December 31, 2024, respectively | 201 | 202 |
| Additional paid-in capital | 905,686 | 911,862 |
| Retained earnings (deficit) | 36,012 | (66,167) |
| Total stockholders' equity | <u>941,899</u> | <u>845,897</u> |
| Total liabilities and stockholders' equity | <u>\$ 1,844,752</u> | <u>\$ 1,279,454</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, | |
| | 2025 | 2024 | 2025 | 2024 |
| Revenues | \$ 244,852 | \$ 197,307 | \$ 690,455 | \$ 607,022 |
| Cost of revenues | 119,375 | 109,399 | 355,182 | 324,306 |
| Depreciation, depletion, amortization and accretion | 34,279 | 21,077 | 86,496 | 62,392 |
| General and administrative expenses | 43,221 | 33,458 | 114,561 | 101,837 |
| Restructuring and transaction expenses | - | 5,891 | - | 5,891 |
| Other (gains) and losses, net | (3,188) | (133) | (2,482) | (1,829) |
| Income from operations | 51,165 | 27,615 | 136,698 | 114,425 |
| Other income (expense): | | | | |
| Interest (expense) income, net | (2,481) | 5,032 | 6,428 | 17,632 |
| Loss on Blue Chip Swap securities | - | (5,113) | - | (5,113) |
| Other (expense) income, net | (63) | 979 | (1,551) | (2,916) |
| Income from continuing operations before income taxes | 48,621 | 28,513 | 141,575 | 124,028 |
| Income tax expense | (15,929) | (6,597) | (39,396) | (34,754) |
| Net income from continuing operations | 32,692 | 21,916 | 102,179 | 89,274 |
| Income from discontinued operations, net of tax | - | - | - | 1,896 |
| Net income | <u>\$ 32,692</u> | <u>\$ 21,916</u> | <u>\$ 102,179</u> | <u>\$ 91,170</u> |
| Income per share - basic: | | | | |
| Net income from continuing operations | \$ 1.63 | \$ 1.09 | \$ 5.08 | \$ 4.43 |
| Income from discontinued operations, net of tax | - | - | - | 0.09 |
| Net income | <u>\$ 1.63</u> | <u>\$ 1.09</u> | <u>\$ 5.08</u> | <u>\$ 4.52</u> |
| Income per share - diluted: | | | | |
| Net income from continuing operations | \$ 1.62 | \$ 1.09 | \$ 5.07 | \$ 4.42 |
| Income from discontinued operations, net of tax | - | - | - | 0.10 |
| Net income | <u>\$ 1.62</u> | <u>\$ 1.09</u> | <u>\$ 5.07</u> | <u>\$ 4.52</u> |
| Weighted-average shares outstanding | | | | |
| Basic | 20,108 | 20,177 | 20,131 | 20,170 |
| Diluted | 20,125 | 20,186 | 20,148 | 20,182 |

See accompanying notes to unaudited condensed consolidated financial statements

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Changes in Stockholders' Equity
(in thousands)
(unaudited)

| | Common Stock | | Additional Paid-in Capital | Retained Earnings (Deficit) | Total |
|---------------------------------------|---------------|---------------|----------------------------------|--------------------------------|-------------------|
| | Shares | Amount | | | |
| Balances, June 30, 2024 | 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 |
| Balances, September 30, 2024 | <u>20,216</u> | <u>\$ 202</u> | <u>\$ 911,500</u> | <u>\$ (109,927)</u> | <u>\$ 801,775</u> |
| Balances, June 30, 2025 | 20,132 | \$ 201 | \$ 905,371 | \$ 3,320 | \$ 908,892 |
| Net income | - | - | - | 32,692 | 32,692 |
| Restricted stock units vested | 11 | - | - | - | - |
| Shares withheld and retired | (3) | - | (200) | - | (200) |
| Stock-based compensation expense, net | - | - | 515 | - | 515 |
| Balances, September 30, 2025 | <u>20,140</u> | <u>\$ 201</u> | <u>\$ 905,686</u> | <u>\$ 36,012</u> | <u>\$ 941,899</u> |

| | Common Stock | | Additional Paid-in Capital | Retained Earnings (Deficit) | Total |
|---------------------------------------|---------------|---------------|----------------------------------|--------------------------------|-------------------|
| | Shares | Amount | | | |
| Balances, December 31, 2023 | 20,151 | \$ 202 | \$ 911,388 | \$ 49,321 | \$ 960,911 |
| 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 |
| Balances, September 30, 2024 | <u>20,216</u> | <u>202</u> | <u>911,500</u> | <u>(109,927)</u> | <u>801,775</u> |
| Balances, December 31, 2024 | 20,216 | \$ 202 | \$ 911,862 | \$ (66,167) | \$ 845,897 |
| Net income | - | - | - | 102,179 | 102,179 |
| Shares repurchased | (90) | (1) | (7,226) | - | (7,227) |
| Restricted stock units vested | 20 | - | - | - | - |
| Shares withheld and retired | (6) | - | (353) | - | (353) |
| Stock-based compensation expense, net | - | - | 1,403 | - | 1,403 |
| Balances, September 30, 2025 | <u>20,140</u> | <u>\$ 201</u> | <u>\$ 905,686</u> | <u>\$ 36,012</u> | <u>\$ 941,899</u> |

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, | |
|--|--|-------------|
| | 2025 | 2024 |
| Cash flows from operating activities: | | |
| Net income | \$ 102,179 | \$ 91,170 |
| Adjustments to reconcile net income to net cash from operating activities: | | |
| Depreciation, depletion, amortization and accretion | 86,496 | 62,392 |
| Deferred income taxes | 22,664 | 7,686 |
| Stock based compensation expense | 1,403 | 2,436 |
| Other (gains) and losses, net | (444) | (1,829) |
| Loss on Blue Chip Swap securities | - | 5,113 |
| Decommissioning costs | (24,862) | (5,684) |
| Other reconciling items, net | (566) | (3,495) |
| Changes in operating assets and liabilities | (23,171) | 67,396 |
| Net cash from operating activities | 163,699 | 225,185 |
| Cash flows from investing activities: | | |
| Payments for capital expenditures | (106,532) | (67,447) |
| Proceeds from sales of assets | 4,891 | 3,577 |
| Cash paid for acquisitions, net of cash acquired | (425,951) | - |
| Cash paid for intangibles | (2,250) | - |
| Proceeds from sales of Blue Chip Swap securities | - | 8,121 |
| Purchases of Blue Chip Swap securities | - | (13,234) |
| Net cash from investing activities | (529,842) | (68,983) |
| Cash flows from financing activities: | | |
| Proceeds from borrowings | 196,000 | - |
| Payments for debt issuance costs | (4,000) | - |
| Distributions to shareholders | - | (250,417) |
| Repurchase of shares | (7,227) | (962) |
| Tax withholdings for vested restricted stock units | (353) | (1,363) |
| Net cash from financing activities | 184,420 | (252,742) |
| Net change in cash, cash equivalents, and restricted cash | (181,723) | (96,540) |
| Cash, cash equivalents, and restricted cash at beginning of period | 397,819 | 477,128 |
| Cash, cash equivalents, and restricted cash at end of period | \$ 216,096 | \$ 380,588 |

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)

(1) Basis of Presentation

Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) have been condensed or omitted. 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.

(2) Revenue and Accounts Receivable

Disaggregation of Revenue

We disaggregate revenue from contracts with customers into types of services or products, consistent with our two reportable segments, in addition to the geographical area. Based on the location of services provided and products sold, 56% and 48% of our consolidated revenue was from the United States for the nine months ended September 30, 2025, and 2024, respectively. Argentina accounted for 11% and 15% of our revenue for the nine months ended September 30, 2025 and 2024, respectively. No other country accounted for more than 10% of the revenue for those periods.

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

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|----------------------|---|-------------------|--|-------------------|
| | 2025 | 2024 | 2025 | 2024 |
| U.S. land | | | | |
| Rentals | \$ 76,258 | \$ 28,934 | \$ 147,998 | \$ 100,653 |
| Well Services | 5,829 | 7,027 | 21,426 | 20,735 |
| Total U.S. land | <u>82,087</u> | <u>35,961</u> | <u>169,424</u> | <u>121,388</u> |
| U.S. offshore | | | | |
| Rentals | 40,350 | 32,228 | 124,869 | 100,123 |
| Well Services | 26,609 | 17,489 | 90,325 | 69,486 |
| Total U.S. offshore | <u>66,959</u> | <u>49,717</u> | <u>215,194</u> | <u>169,609</u> |
| International | | | | |
| Rentals | 27,845 | 36,695 | 89,810 | 105,023 |
| Well Services | 67,961 | 74,934 | 216,027 | 211,002 |
| Total International | <u>95,806</u> | <u>111,629</u> | <u>305,837</u> | <u>316,025</u> |
| Total Revenues | <u>\$ 244,852</u> | <u>\$ 197,307</u> | <u>\$ 690,455</u> | <u>\$ 607,022</u> |

Accounts Receivable, net

Our allowance for credit losses as of September 30, 2025 and December 31, 2024 was approximately \$8.8 million and \$4.6 million, respectively.

(3) Inventory

The components of inventory are as follows (in thousands):

| | September 30, 2025 | December 31, 2024 |
|--------------------------|---------------------------|--------------------------|
| Finished goods | \$ 39,296 | \$ 33,409 |
| Raw materials | 12,686 | 8,714 |
| Work-in-process | 9,448 | 7,532 |
| Supplies and consumables | 9,732 | 6,825 |
| Total | <u>\$ 71,162</u> | <u>\$ 56,481</u> |

Finished goods inventory includes component parts awaiting assembly of approximately \$23.7 million and \$18.6 million as of September 30, 2025 and December 31, 2024, respectively.

(4) Decommissioning Liability

The following table summarizes our net decommissioning liability as of the periods indicated (in thousands):

| | <u>September 30, 2025</u> | <u>December 31, 2024</u> |
|---|---------------------------|--------------------------|
| Wells | \$ 119,796 | \$ 142,546 |
| Platform | 81,715 | 78,273 |
| Total decommissioning liability | 201,511 | 220,819 |
| Note receivable (see Note 5 - Note Receivable) | (74,695) | (70,940) |
| Total decommissioning liability, net of note receivable | <u>\$ 126,816</u> | <u>\$ 149,879</u> |

The following table presents accretion expense as of the periods indicated (in thousands):

| | <u>For the Three Months Ended</u> | | <u>For the Nine Months Ended</u> | |
|-------------------|-----------------------------------|-------------|----------------------------------|-------------|
| | <u>September 30,</u> | | <u>September 30,</u> | |
| | <u>2025</u> | <u>2024</u> | <u>2025</u> | <u>2024</u> |
| Accretion expense | \$ 3,067 | \$ 2,568 | \$ 9,804 | \$ 7,656 |

(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 \$110.9 million and is recorded at its present value, which totaled \$74.7 million and \$70.9 million as of September 30, 2025 and December 31, 2024, respectively.

The discount on the note receivable is currently based on an effective interest rate of 7.12% 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 thousands):

| | <u>For the Three Months Ended</u> | | <u>For the Nine Months Ended</u> | |
|----------------------|-----------------------------------|-------------|----------------------------------|-------------|
| | <u>September 30,</u> | | <u>September 30,</u> | |
| | <u>2025</u> | <u>2024</u> | <u>2025</u> | <u>2024</u> |
| Interest income, net | \$ 1,273 | \$ 1,251 | \$ 3,755 | \$ 3,689 |

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 (in thousands):

| | September 30, 2025 | December 31, 2024 |
|--|--------------------|-------------------|
| Machinery and equipment | \$ 873,990 | \$ 476,455 |
| Buildings, improvements and leasehold improvements | 90,030 | 68,705 |
| Vehicles | 13,503 | 8,811 |
| Furniture and fixtures | 24,438 | 21,364 |
| Construction-in-progress | 38,519 | 30,722 |
| Land | 34,311 | 29,030 |
| Oil and gas producing assets | 95,053 | 93,754 |
| Property, plant and equipment, gross | 1,169,844 | 728,841 |
| Accumulated depreciation and depletion | (406,659) | (344,797) |
| Property, plant and equipment, net | 763,185 | 384,044 |

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

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|----------------------------------|---|-----------|--|-----------|
| | 2025 | 2024 | 2025 | 2024 |
| Depreciation | \$ 25,266 | \$ 16,370 | \$ 60,497 | \$ 48,892 |
| Depletion | 5,654 | 1,905 | 14,933 | 5,142 |
| Total depreciation and depletion | 30,920 | \$ 18,275 | \$ 75,430 | \$ 54,034 |

(7) Goodwill and Intangible Assets

Goodwill

Changes in the carrying value of goodwill (in thousands):

| | |
|-------------------------------------|-------------------|
| Balances, December 31, 2024 | \$ - |
| Rival Downhole Tools Acquisition | 21,826 |
| Quail Tools, LLC Acquisition | 118,396 |
| Balances, September 30, 2025 | <u>\$ 140,222</u> |

The Company has applied the acquisition method of accounting in accordance with ASC 805, "Business Combinations," and recognized assets acquired and liabilities assumed from acquisitions at their fair value as of the date of acquisition, with the excess purchase consideration recorded to goodwill. Goodwill is not amortized but is evaluated for impairment annually or more frequently when indicators of impairment exist.

Acquired Intangible Assets

The Company amortizes the cost of definite-lived intangible assets on a straight-line basis over their useful lives of 10 years. These assets are evaluated for impairment when events or changes in circumstances indicate that the carrying amount of the definite-lived intangible assets may not be recoverable.

The following table presents the detail of acquired intangible assets other than goodwill as of September 30, 2025 and December 31, 2024 (in thousands):

| | September 30, 2025 | | | December 31, 2024 | | |
|------------------------|--------------------|-----------------------------|-------------------|--------------------|-----------------------------|-------------|
| | Carrying Amount | Accumulated Amortization | Net | Carrying Amount | Accumulated Amortization | Net |
| Customer relationships | \$ 118,200 | \$ (273) | \$ 117,927 | \$ - | \$ - | \$ - |
| Trade names | 36,100 | (70) | 36,030 | - | - | - |
| Proprietary technology | 3,100 | (103) | 2,997 | - | - | - |
| Total | <u>\$ 157,400</u> | <u>\$ (447)</u> | <u>\$ 156,953</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

The following table presents the detail of acquired intangible assets' remaining weighted average amortization period as of September 30, 2025, and December 31, 2024:

| | <u>September 30, 2025</u> | <u>December 31, 2024</u> |
|------------------------|--|--|
| | Remaining Weighted Average Amortization Period (years) for acquired intangibles | Remaining Weighted Average Amortization Period (years) for acquired intangibles |
| Customer relationships | 10.0 | - |
| Trade names | 10.0 | - |
| Proprietary technology | 9.4 | - |

Refer to Note 17 - *Acquisitions* for additional information.

Estimated future amortization expense is as follows (in thousands):

| | | |
|-------------------|-----------|----------------|
| Remainder of 2025 | \$ | 3,935 |
| 2026 | | 15,740 |
| 2027 | | 15,740 |
| 2028 | | 15,740 |
| 2029 | | 15,740 |
| 2030 | | 15,740 |
| Thereafter | | 74,318 |
| Total | \$ | 156,953 |

Other Intangible Assets

Other intangible assets consist of trade names and patents. The Company applies the provisions of ASC 350, “Intangibles-Goodwill and Other.” Costs associated with intangible assets are capitalized when incurred and amortized on a straight-line basis over their useful lives of 10 years. September 30, 2025 and December 31, 2024, the balance of other intangible assets was \$7.2 million and \$5.7 million, respectively.

Amortization expense associated with the other intangibles was \$0.3 million and \$0.8 million for the three and nine months ended September 30, 2025, respectively. Amortization expense associated with the other intangibles was \$0.2 million and \$0.7 million for the three and nine months ended September 30, 2024, respectively. The amortization expense is recorded in depreciation, depletion, amortization and accretion expense in the condensed consolidated statements of operations.

(8) Debt

Credit Facility

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, 2025, our borrowing base under the Credit Facility was approximately \$104.9 million, and we had \$54.3 million in letters of credit outstanding that reduced the borrowing availability under the revolving credit facility. We had no outstanding borrowings under the Credit Facility as of September 30, 2025.

Term Loan Credit Agreement and Note Payable

On August 20, 2025, Superior Energy Services, Inc. through its subsidiary Superior Midco, Inc., entered into a \$200 million Term Loan Credit Agreement (the "Term Loan") with Alter Domus (US) LLC, as administrative agent, and a syndicate of lenders. The proceeds of the Term Loan, net of original issue discount, structuring fees, and transaction costs, were approximately \$192 million. The Term Loan bears an effective interest rate of 11.84% and matures on August 20, 2026. At September 30, 2025, the Term Loan balance, net of discount was approximately \$193 million.

The net proceeds of the Term Loan were used to fund Quail Tools acquisition. The Company is obligated to pay interest on the full \$200 million face amount, while the original issue discount and structuring fees are amortized as interest expense over the life of the loan.

During the third quarter of 2025, the Company also entered into a \$250 million note payable to the seller in connection with the Quail Tools acquisition. See Notes 17 and 19.

(9) Equity and Earnings per Share

Our common equity consists of Class A Common Stock, par value \$0.01 per share (the “Class A Common Stock”). All holders of Class A Common Stock have one vote per share in matters subject to a stockholder vote.

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 September 30, | | For the Nine Months Ended September 30, | |
|---|---|--------|--|--------|
| | 2025 | 2024 | 2025 | 2024 |
| Weighted-average shares outstanding - basic | 20,108 | 20,177 | 20,131 | 20,170 |
| Potentially dilutive stock awards and units | 17 | 9 | 17 | 12 |
| Weighted-average shares outstanding - diluted | 20,125 | 20,186 | 20,148 | 20,182 |

(10) Stock-Based Compensation Plans

2021 Management Incentive Plan

Under the current Management Incentive Plan (“MIP”), the Company may grant restricted stock, restricted stock units, performance stock units, or other stock-based awards to eligible participants. The Company recognized total stock-based compensation expense of approximately \$1.4 million and \$2.4 million for the nine months ended September 30, 2025 and 2024, respectively, which is reflected in general and administrative expenses.

(11) Other Expense, net

A summary of other expense, net is as follows (in thousands):

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|------------------------------|---|----------|--|------------|
| | 2025 | 2024 | 2025 | 2024 |
| Foreign currency gain (loss) | \$ 16 | \$ 1,175 | \$ (1,294) | \$ (3,063) |
| Other, net | (79) | (196) | (257) | 147 |
| Other expense, net | \$ (63) | \$ 979 | \$ (1,551) | \$ (2,916) |

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

(12) Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or the price paid to transfer a liability in an orderly transaction between market participants at the measurement date. Inputs used in determining fair value are characterized according to a hierarchy that prioritizes those inputs based on the degree to which they are observable. The three input levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities;

Level 2: Observable inputs other than those included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets or model-derived valuations or other inputs that can be corroborated by observable market data; and

Level 3: Unobservable inputs reflecting management’s own assumptions about the inputs used in pricing the asset or liability.

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

| | September 30, 2025 | December 31, 2024 |
|--|--------------------|-------------------|
| Non-qualified deferred compensation assets and liabilities | | |
| Other assets, net | \$ 17,081 | \$ 16,490 |
| Accrued expenses | 1,863 | 1,777 |
| Other liabilities | 14,073 | 14,984 |

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, restricted cash, accounts receivable, accounts payable and accrued expenses, as reflected in the consolidated balance sheets, approximates fair value due to the short maturities.

The carrying amount of the Company's long-term note receivable approximates its fair value, which is determined based on current market interest rates and terms for similar instruments. This valuation relies on observable market inputs and is classified as a Level 2 measurement in the fair value hierarchy. Additional information regarding the long-term note is provided in Note 5 – Note Receivable.

(13) Income Taxes

The effective tax rate for the three months ended September 30, 2025 and 2024 was 32.76% and 23.10%, respectively. The effective tax rate for the nine months ended September 30, 2025 and 2024 was 27.83% and 28.00%, respectively. The effective tax rate for all periods was impacted by non-deductible items, our generated foreign tax credits, discrete events, and our geographical mix of earnings and losses in certain foreign jurisdictions which could not be benefited.

We had approximately \$45.3 million in gross U.S. foreign tax credit deferred tax assets with a valuation allowance of \$25.6 million against them as of December 31, 2024. 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 uncertain tax liabilities of \$7.1 million as of September 30, 2025, all of which would impact our effective tax rate if recognized. It is reasonably possible that \$3.0 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. The remaining uncertain tax liability of \$4.1 million is related to assessment of potential tax liabilities to our Australian entities. It is our policy to recognize interest and applicable penalties, if any, related to uncertain tax positions in income tax expense.

One Big Beautiful Bill Act

On July 4, 2025, the One Big Beautiful Bill Act (“OBBBA”) was enacted in the U.S. The OBBBA includes significant provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, modifications to the international tax framework and the restoration of favorable tax treatment for depreciation and interest expenses. The legislation has multiple effective dates, with certain provisions effective in 2025 and others implemented through 2027. There was not a significant impact to our income tax expense or effective tax rate for the three months ended September 30, 2025 associated with the OBBBA.

(14) Segment Information

Our operations are managed by senior executives who report to our Chief Executive Officer, the chief operating decision maker. Discrete financial information is available for each of the segments. The Chief Executive Officer uses income (loss) from operations as the primary measure for reviewing the profitability of our segments and allocating resources to the segments. Our chief operating decision maker does not receive information about total assets by reportable segment.

Business Segments

Our reportable segments are Rentals and Services.

The products and service offerings of our Rentals segment are comprised of value-added engineering and design services, rental of premium drill strings, tubing, landing strings, completion tubulars and handling accessories, manufacturing and rental of bottom hole assemblies, and rentals of accommodation units.

The products and service offerings of our Services segment are comprised of risk management, well control and training solutions, hydraulic workover and snubbing services, engineering and manufacturing of premium sand control tools, and onshore international production services. The Services segment also includes the operations of our offshore oil and gas property.

We evaluate the performance of our reportable segments based on income or loss from operations. The segment measure is calculated as segment revenues less segment operating expenses, including general and administrative expenses, depreciation, depletion, amortization and accretion expense and other (gains) and losses, net. We use this segment measure to evaluate our reportable segments as it is the measure that is most consistent with how we organize and manage our business operations. Corporate and other costs primarily include expenses related to support functions, including salaries and benefits for corporate employees.

Summarized financial information for our segments is as follows (in thousands):

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|------------------|--|-------------------|
| | 2025 | 2024 | 2025 | 2024 |
| Revenue | | | | |
| Rentals | \$ 144,452 | \$ 97,857 | \$ 362,676 | \$ 305,799 |
| Services | 100,400 | 99,450 | 327,779 | 301,223 |
| Total Segment Revenue | 244,852 | 197,307 | 690,455 | 607,022 |
| Cost of Sales | | | | |
| Rentals | \$ 54,008 | \$ 35,227 | \$ 142,726 | \$ 109,589 |
| Services | 65,367 | 74,172 | 212,456 | 214,717 |
| General & Administrative Expenses | | | | |
| Rentals | \$ 10,687 | \$ 6,846 | \$ 27,342 | \$ 21,180 |
| Services | 11,957 | 13,036 | 36,834 | 35,547 |
| Depreciation, Depletion, Amortization and Accretion | | | | |
| Rentals | \$ 20,335 | \$ 12,059 | \$ 46,899 | \$ 35,831 |
| Services | 13,178 | 8,455 | 37,430 | 24,978 |
| Other (Gains) and Losses, net | | | | |
| Rentals | \$ (2,838) | \$ (131) | \$ (2,709) | \$ 71 |
| Services | (350) | (2) | 227 | (1,886) |
| Segment Income from Operations | | | | |
| Rentals | \$ 62,260 | \$ 43,856 | \$ 148,418 | \$ 139,128 |
| Services | 10,248 | 3,789 | 40,832 | 27,867 |
| Total Segment Income from Operations | 72,508 | 47,645 | 189,250 | 166,995 |
| Corporate and other general and administrative expenses | (20,577) | (13,576) | (50,385) | (45,110) |
| Corporate and other depreciation, depletion, amortization | (766) | (563) | (2,167) | (1,583) |
| Corporate and other gains and (losses) net | - | (5,891) | - | (5,877) |
| Interest income (expense), net | (2,481) | 5,032 | 6,428 | 17,632 |
| Loss on Blue Chip Swap Securities | - | (5,113) | - | (5,113) |
| Other income (expense), net | (63) | 979 | (1,551) | (2,916) |
| Income before income taxes | \$ 48,621 | \$ 28,513 | \$ 141,575 | \$ 124,028 |

(15) Supplemental Cash Flow Information

The table below is a reconciliation of cash, cash equivalents and restricted cash for the beginning and the end of the period for all periods presented (in thousands):

| | 2025 | 2024 |
|---|-------------------|-------------------|
| January 1, | | |
| Cash and cash equivalents | \$ 343,995 | \$ 391,684 |
| Restricted cash-non-current | 53,824 | 85,444 |
| Cash, cash equivalents, and restricted cash, beginning of period (January 1 st) | <u>\$ 397,819</u> | <u>\$ 477,128</u> |
| September 30, | | |
| Cash and cash equivalents | \$ 161,915 | \$ 325,881 |
| Restricted cash-non-current | 54,181 | 54,707 |
| Cash, cash equivalents, and restricted cash, end of period (September 30 th) | <u>\$ 216,096</u> | <u>\$ 380,588</u> |

Accrued capital expenditures totaled \$10.2 million and \$7.2 million as of September 30, 2025 and 2024, respectively.

Debt discount in connection with the issuance of notes payable totaled \$4 million and \$0 million as of September 30, 2025 and 2024, respectively.

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

| | For the Nine Months Ended | |
|---|----------------------------------|------------------|
| | September 30, | |
| | 2025 | 2024 |
| Accounts receivable, net | \$ 1,160 | \$ 77,175 |
| Inventory | (6,516) | 4,692 |
| Prepaid expenses and other current assets | 3,279 | (4,592) |
| Accounts payable | 6,594 | (3,371) |
| Accrued expenses | (16,399) | (688) |
| Income taxes | (16,492) | (2,961) |
| Other, net | 5,203 | (2,859) |
| Changes in operating assets and liabilities | <u>\$ (23,171)</u> | <u>\$ 67,396</u> |

(16) 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. In order to appeal the assessment to Whatcom County Superior Court, we paid the full \$27.1 million assessment on May 31, 2023. On June 20, 2023, we appealed this decision to Whatcom County Superior Court where it was heard on March 5, 2025. The Judge took the matter under advisement. On April 21, 2025, the Superior Court ruled in the Company's favor, reversing the decision of the Board of Tax Appeals and ordering the Department of Revenue to issue a full refund, plus applicable interest. On April 28, 2025, the Department of Revenue filed a Notice of Appeal to Court of Appeals, Division I. The first brief on appeal is due in the third quarter 2026.

(17) Acquisitions

Rival Downhole Tools ("Rival")

On February 28, 2025, the Company acquired all of the equity interests in Rival Downhole Tools ("Rival") for \$59 million. Rival is a renowned provider of premium downhole drilling tools, with a strong focus on engineering, technical sales, and intellectual property.

The primary reason for the business combination was to expand the Company's downhole tool portfolio, strengthen its engineering and technical capabilities, and enhance its market presence through Rival's established customer relationships.

The transaction was accounted for as a business combination. The allocation of the purchase price resulted in \$22 million of goodwill, which reflects the value of Rival's established brand reputation, longstanding customer relationships and loyalty, and the strategic benefits of an enhanced market position resulting from the acquisition. The Rival acquisition was assigned to the rentals segment.

The following table summarizes the amounts recognized as of the acquisition date for each major class of assets acquired and liabilities assumed in connection with the acquisition (in thousands):

| | <u>2025</u> |
|-------------------------------------|------------------|
| Cash | \$ 7,008 |
| Accounts receivable, net | 11,936 |
| Other assets | 481 |
| Inventory | 7,103 |
| Property, plant and equipment | 17,223 |
| Operating lease right-of-use assets | 3,188 |
| Goodwill | 21,826 |
| Intangibles | |
| Customer Relationships | 8,200 |
| Trade Names | 2,100 |
| Proprietary Technology | 3,100 |
| Accounts Payable | (2,564) |
| Accrued Expenses | (6,744) |
| Deferred Tax Liability | (10,339) |
| Other Long Term Liabilities | (3,187) |
| Total | <u>\$ 59,331</u> |

The allocation of purchase price to Rival's net assets and liabilities as of February 28, 2025, is preliminary and subject to the potential identification of additional assets and contingencies or revisions to the deferred income taxes or fair value calculations. As a result, the fair value may be subject to adjustments pending completion of final valuations and post-closing adjustments, and the final purchase price allocation could differ materially from the preliminary allocation above. Actual purchase price allocation amounts will be disclosed when final. The purchase price was allocated to the assets acquired and liabilities assumed based on their respective fair values. The methodologies used, and key assumptions made, were based on a combination of the income approach, market approach, and cost approach.

Quail Tools, LLC ("Quail Tools")

On August 20, 2025, the Company, acquired all of the equity interests in Quail Tools, LLC ("Quail Tools") from Nabors Industries Ltd. for a purchase price of \$600 million, subject to customary working capital adjustments. Quail Tools is a rental provider serving the oil and gas industry, offering OEM-certified Blowout Preventer (BOP) stacks and high-performance downhole tubulars. The primary purpose of the business combination was to expand the Company's downhole tubular offerings and enhance its rental-based revenue streams by leveraging strategic synergies and Quail Tools' established customer relationships.

Consideration included \$383 million in cash at closing and a \$250 million secured seller promissory note maturing May 20, 2026, bearing interest at 7.5% for the first 180 days and 10.0% thereafter. Superior and Quail Tools jointly guarantee the obligations under the note, which is secured by a first-priority lien on Quail's assets and equity. The Company also entered into a \$200 million Term Loan Credit Agreement with Alter Domus (US) LLC, as administrative agent, and a syndicate of lenders. The proceeds of the Term Loan, net of original issue discount, structuring fees, and transaction costs, were approximately \$192 million, with an effective interest rate of 11.84% and matures on August 20, 2026. At September 30, 2025, the Term Loan balance, net of discount was \$193 million. The net proceeds of the Term Loan were used to fund Quail Tools acquisition. The Company is obligated to pay interest on the full \$200 million face amount, while the original issue discount and structuring fees are amortized as interest expense over the life of the Term Loan.

The allocation of the purchase price resulted in \$118 million of goodwill, all of which is deductible for tax purposes, representing the value attributed to Superior's enhanced market presence, expanded customer base, and the strategic synergies expected from integrating Quail Tools' operations within its existing portfolio. The goodwill from the Quail Tools acquisition was assigned to the rentals segment.

The transaction was accounted for as a business combination under ASC 805, with assets acquired and liabilities assumed recognized at fair value as of the acquisition date. The initial accounting for the business combination is incomplete as a result of the timing of the acquisition.

The following table summarizes the amounts recognized as of the acquisition date for each major class of assets acquired and liabilities assumed in connection with the acquisition (in thousands):

| | <u>2025</u> |
|-------------------------------------|-------------------|
| Cash | \$ 10,051 |
| Accounts receivable, net | 50,987 |
| Other assets | 317 |
| Inventory | 1,031 |
| Property, plant and equipment | 326,486 |
| Operating lease right-of-use assets | 9,483 |
| Goodwill | 118,396 |
| Intangibles | |
| Customer Relationships | 110,000 |
| Trade Names | 34,000 |
| Accounts Payable | (8,235) |
| Accrued Expenses | (9,291) |
| Other Long Term Liabilities | (9,453) |
| Total | <u>\$ 633,772</u> |

(18) New Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires the annual financial statements to include consistent categories and greater disaggregation of information in the rate reconciliation, and income taxes paid disaggregated by jurisdiction. ASU 2023-09 is effective for annual reporting periods beginning after December 15, 2026, with early adoption permitted, and should be applied on a prospective basis with a retrospective option. We are currently evaluating the effect the adoption of ASU 2023-09 will have on our disclosures.

(19) Subsequent Events

Subsequent events have been evaluated through November 13, 2025, which is the date the unaudited condensed consolidated financial statements were available to be issued.

Issuance of 7.875% Senior Secured Notes Due 2030

On October 9, 2025, SESI, L.L.C. (the “Company”) entered into an Indenture among the Company, certain subsidiary guarantors (collectively, the “Guarantors”), and Truist Bank, as Trustee and Notes Collateral Agent, pursuant to which the Company issued \$600.0 million aggregate principal amount of 7.875% Senior Secured Notes due 2030 (the “Notes”).

The Notes are secured by first-priority liens on certain fixed and other designated assets of the Company and the Guarantors, subject to the terms of an Intercreditor Agreement among the Company, the Notes Collateral Agent, and JPMorgan Chase Bank, N.A., in its capacity as the Asset-Based Lending (“ABL”) Collateral Agent. Under the Intercreditor Agreement, the Company’s ABL lenders retain a first-priority lien on working capital assets, including accounts receivable, inventory, and cash in deposit accounts, while the Noteholders are granted first-priority liens on substantially all other assets, including property, plant and equipment, equity interests in subsidiaries, and certain intangible assets.

On the same date, October 9, 2025, the Company used proceeds from the Notes issuance to fully repay \$250 million seller’s loan to Nabors Industries Ltd. and the \$200 million Term Loan. These repayments eliminated short-term obligations associated with the Quail acquisition financing and further strengthened the Company’s capital structure.