

RANGER ENERGY SERVICES, INC.
SUPPLEMENTAL NON-GAAP FINANCIAL MEASURES
(UNAUDITED)

Adjusted EBITDA is not a financial measure determined in accordance with GAAP. We define Adjusted EBITDA as net income (loss) before net interest expense, income tax provision (benefit), depreciation and amortization, equity-based compensation, acquisition-related and severance costs, impairment of goodwill, gain or loss on sale of assets and certain other items that we do not view as indicative of our ongoing performance.

We believe Adjusted EBITDA is a useful performance measure because it allows for an effective evaluation of our operating performance when compared to our peers, without regard to our financing methods or capital structure. We exclude the items listed above from net income or loss in arriving at Adjusted EBITDA because these amounts can vary substantially within our industry depending upon accounting methods and book values of assets, capital structures and the method by which the assets were acquired. Adjusted EBITDA should not be considered as an alternative to, or more meaningful than, net income or loss determined in accordance with GAAP. Certain items excluded from Adjusted EBITDA are significant components in understanding and assessing a company's financial performance, such as a company's cost of capital and tax structure, as well as the historic costs of depreciable assets, none of which are reflected in Adjusted EBITDA. Our presentation of Adjusted EBITDA should not be construed as an indication that our results will be unaffected by the items excluded from Adjusted EBITDA. Our computations of Adjusted EBITDA may not be identical to other similarly titled measures of other companies. The following table presents reconciliations of net income (loss) to Adjusted EBITDA, our most directly comparable financial measure calculated and presented in accordance with GAAP.

The following table is a reconciliation of net income to Adjusted EBITDA for the three months ended December 31, 2019 and September 30, 2019, in millions:

	Three Months Ended December 31, 2019				
	High Specification Rigs	Completion and Other Services	Processing Solutions	Other	Total
	(in millions)				
Net income (loss)	\$ 0.2	\$ 6.8	\$ 1.4	\$ (8.5)	\$ (0.1)
Interest expense	—	—	—	1.2	1.2
Tax expense	—	—	—	0.5	0.5
Depreciation and amortization	5.2	2.8	0.6	0.3	8.9
EBITDA	5.4	9.6	2.0	(6.5)	10.5
Equity based compensation	—	—	—	0.9	0.9
Severance costs	—	—	—	—	—
Loss on disposal of property and equipment	—	—	—	—	—
Adjusted EBITDA	\$ 5.4	\$ 9.6	\$ 2.0	\$ (5.6)	\$ 11.4

Three Months Ended September 30, 2019

	High Specification Rigs	Completion and Other Services	Processing Solutions	Other	Total
	(in millions)				
Net income (loss)	\$ (2.1)	\$ 7.8	\$ 2.9	\$ (9.5)	\$ (0.9)
Interest expense	—	—	—	1.4	1.4
Tax expense	—	—	—	1.1	1.1
Depreciation and amortization	5.3	2.9	0.6	0.3	9.1
EBITDA	3.2	10.7	3.5	(6.7)	10.7
Equity based compensation	—	—	—	0.9	0.9
Severance costs	0.1	—	—	—	0.1
Loss on disposal of property and equipment	—	—	—	0.5	0.5
Adjusted EBITDA	\$ 3.3	\$ 10.7	\$ 3.5	\$ (5.3)	\$ 12.2