

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended December 31, 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 number 1-4221**



**HELMERICH & PAYNE, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of incorporation or organization)

**73-0679879**  
(I.R.S. Employer Identification No.)

**222 North Detroit Avenue, Tulsa, Oklahoma 74103**

(Address of principal executive offices) (Zip Code)

**(918) 742-5531**

(Registrant's telephone number, including area code)

**N/A**

(Former name, former address and former fiscal year,  
if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock (\$0.10 par value)	HP	New York Stock Exchange

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 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 checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input 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

CLASS	OUTSTANDING AT January 29, 2025
Common Stock, \$0.10 par value	99,378,608



# HELMERICH & PAYNE, INC.

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## PART I. FINANCIAL INFORMATION

### ITEM 1. FINANCIAL STATEMENTS

#### HELMERICH & PAYNE, INC.

#### UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

<i>(in thousands except share data)</i>	December 31, 2024	September 30, 2024
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 391,179	\$ 217,341
Restricted cash	73,216	68,902
Short-term investments	135,317	292,919
Accounts receivable, net of allowance of \$2,720 and \$2,977, respectively	426,933	418,604
Inventories of materials and supplies, net	127,288	117,884
Prepaid expenses and other, net	70,898	76,419
Total current assets	1,224,831	1,192,069
Investments, net	101,652	100,567
Property, plant and equipment, net	3,009,360	3,016,277
Other Noncurrent Assets:		
Goodwill	45,653	45,653
Intangible assets, net	52,547	54,147
Operating lease right-of-use assets	67,510	67,076
Restricted cash	1,242,124	1,242,417
Other assets, net	72,944	63,692
Total other noncurrent assets	1,480,778	1,472,985
Total assets	<u>\$ 5,816,621</u>	<u>\$ 5,781,898</u>
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable	\$ 148,752	\$ 135,084
Dividends payable	25,154	25,024
Accrued liabilities	261,807	286,841
Total current liabilities	435,713	446,949
Noncurrent Liabilities:		
Long-term debt, net	1,781,674	1,782,182
Deferred income taxes	485,682	495,481
Other	166,771	140,134
Total noncurrent liabilities	2,434,127	2,417,797
Commitments and Contingencies (Note 12)		
Shareholders' Equity:		
Common stock, \$0.10 par value, 160,000,000 shares authorized, 112,222,865 shares issued as of December 31, 2024 and September 30, 2024, and 99,186,843 and 98,755,412 shares outstanding as of December 31, 2024 and September 30, 2024, respectively	11,222	11,222
Preferred stock, no par value, 1,000,000 shares authorized, no shares issued	—	—
Additional paid-in capital	501,516	518,083
Retained earnings	2,913,211	2,883,590
Accumulated other comprehensive loss	(5,987)	(6,350)
Treasury stock, at cost, 13,036,022 shares and 13,467,453 shares as of December 31, 2024 and September 30, 2024, respectively	(473,181)	(489,393)
Total shareholders' equity	2,946,781	2,917,152
Total liabilities and shareholders' equity	<u>\$ 5,816,621</u>	<u>\$ 5,781,898</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.



## HELMERICH & PAYNE, INC.

### UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended December 31,	
	2024	2023
<i>(in thousands, except per share amounts)</i>		
<b>OPERATING REVENUES</b>		
Drilling services	\$ 674,613	\$ 674,565
Other	2,689	2,582
	<u>677,302</u>	<u>677,147</u>
<b>OPERATING COSTS AND EXPENSES</b>		
Drilling services operating expenses, excluding depreciation and amortization	411,857	403,303
Other operating expenses	1,156	1,137
Depreciation and amortization	99,080	93,991
Research and development	9,359	8,608
Selling, general and administrative	63,062	56,577
Acquisition transaction costs	10,535	—
Gain on reimbursement of drilling equipment	(9,403)	(7,494)
Other (gain) loss on sale of assets	1,673	(2,443)
	<u>587,319</u>	<u>553,679</u>
<b>OPERATING INCOME</b>	<b>89,983</b>	<b>123,468</b>
Other income (expense)		
Interest and dividend income	21,741	10,734
Interest expense	(22,298)	(4,372)
Loss on investment securities	(13,367)	(4,034)
Other	360	(543)
	<u>(13,564)</u>	<u>1,785</u>
Income before income taxes	76,419	125,253
Income tax expense	21,647	30,080
<b>NET INCOME</b>	<b>\$ 54,772</b>	<b>\$ 95,173</b>
Basic earnings per common share	<u>\$ 0.55</u>	<u>\$ 0.95</u>
Diluted earnings per common share:	<u>\$ 0.54</u>	<u>\$ 0.94</u>
Weighted average shares outstanding:		
Basic	98,867	99,143
Diluted	99,159	99,628

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**HELMERICH & PAYNE, INC.****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

<i>(in thousands)</i>	Three Months Ended December 31,	
	2024	2023
Net income	\$ 54,772	\$ 95,173
Other comprehensive income, net of income taxes:		
Net change related to employee benefit plans, net of income taxes of \$(15.7) thousand and \$(39.5) thousand for the three months ended December 31, 2024 and 2023, respectively	54	134
Unrealized gain on available-for-sale debt security, net of income taxes of \$(91.0) thousand for the three months ended December 31, 2024	309	—
Other comprehensive income	363	134
Comprehensive income	<u>\$ 55,135</u>	<u>\$ 95,307</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.



## HELMERICH & PAYNE, INC.

### UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

#### Three Months Ended December 31, 2024

<i>(in thousands, except per share amounts)</i>	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total
	Shares	Amount				Shares	Amount	
Balance at September 30, 2024	112,222	\$ 11,222	\$ 518,083	\$ 2,883,590	\$ (6,350)	13,467	\$(489,393)	\$2,917,152
Comprehensive income:								
Net income	—	—	—	54,772	—	—	—	54,772
Other comprehensive income	—	—	—	—	363	—	—	363
Dividends declared (\$0.25 per share)	—	—	—	(25,151)	—	—	—	(25,151)
Vesting of restricted stock awards, net of shares withheld for employee taxes	—	—	(23,125)	—	—	(431)	16,212	(6,913)
Stock-based compensation	—	—	6,851	—	—	—	—	6,851
Other	—	—	(293)	—	—	—	—	(293)
Balance at December 31, 2024	<u>112,222</u>	<u>\$ 11,222</u>	<u>\$ 501,516</u>	<u>\$ 2,913,211</u>	<u>\$ (5,987)</u>	<u>13,036</u>	<u>\$(473,181)</u>	<u>\$2,946,781</u>

#### Three Months Ended December 31, 2023

<i>(in thousands, except per share amounts)</i>	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total
	Shares	Amount				Shares	Amount	
Balance at September 30, 2023	112,222	\$ 11,222	\$ 525,369	\$ 2,707,715	\$ (7,981)	12,796	\$(464,382)	\$2,771,943
Comprehensive income:								
Net income	—	—	—	95,173	—	—	—	95,173
Other comprehensive income	—	—	—	—	134	—	—	134
Dividends declared (\$0.25 base per share, \$0.34 supplemental per share)	—	—	—	(59,094)	—	—	—	(59,094)
Vesting of restricted stock awards, net of shares withheld for employee taxes	—	—	(26,661)	—	—	(495)	17,841	(8,820)
Stock-based compensation	—	—	7,672	—	—	—	—	7,672
Share repurchases	—	—	—	—	—	1,298	(47,654)	(47,654)
Other	—	—	292	—	—	—	—	292
Balance at December 31, 2023	<u>112,222</u>	<u>\$ 11,222</u>	<u>\$ 506,672</u>	<u>\$ 2,743,794</u>	<u>\$ (7,847)</u>	<u>13,599</u>	<u>\$(494,195)</u>	<u>\$2,759,646</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

## HELMERICH & PAYNE, INC.

### UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(in thousands)</i>	Three Months Ended December 31,	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 54,772	\$ 95,173
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	99,080	93,991
Amortization of debt discount and debt issuance costs	2,390	148
Stock-based compensation	6,851	7,672
Loss on investment securities	13,367	4,034
Gain on reimbursement of drilling equipment	(9,403)	(7,494)
Other (gain) loss on sale of assets	1,673	(2,443)
Deferred income tax benefit	(9,923)	(7,829)
Other	(381)	305
Change in assets and liabilities		
Accounts receivable	(6,404)	(28,931)
Inventories of materials and supplies	(9,500)	(7,191)
Prepaid expenses and other	1,034	(8,404)
Other noncurrent assets	(7,933)	(1,150)
Accounts payable	4,492	23,865
Accrued liabilities	8,915	19,022
Other noncurrent liabilities	9,328	(5,970)
Net cash provided by operating activities	158,358	174,798
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital expenditures	(106,485)	(136,411)
Purchase of short-term investments	(95,956)	(46,250)
Purchase of long-term investments	(646)	(291)
Proceeds from sale of short-term investments	242,920	57,956
Insurance proceeds from involuntary conversion	698	—
Proceeds from asset sales	12,120	11,929
Net cash provided by (used in) investing activities	52,651	(113,067)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Dividends paid	(25,021)	(42,294)
Debt issuance costs	(1,216)	—
Payments for employee taxes on net settlement of equity awards	(6,913)	(8,820)
Payment of contingent consideration from acquisition of business	—	(250)
Share repurchases	—	(47,364)
Net cash used in financing activities	(33,150)	(98,728)
Net increase (decrease) in cash and cash equivalents and restricted cash	177,859	(36,997)
Cash and cash equivalents and restricted cash, beginning of period	1,528,660	316,238
Cash and cash equivalents and restricted cash, end of period	\$ 1,706,519	\$ 279,241
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid/(received) during the period:		
Interest paid	\$ —	\$ 927
Income tax paid	4,284	5,960
Income tax received	—	—
Cash paid for amounts included in the measurement of lease liabilities:		
Payments for operating leases	3,822	3,262
Non-cash operating and investing activities:		
Change in accounts payable and accrued liabilities related to purchases of property, plant and equipment	12,422	(7,611)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.



## HELMERICH & PAYNE, INC.

# NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 1 NATURE OF OPERATIONS

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Helmerich & Payne, Inc. (“H&P,” which, together with its subsidiaries, is identified as the “Company,” “we,” “us,” or “our,” except where stated or the context requires otherwise) through its operating subsidiaries provides performance-driven drilling solutions and technologies that are intended to make hydrocarbon recovery safer and more economical for oil and gas exploration and production companies.

Our drilling services operations are organized into the following reportable operating business segments: North America Solutions, International Solutions and Offshore Gulf of Mexico. Our real estate operations and our wholly-owned captive insurance companies are included in “Other.” Refer to Note 13—Business Segments and Geographic Information for further details on our reportable segments.

Our North America Solutions operations are primarily located in Texas, but also traditionally operate in other states, depending on demand. Such states include: Colorado, Louisiana, Montana, New Mexico, North Dakota, Ohio, Oklahoma, Pennsylvania, Utah, and West Virginia. Our International Solutions operations have rigs and/or services primarily located in five international locations: Argentina, Australia, Bahrain, Colombia, and Saudi Arabia. Our Offshore Gulf of Mexico operations are conducted in Louisiana and in U.S. federal waters in the Gulf of Mexico.

We also own and operate a limited number of commercial real estate properties located in Tulsa, Oklahoma. Our real estate investments include a shopping center and undeveloped real estate.

#### ***KCA Deutag Acquisition***

On January 16, 2025 (the “Closing Date”), H&P completed its acquisition of the entire issued share capital (the “Acquisition”) of KCA Deutag International Limited (KCA Deutag”) pursuant to the Sale and Purchase Agreement (the “Purchase Agreement”). H&P paid aggregate cash consideration of approximately \$2.0 billion, which consisted of the share purchase price of \$0.9 billion and \$1.1 billion which was used to contemporaneously repay or redeem certain of KCA Deutag existing debt, including, as applicable, the payment of all accrued and unpaid interest, premiums, and fees. For additional information regarding the completion of the Acquisition, refer to Note 14—Subsequent Events.

KCA Deutag is a diverse global drilling company. The company has a significant land drilling presence in the Middle East, which represents approximately two-thirds of the company’s calendar year 2023 Operating EBITDA, with additional operations in South America, Europe and Africa. In addition to its land operations, KCA Deutag has asset-light offshore management contract operations in the North Sea, Angola, Azerbaijan and Canada, with super major customers and long-term earnings visibility through a robust backlog. KCA Deutag’s Kenera segment comprises manufacturing and engineering businesses, including Bentec, with three facilities serving the energy industry, representing a longer-term growth opportunity.

### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, RELATED RISKS AND UNCERTAINTIES

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#### ***Interim Financial Information***

The accompanying Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) and applicable rules and regulations of the Securities and Exchange Commission (the “SEC”) pertaining to interim financial information. Accordingly, these interim financial statements do not include all information or footnote disclosures required by U.S. GAAP for complete financial statements and, therefore, should be read in conjunction with the Consolidated Financial Statements and notes thereto in our 2024 Annual Report on Form 10-K and other current filings with the SEC. In the opinion of management, all adjustments, consisting of those of a normal recurring nature, necessary to present fairly the results of the periods presented have been included. The results of operations for the interim periods presented may not necessarily be indicative of the results to be expected for the full year.



**Principles of Consolidation**

The Unaudited Condensed Consolidated Financial Statements include the accounts of H&P and its domestic and foreign subsidiaries. Consolidation of a subsidiary begins when the Company gains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income, expenses and other comprehensive income or loss of a subsidiary acquired or disposed of during the fiscal year are included in the Unaudited Condensed Consolidated Statements of Operations and Unaudited Condensed Consolidated Statements of Comprehensive Income from the date the Company gains control until the date when the Company ceases to control the subsidiary. All intercompany accounts and transactions have been eliminated upon consolidation.

**Cash, Cash Equivalents, and Restricted Cash**

Cash and cash equivalents include cash on hand, demand deposits with banks and all highly liquid investments with original maturities of three months or less. Our cash, cash equivalents and short-term investments are subject to potential credit risk, and certain of our cash accounts carry balances greater than the federally insured limits.

We recorded restricted cash of \$1.3 billion and \$65.1 million at December 31, 2024 and 2023, respectively, and \$1.3 billion and \$59.1 million at September 30, 2024 and 2023, respectively. Of the total at December 31, 2024 and September 30, 2024, \$1.2 billion represents net proceeds from senior notes issued in fiscal year 2024 to finance the purchase price of the Acquisition and to repay certain of KCA Deutag's outstanding indebtedness, and \$73.2 million and \$68.9 million represents the amount management has elected to restrict for the purpose of potential insurance claims in our wholly-owned captive insurance companies at December 31, 2024 and September 30, 2024 respectively. The restricted amounts are primarily invested in short-term money market securities. Subsequent to December 31, 2024, \$1.2 billion of restricted cash was used to fund the Acquisition. For additional information regarding the completion of the Acquisition, refer to Note 14—Subsequent Events.

Cash, cash equivalents, and restricted cash are reflected on the Unaudited Condensed Consolidated Balance Sheets as follows:

<i>(in thousands)</i>	December 31,		September 30,	
	2024	2023	2024	2023
Cash and cash equivalents	\$ 391,179	\$ 214,104	\$ 217,341	\$ 257,174
Restricted cash	73,216	65,137	68,902	59,064
Restricted cash - long-term:				
Other assets, net	1,242,124	—	1,242,417	—
<b>Total cash, cash equivalents, and restricted cash</b>	<b>\$ 1,706,519</b>	<b>\$ 279,241</b>	<b>\$ 1,528,660</b>	<b>\$ 316,238</b>

**Related Party Transactions**

In October 2022, we made a \$14.1 million equity investment, representing 106.0 million common shares in Tamboran Resources Limited ("Tamboran Resources"). In December 2023, all shares of Tamboran Resources were transferred to Tamboran Corp. in exchange for depository interests in Tamboran Corp. Depository interests, referred to as CHESSE Depository Interests, each representing beneficial interests of 1/200th of a share of Tamboran Corp. common stock, are listed on the Australian Stock Exchange under the ticker symbol "TBN." Tamboran Corp. is focused on developing a natural gas resource in Australia's Beetaloo Sub-basin.

On June 4, 2024, the Company entered into a convertible note agreement with Tamboran Corp. This note was utilized to relieve Tamboran's outstanding accounts receivable balance owed to the Company, and therefore no cash was exchanged as part of the transaction. The convertible note agreement provided that the notes converted into shares of common stock of Tamboran Corp. under certain circumstances in connection with an initial public offering in which its stock was listed on the New York Stock Exchange ("NYSE") or NASDAQ Stock Exchange. On June 26, 2024, Tamboran Corp. completed an initial public offering of its common stock on the NYSE and its common stock is listed on the NYSE, under the ticker "TBN". As a result of this offering, the convertible note of \$9.4 million was converted into 0.5 million common shares in Tamboran Corp. Additionally and separately, one of our executive officers serves as a director of Tamboran Corp. Refer to Note 11—Fair Value Measurement of Financial Instruments for additional information related to our investment.

Concurrent with the October 2022 investment agreement, we entered into a fixed-term drilling services agreement with Tamboran Resources. As of December 31, 2024, we recorded \$1.0 million in receivables and \$3.4 million in contract liabilities on our Unaudited Condensed Consolidated Balance Sheet. As of September 30, 2024, we recorded \$5.0 million in receivables and \$3.9 million in contract liabilities on our Consolidated Balance Sheet. We recognized \$4.8 million and \$4.3 million in revenue on our Unaudited Condensed Consolidated Statement of Operations during the three months ended December 31, 2024, and 2023 respectively, related to the drilling services agreement with Tamboran Resources. We expect to earn \$35.0 million in revenue over the remaining contract term, and, as such, this amount is included within our contract backlog as of December 31, 2024.



**Recently Issued Accounting Updates**

Changes to U.S. GAAP are established by the Financial Accounting Standards Board (“FASB”) in the form of Accounting Standards Updates (“ASUs”) to the FASB Accounting Standards Codification (“ASC”). We consider the applicability and impact of all ASUs. ASUs not listed below were assessed and determined to be either not applicable, clarifications of ASUs listed below, immaterial, or already adopted by the Company.

The following table provides a brief description of recently adopted accounting pronouncements and our analysis of the effects on our Unaudited Condensed Consolidated Financial Statements:

Standard	Description	Date of Adoption	Effect on the Financial Statements or Other Significant Matters
<b>Standards that are not yet adopted as of December 31, 2024</b>			
ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures	This ASU improves reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The amendments in this update enhance annual and interim disclosure requirements, determine significant segment expense, clarify circumstances in which an entity can disclose multiple segment measures of profit or loss, provide new segment disclosure requirements for entities with a single reportable segment, and contain other disclosure requirements. This update is effective for annual periods beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024.	September 30, 2025	We plan to adopt this ASU, as required, during fiscal year 2025, with the first disclosure enhancements reflected in our Form 10-K. We are currently evaluating the impact this ASU will have on our disclosures.
ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures	This ASU enhances income tax disclosure requirements. Under the ASU, public business entities must annually (1) disclose specific categories in the rate reconciliation and (2) provide additional information for reconciling items that meet a quantitative threshold (if the effect of those reconciling items is equal to or greater than 5 percent of the amount computed by multiplying pretax income or loss by the applicable statutory income tax rate). Specific categories that must be included in the reconciliation for each annual reporting period are specified in the amendment. This update is effective for annual periods beginning after December 15, 2024. Early adoption of the amendments is permitted. Upon adoption, the amendments shall be applied on a prospective basis. Retrospective application is permitted.	September 30, 2026	We plan to adopt this ASU, as required, during fiscal year 2026, with the first disclosure enhancements reflected in our fiscal year 2026 Form 10-K. We are currently evaluating the impact this ASU will have on our disclosures.
ASU No. 2024-03, Income Statement -- Reporting Comprehensive Income -- Expense Disaggregation Disclosure (Subtopic 220-40)	This ASU enhances disclosure requirements for certain costs and expenses. The amendments in this update enhance annual and interim disclosure requirements, certain liability-related expenses, expense reimbursements related to a cost-sharing or cost-reimbursement arrangement with another entity, and the disaggregation of relevant expense captions. This update gives entities the ability to use estimates or other methods that produce a reasonable approximation of the amounts required to be disclosed. This update is effective for annual periods beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. Upon adoption, the amendments shall be applied either (1) prospectively to financial statements issued for reporting periods after the effective date of this Update or (2) retrospectively to any or all prior periods presented in the financial statements.	September 30, 2028	We plan to adopt this ASU, as required, during fiscal year 2028 with the first disclosure enhancements reflected in our 2028 fiscal year Form 10-K. We are currently evaluating the impact the new guidance may have on our consolidated financial statements and disclosures.

## **Self-Insurance**

We continue to use our captive insurance companies to insure the deductibles for our domestic workers' compensation, general liability, automobile liability claims programs, and medical stop-loss program and to insure the deductibles from the Company's international casualty and property programs. Our operating subsidiaries are paying premiums to the Captives, typically on a monthly basis, for the estimated losses based on an external actuarial analysis. These premiums are currently held in a restricted cash account, resulting in a transfer of risk from our operating subsidiaries to the Captives. Direct operating costs primarily consisted of adjustments to accruals for estimated losses of \$3.9 million and \$3.5 million and rig and casualty insurance premiums of \$10.5 million and \$9.1 million during the three months ended December 31, 2024 and 2023, respectively. These operating costs were recorded within Drilling services operating expenses in our Unaudited Condensed Consolidated Statement of Operations. Intercompany premium revenues recorded by the Captives during the three months ended December 31, 2024 and 2023 amounted to \$16.6 million and \$15.2 million, respectively, which were eliminated upon consolidation. These intercompany insurance premiums are reflected as segment operating expenses within the North America Solutions, International Solutions, and Offshore Gulf of Mexico reportable operating segments and are reflected as intersegment sales within "Other." Our medical stop loss operating expenses for the three months ended December 31, 2024 and 2023 were \$5.2 million and \$4.1 million, respectively.

## **International Solutions Drilling Risks**

International Solutions drilling operations may significantly contribute to our revenues and net operating income. There can be no assurance that we will be able to successfully conduct such operations, and a failure to do so may have an adverse effect on our financial position, results of operations, and cash flows. Also, the success of our International Solutions operations will be subject to numerous contingencies, some of which are beyond management's control. These contingencies include general and regional economic conditions, geopolitical developments and tensions, war and uncertainty in oil-producing countries, fluctuations in currency exchange rates, modified exchange controls, changes in international regulatory requirements and international employment issues, risk of expropriation of real and personal property and the burden of complying with foreign laws. Additionally, in the event that extended labor strikes occur or a country experiences significant political, economic or social instability, we could experience shortages in labor and/or material and supplies necessary to operate some of our drilling rigs, thereby potentially causing an adverse material effect on our business, financial condition and results of operations.

We have also experienced certain risks specific to our Argentine operations. In Argentina, while our dayrate is denominated in U.S. dollars, we are paid the equivalent in Argentine pesos. The Argentine branch of one of our second-tier subsidiaries remits U.S. dollars to its U.S. parent by converting the Argentine pesos into U.S. dollars through the Argentine Foreign Exchange Market and repatriating the U.S. dollars. Argentina also has a history of implementing currency controls that restrict the conversion and repatriation of U.S. dollars. In September 2020, Argentina implemented additional currency controls in an effort to preserve Argentina's U.S. dollar reserves. As a result of these currency controls, our ability to remit funds from our Argentine subsidiary to its U.S. parent has been limited. In the past, the Argentine government has also instituted price controls on crude oil, diesel and gasoline prices and instituted an exchange rate freeze in connection with those prices. These price controls and an exchange rate freeze could be instituted again in the future. Further, there are additional concerns regarding Argentina's debt burden, notwithstanding Argentina's restructuring deal with international bondholders in August 2020, as Argentina attempts to manage its substantial sovereign debt issues. These concerns could further negatively impact Argentina's economy and adversely affect our Argentine operations. Argentina's economy is considered highly inflationary, which is defined as cumulative inflation rates exceeding 100 percent in the most recent three-year period based on inflation data published by the respective governments.

All of our foreign subsidiaries use the U.S. dollar as the functional currency and local currency monetary assets and liabilities are remeasured into U.S. dollars with gains and losses resulting from foreign currency transactions included in current results of operations.

We recorded aggregate foreign currency losses of \$0.9 million and \$1.8 million for the three months ended December 31, 2024 and 2023, respectively. Following Argentina's devaluation of its peso relative to the U.S. dollar by approximately 55 percent in December 2023, the peso continued to depreciate during the calendar year 2024. In the future, we may incur larger currency devaluations, foreign exchange restrictions or other difficulties repatriating U.S. dollars from Argentina or elsewhere, which could have a material adverse impact on our business, financial condition and results of operations.

Because of the impact of local laws, our future operations in certain areas may be conducted through entities in which local citizens own interests and through entities (including joint ventures) in which we hold only a minority interest or pursuant to arrangements under which we conduct operations under contract to local entities. While we believe that neither operating through such entities nor pursuant to such arrangements would have a material adverse effect on our operations or revenues, there can be no assurance that we will in all cases be able to structure or restructure our operations to conform to local law (or the administration thereof) on terms acceptable to us.

Although we attempt to minimize the potential impact of such risks by operating in more than one geographical area, during the three months ended December 31, 2024, approximately 7.2 percent of our operating revenues were generated from international locations compared to 8.2 percent during the three months ended December 31, 2023, respectively. During the three months ended December 31, 2024, approximately 71.3 percent of operating revenues from international locations were from operations in South America compared to 78.5 percent during the three months ended December 31, 2023, respectively. All of the South American operating revenues were from Argentina and Colombia. The future occurrence of one or more international events arising from the types of risks described above could have a material adverse impact on our business, financial condition and results of operations.

### NOTE 3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as of December 31, 2024 and September 30, 2024 consisted of the following:

<i>(in thousands)</i>	<b>Estimated Useful Lives</b>	<b>December 31, 2024</b>	<b>September 30, 2024</b>
Drilling services equipment	4 - 15 years	\$ 6,713,200	\$ 6,671,975
Tubulars	4 years	539,876	552,773
Real estate properties	10 - 45 years	49,061	48,617
Other	2 - 23 years	465,604	460,857
Construction in progress <sup>1</sup>		132,367	106,183
		7,900,108	7,840,405
Accumulated depreciation		(4,890,748)	(4,824,128)
Property, plant and equipment, net		<u>\$ 3,009,360</u>	<u>\$ 3,016,277</u>

(1) Included in construction in progress are costs for projects in progress to upgrade or refurbish certain rigs in our existing fleet. Additionally, we include other advances for capital maintenance purchase-orders that are open/in process. As these various projects are completed, the costs are then classified to their appropriate useful life category.

#### Depreciation

Depreciation expense during the three months ended December 31, 2024 and 2023 was \$97.0 million and \$92.4 million, including abandonments of \$0.7 million and \$0.5 million, respectively. During the three months ended December 31, 2024, depreciation expense included \$1.2 million of accelerated depreciation for components on rigs that are scheduled for conversion in fiscal year 2025 compared to \$0.9 million in the three months ended December 31, 2023. These expenses are recorded within Depreciation and amortization on our Unaudited Condensed Consolidated Statements of Operations.

#### Gain on Reimbursement of Drilling Equipment

We recognized a gain of \$9.4 million and \$7.5 million during the three months ended December 31, 2024 and 2023, respectively, related to customer reimbursement for the current replacement value of lost or damaged drill pipe. Gains related to these asset sales are recorded in Gain on reimbursement of drilling equipment within our Unaudited Condensed Consolidated Statements of Operations.

## NOTE 4 GOODWILL AND INTANGIBLE ASSETS

### Goodwill

Goodwill represents the excess of the purchase price over the fair values of the assets acquired and liabilities assumed in a business combination, at the date of acquisition. Goodwill is not amortized but is tested for potential impairment at the reporting unit level, at a minimum on an annual basis in the fourth fiscal quarter, or when indications of potential impairment exist. All of our goodwill is within our North America Solutions reportable segment.

During the three months ended December 31, 2024, there were no additions or impairments to goodwill. As of December 31, 2024 and September 30, 2024, the goodwill balance was \$45.7 million.

### Intangible Assets

Finite-lived intangible assets are amortized using the straight-line method over the period in which these assets contribute to our cash flows and are evaluated for impairment in accordance with our policies for valuation of long-lived assets. Our intangible assets are within our North America Solutions reportable segment and consist of the following:

(in thousands)	Weighted Average Estimated Useful Lives	December 31, 2024			September 30, 2024		
		Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Finite-lived intangible asset:							
Developed technology	15 years	\$ 89,096	\$ 41,536	\$ 47,560	\$ 89,096	\$ 40,047	\$ 49,049
Intellectual property	13 years	2,000	702	1,298	2,000	662	1,338
Trade name	20 years	5,865	2,176	3,689	5,865	2,105	3,760
		<u>\$ 96,961</u>	<u>\$ 44,414</u>	<u>\$ 52,547</u>	<u>\$ 96,961</u>	<u>\$ 42,814</u>	<u>\$ 54,147</u>

Amortization expense in the Unaudited Condensed Consolidated Statements of Operations was \$1.6 million for the three months ended December 31, 2024 and 2023, respectively.

## NOTE 5 DEBT

As of December 31, 2024 and September 30, 2024, we had the following unsecured long-term debt outstanding with maturity shown in the following table:

(in thousands)	December 31, 2024			September 30, 2024		
	Face Amount	Unamortized Discount and Debt Issuance Cost	Book Value	Face Amount	Unamortized Discount and Debt Issuance Cost	Book Value
Unsecured senior notes:						
Due December 1, 2027	\$ 350,000	\$ (3,066)	\$ 346,934	\$ 350,000	\$ (2,907)	\$ 347,093
Due December 1, 2029	350,000	(3,932)	346,068	350,000	(3,703)	346,297
Due September 29, 2031	550,000	(4,112)	545,888	550,000	(4,262)	545,738
Due December 1, 2034	550,000	(7,216)	542,784	550,000	(6,946)	543,054
Long-term debt	<u>\$1,800,000</u>	<u>\$ (18,326)</u>	<u>\$1,781,674</u>	<u>\$1,800,000</u>	<u>\$ (17,818)</u>	<u>\$1,782,182</u>

### **Senior Notes Issued in Fiscal Year 2024**

On September 17, 2024, we completed a private offering of \$1.25 billion aggregate principal amount of senior notes, comprised of the following tranches (collectively, the "Notes"): \$350.0 million aggregate principal amount of 4.65 percent senior notes due 2027 issued at a price equal to 99.958 percent of their face value, \$350.0 million aggregate principal amount of 4.85 percent senior notes due 2029 issued at a price equal to 99.883 percent of their face value and \$550.0 million aggregate principal amount of 5.50 percent senior notes due 2034 issued at a price equal to 99.670 percent of their face value. Interest on the Notes is payable semi-annually on June 1 and December 1 of each year, commencing on June 1, 2025.

On January 16, 2025, H&P completed the Acquisition, and the Company used the net proceeds of the Notes, together with the proceeds of its term loan credit agreement (discussed below) and cash on hand, to finance the purchase price for the Acquisition, to repay or redeem certain of KCA Deutag's outstanding indebtedness, and to pay related fees and expenses. For additional information regarding the completion of the Acquisition, refer to Note 14—Subsequent Events. The net proceeds reduced the commitments under the Company's Bridge Loan Facility (discussed herein) for purposes of financing the Acquisition.

In connection with the issuance of the Notes, the Company also entered into a registration rights agreement, dated as of September 17, 2024 (the "Registration Rights Agreement"), with the initial purchasers of the Notes named therein. Under the Registration Rights Agreement, the Company agreed, among other things, to: (i) file a registration statement (the "Exchange Offer Registration Statement") with the SEC to register an offer to exchange each series of the Notes for freely tradable notes having terms identical in all material respects to each such series of Notes (the "Registered Exchange Offer"); (ii) use commercially reasonable efforts to cause the Exchange Offer Registration Statement to become effective under the Securities Act not later than the later of (x) the 30th day following the Company's filing of a Current Report on Form 8-K or an amendment thereto including the financial statements of KCA Deutag and pro forma financial information related to the Company's acquisition of KCA Deutag required by Items 9.01(a) and 9.01(b) of Form 8-K (the "KCA Deutag Financials Form 8-K") and (y) June 16, 2025; and (iii) use commercially reasonable efforts to cause the Registered Exchange Offer to be completed not later than the later of (x) the 60th day following the Company's filing of the KCA Deutag Financials Form 8-K and (y) July 14, 2025 (the "Exchange Offer Closing Deadline"), subject to certain limitations.

If, among other events, the Registered Exchange Offer is not completed by the Exchange Offer Closing Deadline, then special additional interest will accrue in an amount equal to 0.25 percent per annum of the principal amount of the Notes, from and including the date on which such default shall occur to but excluding the date on which such default is cured.

The indenture governing the Notes contains certain covenants that, among other things, limit the ability of the Company and its subsidiaries to incur certain liens; engage in sale and lease-back transactions; and consolidate, merge or transfer all or substantially all of the assets of the Company. The indenture governing the Notes also contains customary events of default with respect to the Notes.

### **Senior Notes Issued in Fiscal Year 2021**

On September 29, 2021, we issued \$550.0 million aggregate principal amount of the 2.90 percent senior notes due 2031 ("the 2031 Notes") in an offering to persons reasonably believed to be qualified institutional buyers in the United States pursuant to Rule 144A under the Securities Act and to certain non-U.S. persons in transactions outside the United States pursuant to Regulation S under the Securities Act. Interest on the 2031 Notes is payable semi-annually on March 29 and September 29 of each year, commencing on March 29, 2022.

In June 2022, we settled a registered exchange offer (the "2022 Registered Exchange Offer") to exchange the 2031 Notes for new, SEC-registered notes that are substantially identical to the terms of the 2031 Notes, except that the offer and issuance of the new notes have been registered under the Securities Act and certain transfer restrictions, registration rights and additional interest provisions relating to the 2031 Notes do not apply to the new notes. All of the 2031 Notes were exchanged in the Registered Exchange Offer.

The indenture governing the 2031 Notes contains certain covenants that, among other things and subject to certain exceptions, limit the ability of the Company and its subsidiaries to incur certain liens; engage in sale and lease-back transactions; and consolidate, merge or transfer all or substantially all of the assets of the Company. The indenture governing the 2031 Notes also contains customary events of default with respect to the 2031 Notes.

### **Term Loan Credit Agreement**

On August 14, 2024, the Company entered into a unsecured term loan credit agreement (the "Term Loan Credit Agreement"), dated as of August 14, 2024, among the Company, Morgan Stanley Senior Funding, Inc. ("MSSF") as administrative agent, and the other lenders party thereto. Under the Term Loan Credit Agreement, the Company may obtain unsecured term loans in a single delayed draw in an aggregate principal amount up to \$400.0 million, which reduced the commitments under the Company's Bridge Loan Facility (discussed herein) for purposes of financing the Acquisition. The Term Loan Credit Agreement matures at the two-year anniversary of the funding of the term loans unless earlier terminated pursuant to the terms of the Term Loan Credit Agreement.



The benchmark rate is the Secured Overnight Financing Rate ("SOFR"). We can elect to borrow at either an adjusted SOFR rate or an adjusted base rate, plus an applicable margin. The adjusted SOFR rate is the forward-looking term rate based on SOFR for the applicable tenor of one, three, or six months, plus 0.10 percent per annum. The adjusted base rate is a fluctuating rate per annum equal to the highest of (i) the administrative agent's prime rate, (ii) the federal funds effective rate plus 0.50 percent, or (iii) the one-month adjusted SOFR rate plus 1.0 percent. We also pay a commitment fee on the unused balance of the facility. Borrowing spreads as well as commitment fees are determined based on the debt rating for senior unsecured debt of the Company, as determined by Moody's and Standard & Poor's. The applicable margin for SOFR borrowings and adjusted base rate borrowings ranges from 1.0 percent to 1.625 percent per annum and zero to 0.625 percent per annum, respectively. Commitment fees for both rates range from 0.10 percent to 0.250 percent per annum. Based on the unsecured debt rating of the Company on December 31, 2024, the spread over SOFR would have been 1.375 percent had borrowings been outstanding under the Term Loan Credit Agreement and commitment fees would have been 0.175 percent.

The funding of the term loans had not occurred as of December 31, 2024. On January 16, 2025, H&P completed the Acquisition, and the Company used the proceeds from the Term Loan Credit Agreement, together with the net proceeds from the sale of the Notes and cash on hand, to finance the purchase price for the Acquisition, to repay or redeem certain of KCA Deutag's outstanding indebtedness, and to pay related fees and expenses. For additional information regarding the completion of the Acquisition, refer to Note 14—Subsequent Events.

### **Bridge Loan Facility**

In connection with, and concurrently with the entry into, the Purchase Agreement, the Company entered into a debt commitment letter dated July 25, 2024 with MSSF, pursuant to which MSSF committed, subject to satisfaction of standard conditions, to provide the Company with an unsecured 364-day bridge loan facility in an aggregate principal amount of approximately \$2.0 billion (the "Bridge Loan Facility") the proceeds of which would, if drawn, be used to fund the Acquisition. In connection with the Bridge Loan Facility, the Company incurred approximately \$10.6 million in commitment fees during the fiscal year ended September 30, 2024. Due to the execution of the other financing arrangements discussed above, the commitments under the Bridge Loan Facility were reduced to \$335.3 million as of September 30, 2024. As a result, we recognized approximately \$9.2 million of commitment fees within Interest expense on the Consolidated Statement of Operations during fiscal year 2024. As of September 30, 2024, approximately \$1.4 million in commitment fees were deferred and included in Prepaid assets and other, net within the Consolidated Balance Sheet. On October 15, 2024, the remaining commitments under the Bridge Loan Facility were reduced such that there were no remaining commitments available, and the Bridge Loan Facility was automatically terminated in accordance with its terms. Upon termination of the facility, we recognized the remaining \$1.4 million of commitment fees within Interest expense on the Unaudited Condensed Consolidated Statement of Operations during the three months ended December 31, 2024.

### **Revolving Credit Facility**

On August 14, 2024, the Company entered into an Amended and Restated Credit Agreement (the "Amended Credit Facility") with the lenders party thereto (the "Revolving Credit Agreement Lenders"), the issuing lenders party thereto and Wells Fargo, National Association ("Wells Fargo") as administrative agent, swing line lender and issuing lender, which amended and restated the Credit Agreement, dated as of November 13, 2018 (as amended through Amendment No. 2 to the Credit Agreement dated as of March 8, 2022, the "Existing Credit Agreement"), among the Company, the lenders party thereto and Wells Fargo, as administrative agent, swing line lender and issuing lender.

Under the terms of the Amended Credit Facility, the Company may obtain unsecured revolving loans in an aggregate principal amount not to exceed \$950.0 million outstanding at any time (the "Revolving Credit Facility"). \$775.0 million of the revolving commitments under the Amended Credit Facility expire on November 12, 2028 and \$175.0 million of the revolving commitments mature on November 10, 2027 (the "Stated Maturity Date"), but the Company may request two one-year extensions of the Stated Maturity Date, subject to satisfaction of certain conditions. Commitments under the Amended Credit Facility may be increased by up to \$100.0 million, subject to the agreement of the Company and new or existing Revolving Credit Agreement Lenders.

The proceeds of the loans made under the Amended Credit Facility may be used by the Company for (i) working capital and other general corporate purposes, (ii) for the payment of fees and expenses related to the entering into of the Amended Credit Facility and the other credit documents and (iii) for the refinancing of the extensions of credit under the Existing Credit Agreement.

The benchmark rate is the SOFR. We can elect to borrow at either an adjusted SOFR rate or an adjusted base rate, plus an applicable margin. The adjusted SOFR rate is the forward-looking term rate based on SOFR for the applicable tenor of one, three, or six months, plus 0.10 percent per annum. The adjusted base rate is a fluctuating rate per annum equal to the highest of (i) the administrative agent's prime rate, (ii) the federal funds effective rate plus 0.50 percent, or (iii) the one-month adjusted SOFR rate plus 1.0 percent. We also pay a commitment fee on the unused balance of the facility. Borrowing spreads as well as commitment fees are determined based on the debt rating for senior unsecured debt of the Company, as determined by Moody's and Standard & Poor's. The applicable margin for SOFR borrowings and adjusted base rate borrowings ranges from 0.875 percent to 1.500 percent per annum and zero to 0.50 percent per annum, respectively. Commitment fees for both rates range from 0.075 percent to 0.200 percent per annum. Based on the unsecured debt rating of the Company on December 31, 2024, the spread over SOFR would have been 1.250 percent had borrowings been outstanding under the Amended Credit Facility and commitment fees would have been 0.150 percent. There is a financial covenant in the Amended Credit Facility that requires us to maintain a total funded debt to total capitalization ratio of less than or equal to 55.0 percent. The Amended Credit Facility contains additional terms, conditions, restrictions and covenants that we believe are usual and customary in unsecured debt arrangements for companies of similar size and credit quality, including a limitation that priority debt (as defined in the credit agreement) may not exceed 17.5 percent of the net worth of the Company. As of December 31, 2024, there were no borrowings or letters of credit outstanding, leaving \$950.0 million available to borrow under the Amended Credit Facility.

As of December 31, 2024, we had \$160.0 million in uncommitted bilateral credit facilities, for the purpose of obtaining the issuance of international letters of credit, bank guarantees, and performance bonds. Of the \$160.0 million, \$47.2 million was outstanding as of December 31, 2024. Separately, we had \$5.0 million in standby letters of credit and bank guarantees outstanding. In total, we had \$52.2 million outstanding as of December 31, 2024.

The applicable agreements for all unsecured debt contain additional terms, conditions and restrictions that we believe are usual and customary in unsecured debt arrangements for companies that are similar in size and credit quality. At December 31, 2024, we were in compliance with all debt covenants.

## **NOTE 6 INCOME TAXES**

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We use an estimated annual effective tax rate for purposes of determining the income tax provision during interim reporting periods. In calculating our estimated annual effective tax rate, we consider forecasted annual pre-tax income and estimated permanent book versus tax differences. Adjustments to the effective tax rate and estimates could occur during the year as information and assumptions change which could include, but are not limited to, changes to the forecasted amounts, estimates of permanent book versus tax differences, and changes to tax laws and rates.

Our income tax expense from continuing operations for the three months ended December 31, 2024 and 2023 was \$21.6 million and \$30.1 million, respectively, resulting in effective tax rates of 28.3 percent and 24.0 percent, respectively. Effective tax rates differ from the U.S. federal statutory rate of 21.0 percent for the three months ended December 31, 2024 and 2023 primarily due to state and foreign income taxes, permanent non-deductible items, and discrete adjustments. The discrete adjustments for the three months ended December 31, 2024 and 2023 are primarily due to tax expense (benefit) related to equity compensation of \$0.7 million and \$(0.9) million, respectively.

As of December 31, 2024, we have recorded unrecognized tax benefits and related interest and penalties of approximately \$0.6 million. We cannot predict with certainty if we will achieve ultimate resolution of any additional uncertain tax positions associated with our U.S. and international operations resulting in any additional material increases or decreases of our unrecognized tax benefits for the next twelve months.

## **NOTE 7 SHAREHOLDERS' EQUITY**

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The Company has an evergreen authorization from the Board of Directors ("the Board") for the repurchase of up to four million common shares in any calendar year. The repurchases are made using our cash and cash equivalents or other available sources and are held as treasury shares on our Unaudited Condensed Consolidated Balance Sheets. We did not make any share repurchases during the three months ended December 31, 2024. We repurchased 1.3 million common shares at an aggregate cost of \$47.7 million, including excise tax of \$0.3 million during the three months ended December 31, 2023.

A cash dividend of \$0.25 per share was declared on December 11, 2024 for shareholders of record on February 14, 2025, payable on February 28, 2025. As a result, we recorded a Dividend payable of \$25.2 million on our Unaudited Condensed Consolidated Balance Sheet as of December 31, 2024.



**Accumulated Other Comprehensive Loss**

Components of accumulated other comprehensive loss were as follows:

<i>(in thousands)</i>	December 31, 2024	September 30, 2024
<b>Pre-tax amounts:</b>		
Unrealized pension actuarial loss	\$ (7,563)	\$ (7,632)
Unrealized loss on available-for-sale debt security	(262)	(662)
	<u>\$ (7,825)</u>	<u>\$ (8,294)</u>
<b>After-tax amounts:</b>		
Unrealized pension actuarial loss	\$ (5,784)	\$ (5,838)
Unrealized loss on available-for-sale debt security	(203)	(512)
	<u>\$ (5,987)</u>	<u>\$ (6,350)</u>

Fluctuations in pension actuarial gains and losses are primarily due to changes in the discount rate and investment returns related to the defined benefit pension plan.

Investments classified as available-for-sale debt securities are reported at fair value with unrealized gains and losses excluded from net income and reported in other comprehensive income.

The following is a summary of the changes in accumulated other comprehensive loss, net of tax, for the three months ended December 31, 2024:

<i>(in thousands)</i>	Three Months Ended December 31, 2024		
	Unrealized Loss on Available-for-Sale Securities	Defined Benefit Pension Plan	Total
Balance at beginning of period	\$ (512)	\$ (5,838)	\$ (6,350)
Other comprehensive income before reclassifications	309	—	309
Amounts reclassified from accumulated other comprehensive loss	—	54	54
Net current-period other comprehensive income	309	54	363
Balance at December 31	<u>\$ (203)</u>	<u>\$ (5,784)</u>	<u>\$ (5,987)</u>

**NOTE 8 REVENUE FROM CONTRACTS WITH CUSTOMERS**

**Drilling Services Revenue**

The majority of our drilling services are performed on a “daywork” contract basis, under which we charge a rate per day, with the price determined by the location, depth and complexity of the well to be drilled, operating conditions, the duration of the contract, and the competitive forces of the market. These drilling services, including our technology solutions, represent a series of distinct daily services that are substantially the same, with the same pattern of transfer to the customer. Because our customers benefit equally throughout the service period and our efforts in providing drilling services are incurred relatively evenly over the period of performance, revenue is recognized over time using a time-based input measure as we provide services to the customer. For any contracts that include a provision for pooled term days at contract inception, followed by the assignment of days to specific rigs throughout the contract term, we have elected, as a practical expedient, to recognize revenue in the amount for which the entity has a right to invoice, as permitted by ASC 606.

Performance-based contracts are contracts pursuant to which we are compensated partly based upon our performance against a mutually agreed upon set of predetermined targets. These types of contracts are relatively new to the industry and typically have a lower base dayrate, but give us the opportunity to receive additional compensation by meeting or exceeding certain performance targets agreed to by our customers. The variable consideration that we expect to receive is estimated at the most likely amount, and constrained to an amount such that it is probable a significant reversal of revenue previously recognized will not occur based on the performance targets. Total revenue recognized from performance contracts, including performance bonuses, was \$305.8 million and \$298.2 million, of which \$16.9 million and \$15.2 million was related to performance bonuses recognized due to the achievement of performance targets during the three months ended December 31, 2024 and 2023, respectively.

Contracts generally contain renewal or extension provisions exercisable at the option of the customer at prices mutually agreeable to us and the customer. For contracts that are terminated by customers prior to the expiration of their fixed terms, contractual provisions customarily require early termination amounts to be paid to us. Revenues from early terminated contracts are recognized when all contractual requirements have been met. During the three months ended December 31, 2024 and 2023, early termination revenue associated with term contracts was \$1.4 million and \$5.4 million, respectively.

**Contract Costs**

As of December 31, 2024 and September 30, 2024, we had capitalized fulfillment costs of \$29.9 million and \$19.2 million, respectively.

**Remaining Performance Obligations**

The total aggregate transaction price allocated to the unsatisfied performance obligations, commonly referred to as backlog, as of December 31, 2024 was approximately \$1.5 billion, of which approximately \$0.8 billion is expected to be recognized during the remainder of fiscal year 2025, approximately \$0.7 billion during fiscal year 2026 and thereafter. These amounts do not include anticipated contract renewals or expected performance bonuses as part of its calculation. Additionally, contracts that currently contain month-to-month terms are represented in our backlog as one month of unsatisfied performance obligations. Our contracts are subject to cancellation or modification at the election of the customer; however, due to the level of capital deployed by our customers on underlying projects, we have not been materially adversely affected by contract cancellations or modifications in the past.

**Contract Assets and Liabilities**

The following tables summarize the balances of our contract assets (net of allowance for estimated credit losses) and liabilities at the dates indicated:

<i>(in thousands)</i>	<b>December 31, 2024</b>	<b>September 30, 2024</b>
Contract assets, net	\$ 4,439	\$ 4,563

<i>(in thousands)</i>	<b>December 31, 2024</b>
Contract liabilities balance at September 30, 2024	\$ 29,052
Payment received/accrued and deferred	23,594
Revenue recognized during the period	(14,905)
Contract liabilities balance at December 31, 2024	\$ 37,741

**NOTE 9 ACQUISITION TRANSACTION COSTS**

During the three months ended December 31, 2024, we recognized approximately \$10.5 million in acquisition transaction costs associated with the Acquisition. These non-recurring costs are primarily related to third-party legal, consulting and advisory services and are included in Acquisition transaction costs on the Unaudited Condensed Consolidated Statements of Operations.

**NOTE 10 EARNINGS PER COMMON SHARE**

ASC 260, Earnings per Share, requires companies to treat unvested share-based payment awards that have non-forfeitable rights to dividends or dividend equivalents as a separate class of securities in calculating earnings per share. We have granted and expect to continue to grant to employees restricted stock grants that contain non-forfeitable rights to dividends. Such grants are considered participating securities under ASC 260. As such, we are required to include these grants in the calculation of our basic earnings per share and calculate basic earnings per share using the two-class method. The two-class method of computing earnings per share is an earnings allocation formula that determines earnings per share for each class of common stock and participating security according to dividends declared (or accumulated) and participation rights in undistributed earnings.

Basic earnings per share is computed utilizing the two-class method and is calculated based on the weighted-average number of common shares outstanding during the periods presented.

Diluted earnings per share is computed using the weighted-average number of common and common equivalent shares outstanding during the periods utilizing the two-class method for stock options, non-vested restricted stock and performance units.

Under the two-class method of calculating earnings per share, dividends paid and a portion of undistributed net income, but not losses, are allocated to unvested restricted stock grants that receive dividends, which are considered participating securities.

The following table sets forth the computation of basic and diluted earnings per share:

<i>(in thousands, except per share amounts)</i>	Three Months Ended December 31,	
	2024	2023
<b>Numerator:</b>		
Net income	\$ 54,772	\$ 95,173
Adjustment for basic earnings per share		
Earnings allocated to unvested shareholders	(760)	(1,248)
Numerator for basic earnings per share	54,012	93,925
Adjustment for diluted earnings per share		
Effect of reallocating undistributed earnings of unvested shareholders	1	2
Numerator for diluted earnings per share	\$ 54,013	\$ 93,927
<b>Denominator:</b>		
Denominator for basic earnings per share - weighted-average shares	98,867	99,143
Effect of dilutive shares from restricted stock and performance share units	292	485
Denominator for diluted earnings per share - adjusted weighted-average shares	99,159	99,628
Basic earnings per common share:	\$ 0.55	\$ 0.95
Diluted earnings per common share:	\$ 0.54	\$ 0.94

The following potentially dilutive average shares attributable to outstanding equity awards were excluded from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive:

<i>(in thousands, except per share amounts)</i>	Three Months Ended December 31,	
	2024	2023
Potentially dilutive shares excluded as anti-dilutive	2,341	2,601
Weighted-average price per share	\$ 54.91	\$ 57.21

## NOTE 11 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

We have certain assets and liabilities that are required to be measured and disclosed at fair value. Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. We use the following fair value hierarchy established in ASC 820-10 to measure fair value to prioritize the inputs:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.
- Level 2 — Observable inputs, other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets; quoted prices for similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

**Fair Value Measurements**

The following tables summarize our financial assets and liabilities measured at fair value and indicate the level in the fair value hierarchy in which we classify the fair value measurement as of the dates indicated below:

<i>(in thousands)</i>	December 31, 2024			
	Fair Value	Level 1	Level 2	Level 3
<b>Assets</b>				
Short-term investments:				
Money market mutual funds	\$ 72,305	\$ 72,305	\$ —	\$ —
Corporate and municipal debt securities	26,234	—	26,234	—
U.S. government and federal agency securities	36,778	36,778	—	—
<b>Total</b>	<b>135,317</b>	<b>109,083</b>	<b>26,234</b>	<b>—</b>
Long-term Investments:				
Recurring fair value measurements:				
Equity securities:				
Non-qualified supplemental savings plan	16,275	16,275	—	—
Investment in Tamboran	19,810	19,810	—	—
Debt securities:				
Investment in Galileo, net	27,499	—	—	27,499
Geothermal debt securities, net	2,000	—	—	2,000
Other debt securities	4,988	4,738	—	250
<b>Total</b>	<b>70,572</b>	<b>40,823</b>	<b>—</b>	<b>29,749</b>

As of December 31, 2024, our equity security investments in geothermal energy were \$26.2 million, of which \$0.5 million was measured at fair value as of December 31, 2024. The remaining \$25.7 million is measured at cost, less any impairments. Our other equity security investments totaled \$4.6 million and our debt security investments in held to maturity bonds totaled \$0.2 million. These investments are measured at cost, less any impairments.

<i>(in thousands)</i>	September 30, 2024			
	Fair Value	Level 1	Level 2	Level 3
<b>Assets</b>				
Short-term investments:				
Corporate debt securities	\$ 33,813	\$ —	\$ 33,813	\$ —
U.S. government and federal agency securities	53,490	53,490	—	—
Investment in ADNOC Drilling	205,616	205,616	—	—
<b>Total</b>	<b>292,919</b>	<b>259,106</b>	<b>33,813</b>	<b>—</b>
Long-term investments:				
Recurring fair value measurements:				
Equity securities:				
Non-qualified supplemental savings plan	15,633	15,633	—	—
Investment in Tamboran	20,958	20,958	—	—
Debt securities:				
Investment in Galileo, net	27,044	—	—	27,044
Geothermal debt securities, net	2,000	—	—	2,000
Other debt securities	4,588	4,338	—	250
<b>Total</b>	<b>70,223</b>	<b>40,929</b>	<b>—</b>	<b>29,294</b>

As of September 30, 2024, our equity security investments in geothermal energy were \$25.8 million, of which \$0.1 million was measured at fair value as of September 30, 2024. The remaining \$25.7 million is measured at cost, less any impairments. Our other equity security investments totaled \$4.3 million and our debt security investments in held to maturity bonds totaled \$0.3 million. These investments are measured at cost, less any impairments.

## Recurring Fair Value Measurements

### Short-term Investments

Short-term investments primarily include securities classified as trading securities. Both realized and unrealized gains and losses on trading securities are included in Other income (expense) in the Unaudited Condensed Consolidated Statements of Operations. These securities are recorded at fair value. Level 1 inputs include U.S. agency issued debt securities with active markets and money market funds. For these items, quoted current market prices are readily available. Level 2 inputs include corporate and municipal bonds measured using broker quotations that utilize observable market inputs.

During September 2021, the Company made a \$100.0 million cornerstone investment in ADNOC Drilling in advance of its announced initial public offering, representing 159.7 million shares of ADNOC Drilling, equivalent to a one percent ownership stake and subject to a three-year lockup period. ADNOC Drilling's initial public offering was completed on October 3, 2021, and its shares are listed and traded on the Abu Dhabi Securities Exchange. During September 2024, the three-year lockup period expired and the balance was reclassified to Short-term investments on our Unaudited Condensed Consolidated Balance Sheet.

During the three months ended December 31, 2024, we sold our equity securities of 159.7 million shares in ADNOC Drilling and received net proceeds of approximately \$193.3 million. During the three months ended December 31, 2024, we recognized a loss of \$12.4 million on our Unaudited Condensed Consolidated Statements of Operations, related to this investment, of which \$8.4 million is associated with the change in the fair value of the investment and \$4.0 million relates to transaction fees associated with the sale of the securities. During the three months ended December 31, 2023, we recognized a loss of \$10.4 million on our Unaudited Condensed Consolidated Statements of Operations as a result of the change in fair value of the investment. This investment was classified as a Level 1 investment based on the quoted stock price on the Abu Dhabi Securities Exchange, and was measured at fair value with any losses recorded within Loss on investment securities on our Unaudited Condensed Consolidated Statements of Operations.

### Long-term Investments

**Equity Securities** Our long-term investments include debt and equity securities and assets held in a Non-Qualified Supplemental Savings Plan ("Savings Plan") and are recorded within Investments on our Unaudited Condensed Consolidated Balance Sheets. Our assets that we hold in the Savings Plan are comprised of mutual funds that are measured using Level 1 inputs.

**Equity Securities with Fair Value Option** In October 2022, we made a \$14.1 million equity investment, representing 106.0 million common shares in Tamboran Resources. In December 2023, all shares of Tamboran Resources were transferred to Tamboran Corp. in exchange for depository interests in Tamboran Corp. Depository interests, referred to as CHESSE Depository Interests, each representing beneficial interests of 1/200th of a share of Tamboran Corp. common stock, are listed on the Australian Stock Exchange under the ticker symbol "TBN." Tamboran Corp. is focused on developing a natural gas resource in Australia's Beetaloo Sub-basin.

On June 4, 2024, the Company entered into a convertible note agreement with Tamboran Corp. This note was utilized to relieve Tamboran's outstanding accounts receivable balance owed to the Company, and therefore no cash was exchanged as part of the transaction. The convertible note agreement provided that the notes converted into shares of common stock of Tamboran Corp. under certain circumstances in connection with an initial public offering in which its stock was listed on the New York Stock Exchange ("NYSE") or NASDAQ Stock Exchange. On June 26, 2024, Tamboran Corp. completed an initial public offering of its common stock on the NYSE and its common stock is listed on the NYSE, under the ticker "TBN". As a result of this offering, the convertible note of \$9.4 million was converted into 0.5 million common shares in Tamboran Corp. Our investment is classified as a long-term equity investment within Investments on our Unaudited Condensed Consolidated Balance Sheets and measured at fair value with any gains or losses recognized through net income and recorded within Loss on investment securities on our Unaudited Condensed Consolidated Statements of Operations. Our shares received in this initial public offering were subject to a 180-day lockup period.

We believe we have a significant influence, but not control or joint control over the investee, due to several factors, including our ownership percentage, operational involvement and role on the investee's board of directors. As of December 31, 2024, our combined equity ownership was approximately 7.2 percent representing 1.0 million common shares in Tamboran Corp. We consider this investment to have a readily determinable fair value and have elected to account for this investment using the fair value option with any changes in fair value recognized through net income. Under the guidance, Topic 820, Fair Value Measurement, this investment is classified as a Level 1 investment based on the quoted stock price which is publicly available. During the three months ended December 31, 2024 and 2023, we recognized a gain (loss) of \$(1.1) million and \$6.3 million, respectively, recorded within Loss on investment securities on our Unaudited Condensed Consolidated Statements of Operations, as a result of the change in fair value of the investment.

**Debt Securities** During April 2022, the Company made a \$33.0 million cornerstone investment in Galileo Holdco 2 Limited Technologies ("Galileo Holdco 2"), part of the group of companies known as Galileo Technologies ("Galileo") in the form of notes with an option to convert into common shares of the parent of Galileo Holdco 2 ("Galileo parent"). Galileo specializes in liquification, natural gas compression and re-gasification modular systems and technologies to make the production, transportation, and consumption of natural gas, biomethane, and hydrogen more economically viable. The convertible note bears interest at 5.0 percent per annum with a maturity date of the earlier of April 2027 or an exit event (as defined in the agreement as either an initial public offering or a sale of Galileo). During the fiscal year ended September 30, 2023, our convertible note agreement was amended to include any interest which has accrued but not yet compounded or issued as a note. As a result, we include accrued interest in our total investment balance. We do not intend to sell this investment prior to its maturity date or an exit event.

As of December 31, 2024 and September 30, 2024, our net debt security investment in Galileo was \$27.5 million and \$27.0 million, respectively.

The significant unobservable inputs related to the valuation of our debt security investment with Galileo are subject to change based on changes in economic and market conditions. The use of significant unobservable inputs creates uncertainty in the measurement of fair value as of the reporting date. Significant increases or decreases in the discount rate, risk-free rate, and equity volatility in isolation would result in a significantly lower or higher fair value measurement. It is not possible for us to predict the effect of future economic or market conditions on our estimated fair values. During the three months ended December 31, 2024, there were no changes to the Level 3 unobservable significant inputs.

A majority of our long-term debt securities, including our investment in Galileo, are classified as available-for-sale and are measured using Level 3 unobservable inputs based on the absence of market activity. The following table reconciles changes in the fair value of our Level 3 assets for the periods presented below:

<i>(in thousands)</i>	<b>Three Months Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Assets at beginning of period	\$ 29,294	\$ 37,440
Accrued interest	455	433
Total losses:		
Included in earnings	—	(5)
Assets at end of period	<u>\$ 29,749</u>	<u>\$ 37,868</u>

**Nonrecurring Fair Value Measurements**

We have certain assets that are subject to measurement at fair value on a nonrecurring basis. For these nonfinancial assets, measurement at fair value in periods subsequent to their initial recognition is applicable if they are determined to be impaired. These assets generally include property, plant and equipment, goodwill, intangible assets, and operating lease right-of-use assets. If measured at fair value in the Unaudited Condensed Consolidated Balance Sheets, these would generally be classified within Level 2 or 3 of the fair value hierarchy. Further details on any changes in valuation of these assets is provided in their respective footnotes.

**Equity Securities**

We also hold various other equity securities without readily determinable fair values, primarily comprised of geothermal investments. These equity securities are initially measured at cost, less any impairments, and will be marked to fair value once observable changes in identical or similar investments from the same issuer occur. All of our long-term equity securities are measured using Level 3 unobservable inputs based on the absence of market activity.

The following table reconciles changes in the balance of our equity securities, without readily determinable fair values, including investments that have been marked to fair value on a nonrecurring basis, for the periods presented below:

<i>(in millions)</i>	<b>Three Months Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Assets at beginning of period	\$ 30,090	\$ 28,232
Purchases	646	291
Total gains:		
Included in earnings	109	—
Assets at end of period	<u>\$ 30,845</u>	<u>\$ 28,523</u>

**Other Financial Instruments**

The carrying amount of cash and cash equivalents and restricted cash approximates fair value due to the short-term nature of these items. The majority of cash equivalents are invested in highly liquid money-market mutual funds invested primarily in direct or indirect obligations of the U.S. Government and in federally insured deposit accounts. The carrying value of accounts receivable, other current and noncurrent assets, accounts payable, accrued liabilities and other liabilities approximated fair value at December 31, 2024 and September 30, 2024.

The following information presents the supplemental fair value information for our long-term fixed-rate debt at December 31, 2024 and September 30, 2024:

<i>(in millions)</i>	<u>December 31,</u> 2024	<u>September 30,</u> 2024
Long-term debt, net		
Carrying value	1,781.7	1,782.2
Fair value	1,666.5	1,702.9

The fair values of the long-term fixed-rate debt is based on broker quotes at December 31, 2024 and September 30, 2024. The notes are classified within Level 2 of the fair value hierarchy as they are not actively traded in markets.

**NOTE 12 COMMITMENTS AND CONTINGENCIES**

**Purchase Commitments**

Equipment, parts, and supplies are ordered in advance to promote efficient construction and capital improvement progress. At December 31, 2024, we had purchase commitments for equipment, parts and supplies of approximately \$129.6 million.

**Guarantee Arrangements**

We are contingently liable to sureties in respect of bonds issued by the sureties in connection with certain commitments entered into by us in the normal course of business. We have agreed to indemnify the sureties for any payments made by them in respect of such bonds.

**Contingencies**

During the ordinary course of our business, contingencies arise resulting from an existing condition, situation or set of circumstances involving an uncertainty as to the realization of a possible gain or loss contingency. We account for gain contingencies in accordance with the provisions of ASC 450, Contingencies, and, therefore, we do not record gain contingencies or recognize income until realized. The property and equipment of our Venezuelan subsidiary was seized by the Venezuelan government on June 30, 2010. Our wholly-owned subsidiaries, Helmerich & Payne International Drilling Co. ("HPIDC"), and Helmerich & Payne de Venezuela, C.A. filed a lawsuit in the United States District Court for the District of Columbia on September 23, 2011 against the Bolivarian Republic of Venezuela, Petroleos de Venezuela, S.A. and PDVSA Petroleo, S.A., seeking damages for the seizure of their Venezuelan drilling business in violation of international law and for breach of contract. While there exists the possibility of realizing a recovery on HPIDC's expropriation claims, we are currently unable to determine the timing or amounts we may receive, if any, or the likelihood of recovery.

The Company and its subsidiaries are parties to various other pending legal actions arising in the ordinary course of our business. We maintain insurance against certain business risks subject to certain deductibles. Although no assurance can be given, we believe, based on our experiences to date and taking into account established reserves and insurance, that the ultimate resolution of such items will not have a material adverse impact on our financial condition, cash flows, or results of operations. When we determine a loss is probable of occurring and is reasonably estimable, we accrue an undiscounted liability for such contingencies based on our best estimate using information available at that time. If the estimated loss is a range of potential outcomes and there is no better estimate within the range, we accrue the amount at the low end of the range. We disclose contingencies where an adverse outcome may be material, or in the judgment of management, we conclude the matter should otherwise be disclosed.



## NOTE 13 BUSINESS SEGMENTS AND GEOGRAPHIC INFORMATION

### Description of the Business

We are a performance-driven drilling solutions and technologies company based in Tulsa, Oklahoma with operations in all major U.S. onshore oil and gas producing basins as well as South America, the Middle East and Australia. Our drilling operations consist mainly of contracting Company-owned drilling equipment primarily to large oil and gas exploration companies. We believe we are the recognized industry leader in drilling as well as technological innovation. We focus on offering our customers an integrated solutions-based approach by combining proprietary rig technology, automation software, and digital expertise into our rig operations rather than a product-based offering, such as a rig or separate technology package. Our drilling services operations are organized into the following reportable operating business segments: North America Solutions, International Solutions, and Offshore Gulf of Mexico.

Each reportable operating segment is a strategic business unit that is managed separately, and consolidated revenues and expenses reflect the elimination of all material intercompany transactions. Our real estate operations and our wholly-owned captive insurance companies are included in "Other." External revenues included in "Other" primarily consist of rental income.

### Segment Performance

We evaluate segment performance based on income, segment operating income (loss) before income taxes which includes:

- Revenues from external and internal customers
- Direct operating costs
- Depreciation and amortization
- Research and development
- Allocated general and administrative expenses

but excludes acquisition transaction costs, gain on reimbursement of drilling equipment, other gain (loss) on sale of assets, corporate selling, general and administrative costs, and corporate depreciation.

General and administrative costs are allocated to the segments based primarily on specific identification and, to the extent that such identification is not practical, other methods may be used which we believe to be a reasonable reflection of the utilization of services provided.

Summarized financial information of our reportable segments for the three months ended December 31, 2024 and 2023 is shown in the following tables:

	Three Months Ended December 31, 2024					
(in thousands)	North America Solutions	International Solutions	Offshore Gulf of Mexico	Other	Eliminations	Total
External sales	\$ 597,923	\$ 47,480	\$ 29,210	\$ 2,689	\$ —	\$ 677,302
Intersegment	222	—	—	16,593	(16,815)	—
Total sales	598,145	47,480	29,210	19,282	(16,815)	677,302
Segment operating income (loss)	\$ 151,994	\$ (15,170)	\$ 3,505	\$ 774	\$ 102	\$ 141,205

	Three Months Ended December 31, 2023					
(in thousands)	North America Solutions	International Solutions	Offshore Gulf of Mexico	Other	Eliminations	Total
External sales	\$ 594,282	\$ 54,752	\$ 25,531	\$ 2,582	\$ —	\$ 677,147
Intersegment	—	—	—	15,226	(15,226)	—
Total sales	594,282	54,752	25,531	17,808	(15,226)	677,147
Segment operating income (loss)	\$ 144,490	\$ 5,423	\$ 3,052	\$ (67)	\$ 334	\$ 153,232



The following table reconciles segment operating income per the tables above to income before income taxes as reported on the Unaudited Condensed Consolidated Statements of Operations:

<i>(in thousands)</i>	Three Months Ended December 31,	
	2024	2023
Segment operating income	\$ 141,205	\$ 153,232
Acquisition transaction costs	(10,535)	—
Gain on reimbursement of drilling equipment	9,403	7,494
Other gain (loss) on sale of assets	(1,673)	2,443
Corporate selling, general and administrative costs and corporate depreciation	(48,417)	(39,701)
Operating income	89,983	123,468
Other income (expense)		
Interest and dividend income	21,741	10,734
Interest expense	(22,298)	(4,372)
Loss on investment securities	(13,367)	(4,034)
Other	360	(543)
Total unallocated amounts	(13,564)	1,785
Income before income taxes	\$ 76,419	\$ 125,253

The following table reconciles segment total assets to total assets as reported on the Unaudited Condensed Consolidated Balance Sheets:

<i>(in thousands)</i>	December 31, 2024	September 30, 2024
Total assets <sup>1</sup>		
North America Solutions	\$ 3,102,356	\$ 3,225,410
International Solutions	806,521	685,833
Offshore Gulf of Mexico	69,542	73,119
Other	163,659	157,877
	4,142,078	4,142,239
Investments and corporate operations	1,674,543	1,639,659
	\$ 5,816,621	\$ 5,781,898

(1) Assets by segment exclude investments in subsidiaries and intersegment activity.

The following table presents revenues from external customers by country based on the location of service provided:

<i>(in thousands)</i>	Three Months Ended December 31,	
	2024	2023
Operating revenues		
United States	\$ 628,680	\$ 621,617
Argentina	34,660	35,876
Bahrain	4,848	4,497
Australia	4,757	4,312
Saudi Arabia	3,231	—
Colombia	—	7,703
United Arab Emirates	—	2,365
Other foreign	1,126	777
Total	\$ 677,302	\$ 677,147

Refer to Note 8—Revenue from Contracts with Customers for additional information regarding the recognition of revenue.

## NOTE 14 SUBSEQUENT EVENTS

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On January 16, 2025 (the “Closing Date”), H&P completed the Acquisition of KCA Deutag pursuant to the Purchase Agreement. H&P paid aggregate cash consideration of approximately \$2.0 billion, which consisted of the share purchase price of \$0.9 billion and \$1.1 billion which was used to contemporaneously repay or redeem certain of KCA Deutag existing debt, including, as applicable, the payment of all accrued and unpaid interest, premiums, and fees. Of the \$0.9 billion, approximately \$80.0 million was deposited into a customary escrow on the Closing Date pending the resolution of certain potential tax obligations of KCA Deutag. On the Closing Date, the Company drew an aggregate principal amount of \$400.0 million under the Term Loan Credit Agreement for purposes of financing the Acquisition as further described in Note 5—Debt. The cash consideration was funded through a combination of net proceeds from the Company’s September 2024 senior notes offering, net proceeds from the funding of the Company’s Term Loan Credit Agreement, cash on hand, and monetization of our investment in ADNOC Drilling.

The \$1.1 billion repayment or redemption of certain KCA Deutag existing debt consisted of (a) the redemption in full of all of (i) KCA Deutag UK Finance PLC’s outstanding \$500 million aggregate principal amount of 9.875% Senior Secured Notes due 2025, (ii) KCA Deutag UK Finance PLC’s outstanding \$250 million aggregate principal amount of Senior Secured Floating Rate Notes due 2025 and (iii) KCA Deutag PIKCO PLC’s outstanding \$272.2 million aggregate principal amount (which includes approximately \$72.2 million of accrued and capitalized interest) of 15.0%/17.5% Payment-In-Kind Notes due 2027, and (b) the repayment of all of the (i) approximately \$50 million of outstanding borrowings under KCA Deutag’s Senior Secured Guarantee and Revolving Credit Facilities provided by Barclays Bank plc and (ii) approximately \$50 million of outstanding borrowings under KCA Deutag’s Senior Secured Revolving Credit Facilities provided by Deutsche Bank AG, in each case including, as applicable, the payment of all accrued and unpaid interest, premiums and fees in connection with each such redemption or repayment.

To date, the initial accounting for the Acquisition is incomplete. Due to the limited time since the Closing Date, it is impracticable for the Company to include business combination disclosures related to the Acquisition. The Company is still gathering the necessary information to provide such disclosures in future filings.

Effective January 16, 2025, and as a result of the Acquisition, the naming convention for one of our reportable segments changed from Offshore Gulf of Mexico to Offshore Solutions.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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### Cautionary Note Regarding Forward-Looking Statements

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This Quarterly Report on Form 10-Q ("Form 10-Q") contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical facts included in this Form 10-Q are forward-looking statements. Forward-looking statements may be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe," "predict," "project," "target," "continue," or the negative thereof or similar terminology, and such statements include, but are not limited to, statements regarding the Acquisition (as defined herein) and the anticipated benefits; and impact of such transaction, the timing and terms of recommencement of suspended rigs related to the Acquisition, our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management. Forward-looking statements are based upon current plans, estimates, and expectations that are subject to risks, uncertainties, and assumptions, many of which are beyond our control and any of which could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. The inclusion of such statements should not be regarded as a representation that such plans, estimates, or expectations will be achieved.

Factors that could cause actual results to differ materially from those expressed in or implied by such forward-looking statements include, but are not limited to:

- our ability to achieve the strategic and other objectives relating to the Acquisition;
- the risk that we are unable to integrate KCA Deutag International Limited's ("KCA Deutag") operations in a successful manner and in the expected time period;
- the volatility of future oil and natural gas prices;
- contracting of our rigs and actions by current or potential customers;
- the effects of actions by, or disputes among or between, members of the Organization of Petroleum Exporting Countries ("OPEC") and other oil producing nations (together, "OPEC+") with respect to production levels or other matters related to the prices of oil and natural gas;
- changes in future levels of drilling activity and capital expenditures by our customers, whether as a result of global capital markets and liquidity, changes in prices of oil and natural gas or otherwise, which may cause us to idle or stack additional rigs, or increase our capital expenditures and the construction, upgrade or acquisition of rigs;
- the impact and effects of public health crises, pandemics and epidemics, such as the COVID-19 pandemic;
- changes in worldwide rig supply and demand, competition, or technology;
- possible cancellation, suspension, renegotiation or termination (with or without cause) of our contracts as a result of general or industry-specific economic conditions, mechanical difficulties, performance or other reasons;
- expansion and growth of our business and operations;
- our belief that the final outcome of our legal proceedings will not materially affect our financial results;
- the impact of federal, state and foreign legislative and regulatory actions and policies, affecting our costs and increasing operating restrictions or delay and other adverse impacts on our business;
- environmental or other liabilities, risks, damages or losses, whether related to storms or hurricanes (including wreckage or debris removal), collisions, grounding, blowouts, fires, explosions, other accidents, terrorism or otherwise, for which insurance coverage and contractual indemnities may be insufficient, unenforceable or otherwise unavailable;
- the impact of geopolitical developments and tensions, war and uncertainty involving or in the geographic region of oil-producing countries (including the ongoing armed conflicts between Russia and Ukraine and conflicts in Israel, and any related political or economic responses and counter-responses or otherwise by various global actors or the general effect on the global economy);

- global economic conditions, such as a general slowdown in the global economy, supply chain disruptions, inflationary pressures, currency fluctuations, and instability of financial institutions, and their impact on the Company;
- our financial condition and liquidity;
- tax matters, including our effective tax rates, tax positions, results of audits, changes in tax laws, treaties and regulations, tax assessments and liabilities for taxes;
- the occurrence of security incidents, including breaches of security, or other attack, destruction, alteration, corruption, or unauthorized access to our information technology systems or destruction, loss, alteration, corruption or misuse or unauthorized disclosure of or access to data;
- potential impacts on our business resulting from climate change, greenhouse gas regulations, and the impact of climate change related changes in the frequency and severity of weather patterns;
- potential long-lived asset impairments; and
- our sustainability strategy, including expectations, plans, or goals related to corporate responsibility, sustainability and environmental matters, and any related reputational risks as a result of execution of this strategy.

Additional factors that could cause actual results to differ materially from our expectations or results discussed in the forward-looking statements are disclosed in our 2024 Annual Report on Form 10-K under Part I, Item 1A— “Risk Factors” and Item 7— “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” All subsequent written and oral forward-looking statements, express or implied, are expressly qualified in their entirety by such cautionary statements.

All forward-looking statements speak only as of the date they are made and are based on information available at that time. Because of the underlying risks and uncertainties, we caution you against placing undue reliance on these forward-looking statements. We assume no duty to update or revise these forward-looking statements based on changes in internal estimates, expectations or otherwise, except as required by law.

## Executive Summary

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H&P through its operating subsidiaries provides performance-driven drilling solutions and technologies that are intended to make hydrocarbon recovery safer and more economical for oil and gas exploration and production companies. As of December 31, 2024, our drilling rig fleet included a total of 262 drilling rigs. Our reportable operating business segments consist of the North America Solutions segment with 225 rigs, the International Solutions segment with 30 rigs, and the Offshore Gulf of Mexico segment with seven offshore platform rigs as of December 31, 2024. At the close of the first quarter of fiscal year 2025, we had 171 active contracted rigs, of which 103 were under a fixed-term contract and 68 were working well-to-well, compared to 170 contracted rigs at September 30, 2024. Our long-term strategy remains focused on innovation, technology, safety, operational excellence, and reliability. As we move forward, we believe that our rig fleet, technology offerings, financial strength, contract backlog and strong customer and employee base position us very well to respond to continued cyclical and often times, volatile market conditions and to take advantage of future opportunities.

## Market Outlook

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Our revenues are primarily derived from the capital expenditures of companies involved in the exploration, development and production of crude oil and natural gas (“E&Ps”). Generally, the level of capital expenditures is dictated by capital budgets set to achieve respective production targets in relation to current and expected future prices of crude oil and natural gas, which are determined by various supply and demand factors and have historically been volatile. Furthermore, E&Ps have become more fiscally disciplined in their level of capital expenditures relative to commodity price fluctuations, which has resulted in less volatility within the oilfield service businesses, including our operations.

Based upon the current conducive pricing environment for crude oil and natural gas and the capital budgets established by our customers for calendar year 2025 and their desires to at least maintain current production levels, we expect the level of capital spending and activity in calendar year 2025 to be similar to that experienced in calendar year 2024. The overall demand for super-spec rigs in the U.S. remains relatively strong and while some readily available idle super-spec capacity exists in the market, it is not to a level that has materially impacted pricing as it could be quickly reabsorbed into the market. This supply-demand dynamic combined with the value proposition we provide our customers through our drilling expertise, high-quality FlexRig® fleet, and automation technology remains constructive for our underlying contract economics.

With regard to our North America Solutions segment, we believe the supply and demand dynamics surrounding our North America Solutions segment remain constructive for future activity and pricing levels. As such, during fiscal year 2025, we expect our rig activity to remain relatively stable absent any significant changes to commodity prices. The Company also intends to maintain its strategy around employing a fiscally prudent approach to deploying capital and prioritizing economic margins over rig utilization to remain intact.

Collectively, our other business segments, Offshore Gulf of Mexico and International Solutions, are exposed to the same macro commodity price environment affecting our North America Solutions segment; however, activity levels in the International Solutions segment are also subject to other various geopolitical and financial factors specific to the countries of our operations. During fiscal 2025, our operational presence in certain international markets, primarily the Middle East and the offshore management contract business, is expected to increase substantially due to the completion of the Acquisition. With the closing of the Acquisition, the Company's International Solutions segment contracted rig count is expected to increase to approximately 89 rigs from 20 contracted rigs as of December 31, 2024. Included in the contracted rigs acquired as part of the Acquisition are 12 rigs that have either temporarily suspended operations or been notified to suspend operations in Saudi Arabia due to a customer's desire to reduce their level of capital expenditures. The suspension of the operations of these rigs is expected to have an adverse impact on our International Solutions segment's operating results during fiscal 2025. Given the nature of these suspensions, we expect these rigs to re-commence operations during fiscal 2026, however, we have no assurances that such activity will occur on the anniversaries of the notices to suspend. Similarly, our Offshore Gulf of Mexico reportable segment, to be re-named Offshore Solutions subsequent to the Acquisition, is expected to increase its active management contract and rig count to approximately 37 from six as of December 31, 2024. Current expectations are for activity and pricing in the International Solutions and Offshore Gulf of Mexico (Offshore Solutions) reportable segments to remain relatively stable post the completion of the Acquisition.

## Recent Developments

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### *International Revenue Contracts*

In February 2024, the Company finalized the contractual terms with Saudi Aramco for a seven super-spec FlexRig® tender award for work in the Kingdom of Saudi Arabia. The rigs are being sourced from our idle super-spec rigs in the U.S., converted to walking configurations, and further equipped to suit contractual specifications. During the year ended September 30, 2024, we began mobilizing five super-spec rigs to the Kingdom of Saudi Arabia, while the remaining rigs mobilized during the three months ended December 31, 2024. We commenced operations in the first quarter of fiscal 2025.

### *KCA Deutag Acquisition*

On January 16, 2025 (the "Closing Date"), H&P completed the Acquisition of KCA Deutag pursuant to the Purchase Agreement. H&P paid aggregate cash consideration of approximately \$2.0 billion, which consisted of the share purchase price of \$0.9 billion and \$1.1 billion which was used to contemporaneously repay or redeem certain of KCA Deutag existing debt, including, as applicable, the payment of all accrued and unpaid interest, premiums, and fees. The cash consideration was funded through a combination of net proceeds from the Company's September 2024 senior notes offering, net proceeds from the funding of the Company's Term Loan Credit Agreement, cash on hand, and monetization of our investment in ADNOC Drilling.

KCA Deutag is a diverse global drilling company. The company has a significant land drilling presence in the Middle East, which represents approximately two-thirds of the company's calendar year 2023 Operating EBITDA, with additional operations in South America, Europe and Africa. In addition to its land operations, KCA Deutag has asset-light offshore management contract operations in the North Sea, Angola, Azerbaijan and Canada, with super major customers and long-term earnings visibility through a robust backlog. KCA Deutag's Kenera segment comprises manufacturing and engineering businesses, including Bentec, with three facilities serving the energy industry, representing a longer-term growth opportunity.

## Contract Backlog

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As of December 31, 2024 and September 30, 2024, our contract drilling backlog, being the expected future dayrate revenue from executed contracts, was \$1.5 billion. These amounts do not include anticipated contract renewals or expected performance bonuses. Approximately 50.6 percent of the December 31, 2024 total backlog is reasonably expected to be fulfilled in fiscal year 2025.

The following table sets forth the total backlog by reportable segment as of December 31, 2024 and September 30, 2024, and the percentage of the December 31, 2024 backlog reasonably expected to be fulfilled in fiscal year 2025:

<i>(in billions)</i>	December 31, 2024	September 30, 2024	Percentage Reasonably Expected to be Fulfilled in Fiscal Year 2025
North America Solutions	\$ 0.7	\$ 0.7	78.8 %
International Solutions	0.8	0.8	26.9
Offshore Gulf of Mexico	—	—	—
	<u>\$ 1.5</u>	<u>\$ 1.5</u>	

The early termination of a contract may result in a rig being idle for an extended period of time, which could adversely affect our financial condition, results of operations and cash flows. In some limited circumstances, such as sustained unacceptable performance by us, no early termination payment would be paid to us. Early terminations could cause the actual amount of revenue earned to vary from the backlog reported. See Item 1A—"Risk Factors—Our current backlog of drilling services and solutions revenue may decline and may not be ultimately realized as fixed-term contracts and may, in certain instances, be terminated without an early termination payment" and Item 1A—Risk Factors—"The impact and effects of public health crises, pandemics and epidemics, such as the COVID-19 pandemic, could have a material adverse effect on our business, financial condition and results of operations." within our 2024 Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC"), regarding fixed term contract risk.

## Results of Operations for the Three Months Ended December 31, 2024 and 2023

### Consolidated Results of Operations

**Net Income** We reported income of \$54.8 million (\$0.54 per diluted share) for the three months ended December 31, 2024 compared to income of \$95.2 million (\$0.94 per diluted share) for the three months ended December 31, 2023.

**Operating Revenue** Consolidated operating revenues were \$677.3 million and \$677.1 million for the three months ended December 31, 2024 and 2023, respectively.

**Direct Operating Expenses, Excluding Depreciation and Amortization** Direct operating expenses were \$413.0 million and \$404.4 million for the three months ended December 31, 2024 and 2023, respectively. The increase was primarily driven by start-up costs associated with our commencement of operations in Saudi Arabia.

**Selling, General and Administrative Expense** Selling, general and administrative expenses increased to \$63.1 million during the three months ended December 31, 2024 compared to \$56.6 million during the three months ended December 31, 2023. The increase was primarily due to a \$3.3 million increase in labor and labor-related expenses and a \$3.1 million increase in IT related expenses.

**Acquisition Transaction Costs** During the three months ended December 31, 2024, we recognized approximately \$10.5 million in acquisition transaction costs associated with the acquisition of KCA Deutag. These non-recurring costs are primarily related to third-party legal, consulting and advisory services. See Note 9—Acquisition Transaction Costs for additional details related to the Acquisition.

**Interest Expense** Interest expenses were \$22.3 million and \$4.4 million for the three months ended December 31, 2024 and 2023, respectively. The increase was primarily driven by accrued interest associated with our September 2024 senior notes offering. See Note 5—Debt for additional details related to our debt agreements.

**Loss on Investment Securities** During the three months ended December 31, 2024, we recognized an aggregate loss of \$13.4 million on investment securities. The aggregate loss is mainly comprised of a \$12.4 million loss on our sale of equity securities in ADNOC Drilling, of which \$8.4 million is associated with the change in the fair value of the investment and \$4.0 million relates to transaction fees associated with the sale of the securities. Additionally, during the three months ended December 31, 2024, we recognized a \$1.1 million loss on our equity investment in Tamboran Corp. as a result of a decrease in the fair market value of the stock. During the three months ended December 31, 2023, we recognized an aggregate loss of \$4.0 million on investment securities. The loss was mainly comprised of a \$10.4 million loss on our equity investment in ADNOC Drilling, partially offset against a \$6.3 million gain on our investment in Tamboran Corp.; both of which were a result of fluctuations in the fair market value of the stocks.

**Income Taxes** We recorded income tax expense of \$21.6 million for the three months ended December 31, 2024 (which includes a discrete tax expense of \$0.7 million related to equity compensation) compared to income tax expense of \$30.1 million (which includes a discrete tax benefit of \$0.9 million related to equity compensation) for the three months ended December 31, 2023. Our statutory federal income tax rate for fiscal year 2025 is 21.0 percent (before incremental state and foreign taxes).

**North America Solutions**

<i>(in thousands, except operating statistics)</i>	<b>Three Months Ended December 31,</b>		<b>% Change</b>
	<b>2024</b>	<b>2023</b>	
Operating revenues	\$ 598,145	\$ 594,282	0.7 %
Direct operating expenses	332,602	338,208	(1.7)
Depreciation and amortization	88,336	87,019	1.5
Research and development	9,440	8,689	8.6
Selling, general and administrative expense	15,773	15,876	(0.6)
Segment operating income	<u>\$ 151,994</u>	<u>\$ 144,490</u>	5.2
<b>Financial Data and Other Operating Statistics<sup>1</sup>:</b>			
Direct margin (Non-GAAP) <sup>2</sup>	\$ 265,543	\$ 256,074	3.7
Revenue days <sup>3</sup>	13,708	13,711	—
Average active rigs <sup>4</sup>	149	149	—
Number of active rigs at the end of period <sup>5</sup>	148	151	(2.0)
Number of available rigs at the end of period	225	233	(3.4)
Reimbursements of "out-of-pocket" expenses	\$ 68,426	\$ 69,728	(1.9)

- (1) These operating metrics and financial data, including average active rigs, are provided to allow investors to analyze the various components of segment financial results in terms of activity, utilization and other key results. Management uses these metrics to analyze historical segment financial results and as the key inputs for forecasting and budgeting segment financial results.
- (2) Direct margin, which is considered a non-GAAP metric, is defined as operating revenues less direct operating expenses and is included as a supplemental disclosure because we believe it is useful in assessing and understanding our current operational performance, especially in making comparisons over time. See — Non-GAAP Measurements below for a reconciliation of segment operating income (loss) to direct margin.
- (3) Defined as the number of contractual days we recognized revenue for during the period.
- (4) Active rigs generate revenue for the Company; accordingly, 'average active rigs' represents the average number of rigs generating revenue during the applicable time period. This metric is calculated by dividing revenue days by total days in the applicable period (i.e., 92 days).
- (5) Defined as the number of rigs generating revenue at the applicable end date of the time period.

**Operating Revenues** Operating revenues were \$598.1 million and \$594.3 million in the three months ended December 31, 2024 and 2023, respectively. The increase in operating revenue was primarily due to higher average pricing levels.

**Direct Operating Expenses** Direct operating expenses decreased to \$332.6 million during the three months ended December 31, 2024 as compared to \$338.2 million during the three months ended December 31, 2023. This decrease was primarily driven by a decrease in per revenue day labor and materials and supplies expense.

**Depreciation and Amortization Expense** Depreciation and amortization expense increased \$1.3 million to \$88.3 million during the three months ended December 31, 2024 as compared to \$87.0 million during the three months ended December 31, 2023. The increase is reflective of higher capital expenditures over the last several years.



**International Solutions**

	Three Months Ended December 31,		% Change
	2024	2023	
<i>(in thousands, except operating statistics)</i>			
Operating revenues	\$ 47,480	\$ 54,752	(13.3)%
Direct operating expenses	55,114	44,519	23.8
Depreciation	4,828	2,334	106.9
Selling, general and administrative expense	2,708	2,476	9.4
Segment operating income (loss)	<u>\$ (15,170)</u>	<u>\$ 5,423</u>	(379.7)
<b>Financial Data and Other Operating Statistics<sup>1</sup>:</b>			
Direct margin (Non-GAAP) <sup>2</sup>	\$ (7,634)	\$ 10,233	(174.6)
Revenue days <sup>3</sup>	1,689	1,173	44.0
Average active rigs <sup>4</sup>	18	13	38.5
Number of active rigs at the end of period <sup>5</sup>	20	12	66.7
Number of available rigs at the end of period	30	22	36.4
Reimbursements of "out-of-pocket" expenses	\$ 2,119	\$ 3,384	(37.4)

- (1) These operating metrics and financial data, including average active rigs, are provided to allow investors to analyze the various components of segment financial results in terms of activity, utilization and other key results. Management uses these metrics to analyze historical segment financial results and as the key inputs for forecasting and budgeting segment financial results.
- (2) Direct margin, which is considered a non-GAAP metric, is defined as operating revenues less direct operating expenses and is included as a supplemental disclosure because we believe it is useful in assessing and understanding our current operational performance, especially in making comparisons over time. See — Non-GAAP Measurements below for a reconciliation of segment operating income (loss) to direct margin.
- (3) Defined as the number of contractual days we recognized revenue for during the period.
- (4) Active rigs generate revenue for the Company; accordingly, 'average active rigs' represents the average number of rigs generating revenue during the applicable time period. This metric is calculated by dividing revenue days by total days in the applicable period (i.e., 92 days).
- (5) Defined as the number of rigs generating revenue at the applicable end date of the time period.

**Operating Revenues** Operating revenues were \$47.5 million and \$54.8 million in the three months ended December 31, 2024 and 2023, respectively. The \$7.3 million decrease in operating revenues was primarily due to no revenue producing activities in Colombia and United Arab Emirates partially offset by the commencement of operations in Saudi Arabia during three months ended December 31, 2024.

**Direct Operating Expenses** Direct operating expenses increased to \$55.1 million during the three months ended December 31, 2024 as compared to \$44.5 million during the three months ended December 31, 2023. This increase was primarily driven by start-up costs associated with our commencement of operations in Saudi Arabia.



**Offshore Gulf of Mexico**

<i>(in thousands, except operating statistics)</i>	Three Months Ended December 31,		% Change
	2024	2023	
Operating revenues	\$ 29,210	\$ 25,531	14.4 %
Direct operating expenses	22,661	19,579	15.7
Depreciation	1,980	2,068	(4.3)
Selling, general and administrative expense	1,064	832	27.9
Segment operating income	<u>\$ 3,505</u>	<u>\$ 3,052</u>	14.8
<b>Financial Data and Other Operating Statistics<sup>1</sup>:</b>			
Direct margin (Non-GAAP) <sup>2</sup>	\$ 6,549	\$ 5,952	10.0
Revenue days <sup>3</sup>	276	289	(4.5)
Average active rigs <sup>4</sup>	3	3	—
Number of active rigs at the end of period <sup>5</sup>	3	3	—
Number of available rigs at the end of period	7	7	—
Reimbursements of "out-of-pocket" expenses	\$ 7,225	\$ 7,827	(7.7)

- (1) These operating metrics and financial data, including average active rigs, are provided to allow investors to analyze the various components of segment financial results in terms of activity, utilization and other key results. Management uses these metrics to analyze historical segment financial results and as the key inputs for forecasting and budgeting segment financial results.
- (2) Direct margin, which is considered a non-GAAP metric, is defined as operating revenues less direct operating expenses and is included as a supplemental disclosure because we believe it is useful in assessing and understanding our current operational performance, especially in making comparisons over time. See — Non-GAAP Measurements below for a reconciliation of segment operating income (loss) to direct margin.
- (3) Defined as the number of contractual days we recognized revenue for during the period.
- (4) Active rigs generate revenue for the Company; accordingly, 'average active rigs' represents the average number of rigs generating revenue during the applicable time period. This metric is calculated by dividing revenue days by total days in the applicable period (i.e., 92 days).
- (5) Defined as the number of rigs generating revenue at the applicable end date of the time period.

**Operating Revenues** Operating revenues were \$29.2 million and \$25.5 million in the three months ended December 31, 2024 and 2023, respectively. The \$3.7 million increase in operating revenue was primarily due to higher pricing levels.

**Direct Operating Expenses** Direct operating expenses increased to \$22.7 million during the three months ended December 31, 2024 as compared to \$19.6 million during the three months ended December 31, 2023. This increase was primarily driven by a \$3.1 million increase in labor and labor-related expenses.

**Other Operations**

Results of our other operations, excluding corporate selling, general and administrative costs, and corporate depreciation, are as follows:

<i>(in thousands)</i>	Three Months Ended December 31,		% Change
	2024	2023	
Operating revenues	\$ 19,282	\$ 17,808	8.3 %
Direct operating expenses	17,737	17,089	3.8
Depreciation	402	472	(14.8)
Selling, general and administrative expense	369	314	17.5
Operating income (loss)	<u>\$ 774</u>	<u>\$ (67)</u>	1,255.2

**Operating Revenues** We continue to use our Captive insurance companies to insure the deductibles for our domestic workers' compensation, general liability, automobile liability claims programs, and medical stop-loss program and to insure the deductibles from the Company's international casualty and rig property programs. Operating revenues of \$19.3 million and \$17.8 million during the three months ended December 31, 2024 and 2023, respectively, primarily consisted of \$16.6 million and \$15.2 million, respectively, in intercompany premium revenues recorded by the Captives. These revenues were eliminated upon consolidation.

**Direct Operating Expenses** Direct operating expenses of \$17.7 million and \$17.1 million during the three months ended December 31, 2024 and 2023, respectively, primarily consisted of \$3.9 million and \$3.5 million, respectively, in adjustments to accruals for estimated losses allocated to the Captives, rig and casualty insurance premiums of \$10.5 million and \$9.1 million, respectively, and medical stop loss expenses of \$5.2 million and \$4.1 million, respectively. The change to accruals for estimated losses was primarily due to actuarial valuation adjustments by our third-party actuary.

## Liquidity and Capital Resources

### Sources of Liquidity

Our sources of available liquidity include existing cash balances on hand, cash flows from operations, and availability under the Amended Credit Facility. Our liquidity requirements include meeting ongoing working capital needs, funding our capital expenditure projects, paying dividends declared, repaying our outstanding indebtedness, and funding the pending acquisition of KCA Deutag. Historically, we have financed operations primarily through internally generated cash flows. During periods when internally generated cash flows are not sufficient to meet liquidity needs, we may utilize cash on hand, borrow from available credit sources, access capital markets or sell our investments. Likewise, if we are generating excess cash flows or have cash balances on hand beyond our near-term needs, we may return cash to shareholders through dividends or share repurchases, or we may invest in highly rated short-term money market and debt securities. These investments can include U.S. Treasury securities, U.S. Agency issued debt securities, highly rated corporate bonds and commercial paper, certificates of deposit and money market funds. However, in some international locations we may make short-term investments that are less conservative, as equivalent highly rated investments are unavailable. See—Note 2—Summary of Significant Accounting Policies, Related Risks and Uncertainties—International Solutions Drilling Risks.

We may seek to access the debt and equity capital markets from time to time to raise additional capital, increase liquidity as necessary, fund our additional purchases, exchange or redeem senior notes, or repay any amounts under the Amended Credit Facility. Our ability to access the debt and equity capital markets depends on a number of factors, including our credit rating, market and industry conditions and market perceptions of our industry, general economic conditions, our revenue backlog and our capital expenditure commitments.

### Cash Flows

Our cash flows fluctuate depending on a number of factors, including, among others, the number of our drilling rigs under contract, the revenue we receive under those contracts, the efficiency with which we operate our drilling rigs, the timing of collections on outstanding accounts receivable, the timing of payments to our vendors for operating costs, and capital expenditures. As our revenues increase, net working capital is typically a use of capital, while conversely, as our revenues decrease, net working capital is typically a source of capital.

Net working capital (defined as current assets less current liabilities) was \$789.1 million and \$745.1 million as of December 31, 2024 and September 30, 2024, respectively.

As of December 31, 2024, we had cash and cash equivalents of \$391.2 million, restricted cash of \$1.3 billion and short-term investments of \$135.3 million. Our cash flows for the three months ended December 31, 2024, and 2023 are presented below:

<i>(in thousands)</i>	<b>Three Months Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Net cash provided by (used in):		
Operating activities	\$ 158,358	\$ 174,798
Investing activities	52,651	(113,067)
Financing activities	(33,150)	(98,728)
Net increase (decrease) in cash and cash equivalents and restricted cash	<u>\$ 177,859</u>	<u>\$ (36,997)</u>

### Operating Activities

Cash flows provided by operating activities were approximately \$158.4 million and \$174.8 million for the three months ended December 31, 2024 and 2023, respectively. The change in cash provided by operating activities is primarily driven by start-up costs associated with our commencement of our operations in Saudi Arabia.

### Investing Activities

**Capital Expenditures** Our capital expenditures during the three months ended December 31, 2024 were \$106.5 million compared to \$136.4 million during the three months ended December 31, 2023. The decrease in capital expenditures is driven by the timing of procurement associated with equipment overhauls and certain long-term projects including skidding to walking rig conversions.

**Net Sales of Short-Term Investments** Our net sales of short-term investments during the three months ended December 31, 2024 were \$147.0 million compared to net sales of \$11.7 million during the three months ended December 31, 2023. The change in activity is primarily driven by \$193.3 million of net proceeds received from the liquidation of shares in ADNOC Drilling and our ongoing liquidity management.

**Sale of Assets** Our proceeds from asset sales during the three months ended December 31, 2024 were \$12.1 million compared to proceeds of \$11.9 million during the three months ended December 31, 2023. The increase in proceeds is mainly driven by higher rig activity which drives higher reimbursement from customers for lost or damaged drill pipe and other used drilling equipment.

### **Financing Activities**

**Dividends** We paid a cash dividend of \$0.25 per share during the three months ended December 31, 2024. Comparatively, during the three months ended December 31, 2023, we paid cash dividends of \$0.42 per share, comprising of a base cash dividend of \$0.25 and a supplemental cash dividend of \$0.17. Total dividends paid were \$25.0 million and \$42.3 million during the three months ended December 31, 2024 and 2023, respectively.

**Repurchase of Shares** The Company has an evergreen authorization from the Board of Directors for the repurchase of up to four million common shares in any calendar year. The repurchases are made using our cash and cash equivalents or other available sources and are held as treasury shares on our Unaudited Condensed Consolidated Balance Sheets. We did not make any share repurchases during the three months ended December 31, 2024. We repurchased 1.3 million common shares at an aggregate cost of \$47.7 million, including excise tax of \$0.3 million during the three months ended December 31, 2023.

### **Senior Notes Issued in Fiscal Year 2024**

On September 17, 2024, we completed a private offering of \$1.25 billion aggregate principal amount of senior notes, comprised of the following tranches (collectively, the "Notes"): \$350.0 million aggregate principal amount of 4.65 percent senior notes due 2027 issued at a price equal to 99.958 percent of their face value, \$350.0 million aggregate principal amount of 4.85 percent senior notes due 2029 issued at a price equal to 99.883 percent of their face value and \$550.0 million aggregate principal amount of 5.50 percent senior notes due 2034 issued at a price equal to 99.670 percent of their face value. Interest on the Notes is payable semi-annually on June 1 and December 1 of each year, commencing on June 1, 2025.

On January 16, 2025, H&P completed the Acquisition, and the Company used the net proceeds of the Notes, together with the proceeds of its term loan credit agreement (discussed below) and cash on hand, to finance the purchase price for the Acquisition, to repay or redeem certain of KCA Deutag's outstanding indebtedness, and to pay related fees and expenses. For additional information regarding the completion of the Acquisition, refer to Note 14—Subsequent Events. The net proceeds reduced the commitments under the Company's Bridge Loan Facility (discussed herein) for purposes of financing the Acquisition.

In connection with the issuance of the Notes, the Company also entered into a registration rights agreement, dated as of September 17, 2024 (the "Registration Rights Agreement"), with the initial purchasers of the Notes named therein. Under the Registration Rights Agreement, the Company agreed, among other things, to: (i) file a registration statement (the "Exchange Offer Registration Statement") with the SEC to register an offer to exchange each series of the Notes for freely tradable notes having terms identical in all material respects to each such series of Notes (the "Registered Exchange Offer"); (ii) use commercially reasonable efforts to cause the Exchange Offer Registration Statement to become effective under the Securities Act not later than the later of (x) the 30th day following the Company's filing of a Current Report on Form 8-K or an amendment thereto including the financial statements of KCA Deutag and pro forma financial information related to the Company's acquisition of KCA Deutag required by Items 9.01(a) and 9.01(b) of Form 8-K (the "KCA Deutag Financials Form 8-K") and (y) June 16, 2025; and (iii) use commercially reasonable efforts to cause the Registered Exchange Offer to be completed not later than the later of (x) the 60th day following the Company's filing of the KCA Deutag Financials Form 8-K and (y) July 14, 2025 (the "Exchange Offer Closing Deadline"), subject to certain limitations.

If, among other events, the Registered Exchange Offer is not completed by the Exchange Offer Closing Deadline, then special additional interest will accrue in an amount equal to 0.25 percent per annum of the principal amount of the Notes, from and including the date on which such default shall occur to but excluding the date on which such default is cured.

The indenture governing the Notes contains certain covenants that, among other things, limit the ability of the Company and its subsidiaries to incur certain liens; engage in sale and lease-back transactions; and consolidate, merge or transfer all or substantially all of the assets of the Company. The indenture governing the Notes also contains customary events of default with respect to the Notes.

### **Senior Notes Issued in Fiscal Year 2021**

On September 29, 2021, we issued \$550.0 million aggregate principal amount of the 2.90 percent senior notes due 2031 ("the 2031 Notes") in an offering to persons reasonably believed to be qualified institutional buyers in the United States pursuant to Rule 144A under the Securities Act and to certain non-U.S. persons in transactions outside the United States pursuant to Regulation S under the Securities Act. Interest on the 2031 Notes is payable semi-annually on March 29 and September 29 of each year, commencing on March 29, 2022.

In June 2022, we settled a registered exchange offer (the "2022 Registered Exchange Offer") to exchange the 2031 Notes for new, SEC-registered notes that are substantially identical to the terms of the 2031 Notes, except that the offer and issuance of the new notes have been registered under the Securities Act and certain transfer restrictions, registration rights and additional interest provisions relating to the 2031 Notes do not apply to the new notes. All of the 2031 Notes were exchanged in the Registered Exchange Offer.

The indenture governing the 2031 Notes contains certain covenants that, among other things and subject to certain exceptions, limit the ability of the Company and its subsidiaries to incur certain liens; engage in sale and lease-back transactions; and consolidate, merge or transfer all or substantially all of the assets of the Company. The indenture governing the 2031 Notes also contains customary events of default with respect to the 2031 Notes.

### **Term Loan Credit Agreement**

On August 14, 2024, the Company entered into a unsecured term loan credit agreement (the "Term Loan Credit Agreement"), dated as of August 14, 2024, among the Company, Morgan Stanley Senior Funding, Inc. ("MSSF") as administrative agent, and the other lenders party thereto. Under the Term Loan Credit Agreement, the Company may obtain unsecured term loans in a single delayed draw in an aggregate principal amount up to \$400.0 million, which reduced the commitments under the Company's Bridge Loan Facility (discussed herein) for purposes of financing the Acquisition. The Term Loan Credit Agreement matures at the two-year anniversary of the funding of the term loans unless earlier terminated pursuant to the terms of the Term Loan Credit Agreement.

The benchmark rate is the Secured Overnight Financing Rate ("SOFR"). We can elect to borrow at either an adjusted SOFR rate or an adjusted base rate, plus an applicable margin. The adjusted SOFR rate is the forward-looking term rate based on SOFR for the applicable tenor of one, three, or six months, plus 0.10 percent per annum. The adjusted base rate is a fluctuating rate per annum equal to the highest of (i) the administrative agent's prime rate, (ii) the federal funds effective rate plus 0.50 percent, or (iii) the one-month adjusted SOFR rate plus 1.0 percent. We also pay a commitment fee on the unused balance of the facility. Borrowing spreads as well as commitment fees are determined based on the debt rating for senior unsecured debt of the Company, as determined by Moody's and Standard & Poor's. The applicable margin for SOFR borrowings and adjusted base rate borrowings ranges from 1.0 percent to 1.625 percent per annum and zero to 0.625 percent per annum, respectively. Commitment fees for both rates range from 0.10 percent to 0.250 percent per annum. Based on the unsecured debt rating of the Company on December 31, 2024, the spread over SOFR would have been 1.375 percent had borrowings been outstanding under the Term Loan Credit Agreement and commitment fees would have been 0.175 percent.

The funding of the term loans had not occurred as of December 31, 2024. On January 16, 2025, H&P completed the Acquisition, and the Company used the proceeds from the Term Loan Credit Agreement, together with the net proceeds from the sale of the Notes and cash on hand, to finance the purchase price for the Acquisition, to repay or redeem certain of KCA Deutag's outstanding indebtedness, and to pay related fees and expenses. For additional information regarding the completion of the Acquisition, refer to Note 14—Subsequent Events.

### **Revolving Credit Facility**

On August 14, 2024, the Company entered into an Amended and Restated Credit Agreement (the "Amended Credit Facility") with the lenders party thereto (the "Revolving Credit Agreement Lenders"), the issuing lenders party thereto and Wells Fargo, National Association ("Wells Fargo") as administrative agent, swing line lender and issuing lender, which amended and restated the Credit Agreement, dated as of November 13, 2018 (as amended through Amendment No. 2 to the Credit Agreement dated as of March 8, 2022, the "Existing Credit Agreement"), among the Company, the lenders party thereto and Wells Fargo, as administrative agent, swing line lender and issuing lender.

Under the terms of the Amended Credit Facility, the Company may obtain unsecured revolving loans in an aggregate principal amount not to exceed \$950.0 million outstanding at any time (the "Revolving Credit Facility"). \$775.0 million of the revolving commitments under the Amended Credit Facility expire on November 12, 2028 and \$175.0 million of the revolving commitments mature on November 10, 2027 (the "Stated Maturity Date"), but the Company may request two one-year extensions of the Stated Maturity Date, subject to satisfaction of certain conditions. Commitments under the Amended Credit Facility may be increased by up to \$100.0 million, subject to the agreement of the Company and new or existing Revolving Credit Agreement Lenders.

The proceeds of the loans made under the Amended Credit Facility may be used by the Company for (i) working capital and other general corporate purposes, (ii) for the payment of fees and expenses related to the entering into of the Amended Credit Facility and the other credit documents and (iii) for the refinancing of the extensions of credit under the Existing Credit Agreement.

The benchmark rate is the SOFR. We can elect to borrow at either an adjusted SOFR rate or an adjusted base rate, plus an applicable margin. The adjusted SOFR rate is the forward-looking term rate based on SOFR for the applicable tenor of one, three, or six months, plus 0.10 percent per annum. The adjusted base rate is a fluctuating rate per annum equal to the highest of (i) the administrative agent's prime rate, (ii) the federal funds effective rate plus 0.50 percent, or (iii) the one-month adjusted SOFR rate plus 1.0 percent. We also pay a commitment fee on the unused balance of the facility. Borrowing spreads as well as commitment fees are determined based on the debt rating for senior unsecured debt of the Company, as determined by Moody's and Standard & Poor's. The applicable margin for SOFR borrowings and adjusted base rate borrowings ranges from 0.875 percent to 1.500 percent per annum and zero to 0.50 percent per annum, respectively. Commitment fees for both rates range from 0.075 percent to 0.200 percent per annum. Based on the unsecured debt rating of the Company on December 31, 2024, the spread over SOFR would have been 1.250 percent had borrowings been outstanding under the Amended Credit Facility and commitment fees would have been 0.150 percent. There is a financial covenant in the Amended Credit Facility that requires us to maintain a total funded debt to total capitalization ratio of less than or equal to 55.0 percent. The Amended Credit Facility contains additional terms, conditions, restrictions and covenants that we believe are usual and customary in unsecured debt arrangements for companies of similar size and credit quality, including a limitation that priority debt (as defined in the credit agreement) may not exceed 17.5 percent of the net worth of the Company. As of December 31, 2024, there were no borrowings or letters of credit outstanding, leaving \$950.0 million available to borrow under the Amended Credit Facility.

As of December 31, 2024, we had \$160.0 million in uncommitted bilateral credit facilities, for the purpose of obtaining the issuance of international letters of credit, bank guarantees, and performance bonds. Of the \$160.0 million, \$47.2 million was outstanding as of December 31, 2024. Separately, we had \$5.0 million in standby letters of credit and bank guarantees outstanding. In total, we had \$52.2 million outstanding as of December 31, 2024.

The applicable agreements for all unsecured debt contain additional terms, conditions and restrictions that we believe are usual and customary in unsecured debt arrangements for companies that are similar in size and credit quality. At December 31, 2024, we were in compliance with all debt covenants.

### **Future Cash Requirements**

Our operating cash requirements, scheduled debt repayments, interest payments, any declared dividends, and estimated capital expenditures for fiscal year 2025 are expected to be funded through current cash and cash to be provided from operating activities. However, there can be no assurance that we will continue to generate cash flows at current levels. If needed, we may decide to obtain additional funding from our \$950.0 million Amended Credit Facility. As of December 31, 2024, our indebtedness under our unsecured senior notes totaled \$1.8 billion and comprised with the following maturities: \$350.0 million due December 2027, \$350.0 million due December 2029, \$550.0 million due September 2031, and \$550.0 million due December 2034.

As of December 31, 2024, we had a \$485.7 million deferred tax liability on our Unaudited Condensed Consolidated Balance Sheets, primarily related to temporary differences between the financial and income tax basis of property, plant and equipment. Our capital expenditures over the last several years have been subject to accelerated depreciation methods (including bonus depreciation) available under the Internal Revenue Code of 1986, as amended, enabling us to defer a portion of cash tax payments to future years. Future levels of capital expenditures and results of operations will determine the timing and amount of future cash tax payments. We expect to be able to meet any such obligations utilizing cash and investments on hand, as well as cash generated from ongoing operations.

As of December 31, 2024, we have recorded unrecognized tax benefits and related interest and penalties of approximately \$0.6 million.

Subsequent to December 31, 2024, we drew \$400.0 million from the Term Loan Credit Agreement and the Company used the proceeds from the Term Loan Credit Agreement, together with the net proceeds from the sale of the Notes and cash on hand, to finance the purchase price for the Acquisition, to repay or redeem certain of KCA Deutag's outstanding indebtedness, and to pay related fees and expenses. We utilized approximately \$2.0 billion of cash, cash equivalents, and restricted cash to finance the purchase price for the Acquisition, to repay or redeem certain of KCA Deutag's outstanding indebtedness, and to pay related fees and expenses. For additional information regarding the completion of the Acquisition, refer to Note 14—Subsequent Events.

### **Material Commitments**

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Material commitments as reported in our 2024 Annual Report on Form 10-K have not changed significantly as of December 31, 2024, other than those disclosed in Note 12—Commitments and Contingencies to the Unaudited Condensed Consolidated Financial Statements.



## Critical Accounting Policies and Estimates

Our accounting policies and estimates that are critical or the most important to understand our financial condition and results of operations, and that require management to make the most difficult judgments, are described in our 2024 Annual Report on Form 10-K. There have been no material changes in these critical accounting policies and estimates.

## Recently Issued Accounting Standards

See Note 2—Summary of Significant Accounting Policies, Related Risks and Uncertainties to the Unaudited Condensed Consolidated Financial Statements for new accounting standards not yet adopted.

## Non-GAAP Measurements

### Direct Margin

Direct margin is considered a non-GAAP metric. We define "Direct margin" as operating revenues less direct operating expenses. Direct margin is included as a supplemental disclosure because we believe it is useful in assessing and understanding our current operational performance, especially in making comparisons over time. Direct margin is not a substitute for financial measures prepared in accordance with U.S. GAAP and should therefore be considered only as supplemental to such U.S. GAAP financial measures.

The following table reconciles direct margin to segment operating income (loss), which we believe is the financial measure calculated and presented in accordance with U.S. GAAP that is most directly comparable to direct margin.

	Three Months Ended	
	December 31, 2024	December 31, 2023
<i>(in thousands)</i>		
<b>NORTH AMERICA SOLUTIONS</b>		
Segment operating income	\$ 151,994	\$ 144,490
<i>Add back:</i>		
Depreciation and amortization	88,336	87,019
Research and development	9,440	8,689
Selling, general and administrative expense	15,773	15,876
Direct margin (Non-GAAP)	<u>\$ 265,543</u>	<u>\$ 256,074</u>
<b>INTERNATIONAL SOLUTIONS</b>		
Segment operating income (loss)	\$ (15,170)	\$ 5,423
<i>Add back:</i>		
Depreciation and amortization	4,828	2,334
Selling, general and administrative expense	2,708	2,476
Direct margin (Non-GAAP)	<u>\$ (7,634)</u>	<u>\$ 10,233</u>
<b>OFFSHORE GULF OF MEXICO</b>		
Segment operating income	\$ 3,505	\$ 3,052
<i>Add back:</i>		
Depreciation and amortization	1,980	2,068
Selling, general and administrative expense	1,064	832
Direct margin (Non-GAAP)	<u>\$ 6,549</u>	<u>\$ 5,952</u>

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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For a description of our market risks, see the following:

- Note 2—Summary of Significant Accounting Policies, Related Risks and Uncertainties to the Unaudited Condensed Consolidated Financial Statements contained in Item 1 of Part I hereof with regard to foreign currency exchange rate risk which is incorporated herein by reference;
- Note 5—Debt to the Unaudited Condensed Consolidated Financial Statements contained in Item 1 of Part I hereof with regard to interest rate risk which is incorporated herein by reference;
- Note 11—Fair Value Measurement of Financial Instruments to the Unaudited Condensed Consolidated Financial Statements contained in Item 1 of Part I hereof with regard to equity price risk which is incorporated herein by reference; and
- “Item 7A. Quantitative and Qualitative Disclosures About Market Risk” in our 2024 Annual Report on Form 10-K filed with the SEC on November 13, 2024.

## ITEM 4. CONTROLS AND PROCEDURES

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As of the end of the period covered by this report, an evaluation was performed with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of December 31, 2024 at ensuring that information required to be disclosed by us in the 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 accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

There have been no material changes in our internal controls over financial reporting that occurred during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

## PART II - OTHER INFORMATION

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### ITEM 1. LEGAL PROCEEDINGS

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See Note 12—Commitments and Contingencies to the Unaudited Condensed Consolidated Financial Statements for information regarding our legal proceedings.

### ITEM 1A. RISK FACTORS

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There have been no material changes in the risk factors previously disclosed in Part I, Item 1A—“Risk Factors” in our 2024 Annual Report on Form 10-K.

## ITEM 5. OTHER INFORMATION

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On December 26, 2024, Michael Lennox, Senior Vice President, Americas Operations of Helmerich & Payne International Drilling Co., adopted a trading plan intended to satisfy Rule 10b5-1(c) to sell up to 30,400 shares of Company common stock between March 27, 2025 and December 5, 2025, subject to certain conditions, 8,400 of which shares are to be acquired upon the exercise of employee stock options.

## ITEM 6. EXHIBITS

The following documents are included as exhibits to this Form 10-Q. Those exhibits below that are incorporated herein by reference are indicated as such by the information supplied in the parenthetical thereafter. If no parenthetical appears after an exhibit, the exhibit is filed or furnished herewith.

Exhibit Number	Description
3.1	<u>Amended and Restated Certificate of Incorporation of Helmerich &amp; Payne, Inc. (incorporated herein by reference to Exhibit 3.1 of the Company's Form 8-K filed on March 14, 2012, SEC File No. 001-04221).</u>
3.2	<u>Amended and Restated By-Laws of Helmerich &amp; Payne, Inc. (incorporated herein by reference to Exhibit 3.1 of the Company's Form 8-K filed on September 12, 2024, SEC File No. 001-04221).</u>
10.1	<u>Deed of Amendment, dated December 20, 2024, to the Sale and Purchase Agreement, dated July 25, 2024, among Helmerich &amp; Payne, Inc., the Majority Sellers named therein, the Management Seller named therein, Ocorian Limited, HP Global Holdings Limited and KCA Deutag International Limited (incorporated herein by reference to Exhibit 2.2 of the Company's Form 8-K filed on January 16, 2025, SEC File No. 001-04221).</u>
10.2	<u>Form of Annual Three-Year Performance-Vested Restricted Share Unit Award Agreement for the Helmerich &amp; Payne, Inc. 2024 Omnibus Incentive Plan.</u>
10.3	<u>Form of Standard Three-Year Performance-Vested Restricted Share Unit Award Agreement for the Helmerich &amp; Payne, Inc. 2024 Omnibus Incentive Plan.</u>
10.4	<u>Form of Restricted Stock Award Agreement for the Helmerich &amp; Payne, Inc. 2024 Omnibus Incentive Plan applicable to employees.</u>
31.1	<u>Certification of Chief Executive Officer, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2	<u>Certification of Chief Financial Officer, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32	<u>Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101	Financial statements from the quarterly report on Form 10-Q of Helmerich & Payne, Inc. for the quarter ended December 31, 2024, filed on February 5, 2025, formatted in Inline Extensive Business Reporting Language (XBRL): (i) the Unaudited Condensed Consolidated Balance Sheets, (ii) the Unaudited Condensed Consolidated Statements of Operations, (iii) the Unaudited Condensed Consolidated Statements of Comprehensive Income, (iv) the Unaudited Condensed Consolidated Statements of Shareholders' Equity, (v) the Unaudited Condensed Consolidated Statements of Cash Flows and (vi) the Notes to Unaudited Condensed Consolidated Financial Statements.
104	Cover Page Interactive Date File (formatted as Inline XBRL and contained in Exhibit 101).



## SIGNATURES

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

**HELMERICH & PAYNE, INC.**

(Registrant)

Date: February 5, 2025

By: /S/ JOHN W. LINDSAY

John W. Lindsay  
Director, President and Chief Executive Officer

Date: February 5, 2025

By: /S/ J. KEVIN VANN

J. Kevin Vann  
Senior Vice President and Chief Financial Officer  
(Principal Financial Officer)