

Non-GAAP Financial Measures

From time to time, management may publicly disclose certain “non-GAAP financial measures” in our earnings releases, financial presentations or earnings conference calls. These non-GAAP measures may include adjusted income/loss from continuing operations on a consolidated basis, adjusted income/loss from operations and Adjusted EBITDA on consolidated basis and by segment. The Company provides reconciliations to the nearest Generally Accepted Accounting Principles (GAAP) measure for these and other non-GAAP measures on a quarterly basis.

These non-GAAP measures are not in accordance with, or a substitute for, measures prepared in accordance with GAAP, and may be different from non-GAAP measures used by other companies. In addition, these non-GAAP measures are not based on any comprehensive set of accounting rules or principles. Non-GAAP measures have limitations in that they do not reflect all of the amounts associated with the Company’s results of operations that would be reflected in measures determined in accordance with GAAP.

These financial measures are provided to enhance investors’ overall understanding of the Company’s current financial performance. In addition, because the Company has reported certain non-GAAP measures in the past, the Company believes the inclusion of non-GAAP measures provides consistency in the Company’s financial reporting.

The following table reconciles net income/loss from continuing operations, which is the directly comparable financial measure determined in accordance with GAAP, to loss from continuing operations (non-GAAP financial measure).

Reconciliation of Consolidated Adjusted Net Loss From Continuing Operations
(in thousands)
(unaudited)
Table 1

	Three months ended,					
	June 30, 2020		March 31, 2020		June 30, 2019	
	Consolidated	Per Share	Consolidated	Per Share	Consolidated	Per Share
Reported net loss from continuing operations	\$ (58,863)	\$ (3.97)	\$ (32,335)	\$ (2.18)	\$ (18,441)	\$ (1.18)
Reduction in value of assets	-	-	16,522	1.12	7,556	0.48
Severance and other related costs	9,104	0.61	6,020	0.41	1,262	0.08
Merger-related transaction costs	8,557	0.58	4,339	0.29	-	-
Income taxes	(4,097)	(0.28)	(6,236)	(0.42)	(2,046)	(0.13)
Adjusted net loss from continuing operations	<u>\$ (45,299)</u>	<u>\$ (3.06)</u>	<u>\$ (11,690)</u>	<u>\$ (0.78)</u>	<u>\$ (11,669)</u>	<u>\$ (0.75)</u>

The following table reconciles net income/loss from continuing operations by segment, which is the directly comparable financial measure determined in accordance with GAAP, to adjusted income/loss from operations and adjusted EBITDA by segment (non-GAAP financial measures).

Reconciliation of Adjusted Income (Loss) from Operations and Adjusted EBITDA by Segment
(in thousands)
(unaudited)
Table 2

Three months ended June 30, 2020

	Drilling Products and Services	Onshore Completion and Workover Services	Production Services	Technical Solutions	Corporate and Other	Consolidated □
Reported net income (loss) from continuing operations	\$ 18,108	\$ (12,578)	\$ (11,162)	\$ (5,788)	\$ (47,443)	\$ (58,863)
Severance and other related costs	696	2,257	3,812	2,183	156	9,104
Merger-related costs	-	-	-	-	8,557	8,557
Interest expense, net	-	-	-	(1,104)	25,853	24,749
Other expense	-	-	-	-	(821)	(821)
Income taxes	-	-	-	-	(6,508)	(6,508)
Income (loss) from operations	<u>\$ 18,804</u>	<u>\$ (10,321)</u>	<u>\$ (7,350)</u>	<u>\$ (4,709)</u>	<u>\$ (20,206)</u>	<u>\$ (23,782)</u>
Depreciation, depletion, amortization and accretion	15,828	5,514	10,182	4,335	927	36,786
Adjusted EBITDA	<u>\$ 34,632</u>	<u>\$ (4,807)</u>	<u>\$ 2,832</u>	<u>\$ (374)</u>	<u>\$ (19,279)</u>	<u>\$ 13,004</u>

Three months ended March 31, 2020

	Drilling Products and Services	Onshore Completion and Workover Services	Production Services	Technical Solutions	Corporate and Other	Consolidated □
Reported net income (loss) from continuing operations	\$ 36,727	\$ (2,998)	\$ (3,897)	\$ (17,329)	\$ (44,838)	\$ (32,335)
Severance and other related costs	140	1,128	557	3,784	411	6,020
Merger-related costs	-	-	-	-	4,339	4,339
Reduction in value of assets	-	-	4,096	12,426	-	16,522
Interest expense, net	-	-	-	(1,173)	26,307	25,134
Other expense	-	-	-	-	4,232	4,232
Income taxes	-	-	-	-	(10,254)	(10,254)
Adjusted income (loss) from operations	<u>\$ 36,867</u>	<u>\$ (1,870)</u>	<u>\$ 756</u>	<u>\$ (2,292)</u>	<u>\$ (19,803)</u>	<u>\$ 13,658</u>
Depreciation, depletion, amortization and accretion	17,790	6,313	10,838	5,345	1,069	41,355
Adjusted EBITDA	<u>\$ 54,657</u>	<u>\$ 4,443</u>	<u>\$ 11,594</u>	<u>\$ 3,053</u>	<u>\$ (18,734)</u>	<u>\$ 55,013</u>

Three months ended June 30, 2019

	Drilling Products and Services	Onshore Completion and Workover Services	Production Services	Technical Solutions	Corporate and Other	Consolidated □
Reported net income (loss) from continuing operations	\$ 26,087	\$ (4,525)	\$ 3,442	\$ 9,508	\$ (52,953)	\$ (18,441)
Severance and other related costs	-	-	-	-	1,262	1,262
Reduction in value of assets	-	7,556	-	-	-	7,556
Interest expense, net	-	-	-	(1,035)	25,685	24,650
Other expense	-	-	-	-	(490)	(490)
Income taxes	-	-	-	-	2,322	2,322
Adjusted income (loss) from operations	<u>\$ 26,087</u>	<u>\$ 3,031</u>	<u>\$ 3,442</u>	<u>\$ 8,473</u>	<u>\$ (24,174)</u>	<u>\$ 16,859</u>
Depreciation, depletion, amortization and accretion	21,490	9,440	13,172	5,979	1,190	51,271
Adjusted EBITDA	<u>\$ 47,577</u>	<u>\$ 12,471</u>	<u>\$ 16,614</u>	<u>\$ 14,452</u>	<u>\$ (22,984)</u>	<u>\$ 68,130</u>

The following table reconciles net loss from continuing operations, which is the directly comparable financial measure determined in accordance with GAAP, to adjusted EBITDA (non-GAAP financial measure).

Reconciliation of Adjusted EBITDA
(in thousands)
(unaudited)

	Six Months Ended June 30,	
	2020	2019
Reported net loss from continuing operations	\$ (91,198)	\$ (51,085)
Reduction in value of assets	16,522	7,556
Severance and other related costs	15,124	1,262
Merger-related costs	12,896	-
Interest expense, net	49,883	49,771
Other expense	3,411	1,122
Income taxes	(16,762)	5,999
Depreciation, depletion, amortization and accretion	78,141	107,614
Adjusted EBITDA	\$ 68,017	\$ 122,239

The following table reconciles free cash flow (deficit) (non-GAAP financial measure) to net cash provided by operating activities, which is the directly comparable financial measure determined in accordance with GAAP.

Reconciliation of Free Cash Flow (Deficit)
(in thousands)
(unaudited)

	For the Three Months	For the Six Months Ended
	Ended June 30, 2020	June 30, 2020
Net cash provided by operating activities	\$ 31,667	\$ (573)
Less: capital expenditures	(11,955)	(30,518)
Free cash flow (deficit)	\$ 19,712	\$ (31,091)