

Risk Factors Comparison 2024-03-05 to 2023-02-28 Form: 10-K

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The following summarizes the principal factors that make an investment in our company speculative or risky, all of which are more fully described in the Risk Factors section below. This summary should be read in conjunction with the Risk Factors section and should not be relied upon as an exhaustive summary of the material risks facing our business. Risks Related to our Business and Operations:

- The success of our business largely depends on activity levels in the oil and natural gas industry, which can be affected by the amount and volatility of oil and natural gas prices.
- The markets in which we operate are highly competitive, including some companies that hold substantial market share and have substantially greater resources than we do, as well as a number of regional or local competitors for certain of our product lines. We may not be able to compete successfully in this environment.
- Given the uncertainty related to long-term commodity prices and associated customer demand, we may hold excess or obsolete inventory, and as a result, may experience a reduction in gross margins and financial results.
- We may not realize revenue on our current backlog due to customer order reductions, cancellations or acceptance delays, which may negatively impact our financial results.
- The industry in which we operate is undergoing continuing consolidation and seeking opportunities to participate in the energy transition, which may impact our results of operations.
- A greater focus on budgetary discipline and technological advances have caused a decline in customer spending that may remain at a low level despite an increase in commodity prices.
- We may be unable to employ a sufficient number of skilled and qualified workers.
- We rely on relationships with key suppliers to operate and maintain our business.
- Our business depends upon our ability to obtain key raw materials and specialized equipment from suppliers. Increased costs of raw materials and other components, and inflationary pressure, may result in increased operating expenses.
- A deterioration of global economic conditions could adversely affect our financial condition and results of operations.
- We may not be able to satisfy technical requirements, testing requirements, code requirements or other specifications under contracts and contract tenders.
- **Our A failure or breach of our information technology systems infrastructure could be subject to disruption, compromise or failure and our data protection measures may be insufficient to protect our information**, including as a result of cyber **incidents** ~~attacks or failures of data protection measures, could adversely impact~~ **impacting** our business ~~and results of operations and expose us to potential liabilities~~.
- Our success depends on our ability to implement new technologies and services more efficiently and quickly than our competitors.
- Our success will be affected by the use and protection of our proprietary technology. Due to the limitations of our intellectual property rights, our ability to exclude others from the use of our proprietary technology may be reduced. Furthermore, we may be adversely affected by disputes regarding intellectual property rights.
- We may incur liabilities, fines, penalties or additional costs, or we may be unable to sell to certain customers if we do not maintain safe operations.
- If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud.
- 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.
- Facility consolidations or expansions may subject us to risks of operating inefficiencies, construction delays and cost overruns.
- Our acquisitions and dispositions may not result in anticipated benefits and may present risks not originally contemplated ~~, which may have a material adverse effect on our business, consolidated results of operations and consolidated financial condition~~.
- A natural disaster, catastrophe or other event could result in severe property damage, which could curtail our operations.

. Risks Related to the Variperim Acquisition:

- **We may not be able to integrate Variperim successfully or manage the combined business effectively, and the benefits of acquiring Variperim may not be realized or may not be realized within the expected time frame.**
- **Variperim may have liabilities that are not known, probable or estimable at this time.**
- **We will incur significant costs in connection with the Variperim Acquisition, which may be in excess of those anticipated.**
- **Failure to retain key employees and attract new talent to fill new roles created by the integration or vacant roles created by attrition could diminish the anticipated benefits of the Variperim Acquisition and otherwise harm our business.**

Legal and Regulatory Risks:

- Our operations and our customers' operations are subject to a variety of governmental laws and regulations that affect our and our customers' costs, prohibit or curtail our customers' operations in certain areas, limit the demand for our products and services or restrict our operations.
- Potential legislation or regulations restricting the use of hydraulic fracturing could reduce demand for our products.
- Our financial results could be adversely impacted by changes in regulation of oil and natural gas exploration and development activity in response to significant environmental incidents or climate change actions.
- Our operations are subject to environmental and operational safety laws and regulations that may expose us to significant costs and liabilities.
- Tariffs imposed by the U. S. government could have a further severe adverse effect on our results of operations.
- We are subject to litigation risks that may not be covered by insurance.
- The number and cost of our current and future asbestos claims could be substantially higher than we have estimated and the timing of payment of claims could be sooner than we have estimated.
- Our products are used in operations that are subject to potential hazards inherent in the oil and natural gas industry and, as a result, we are exposed to potential liabilities that could affect our financial condition and reputation.
- Climate change legislation or regulations restricting emissions of greenhouse gases ("**GHGs**") and related divestment and other efforts could increase our operating costs or reduce demand for our products.

Risks Related to our International Operations

- Our business operations worldwide are subject to a number of U. S. federal laws and regulations, including restrictions imposed by the U. S. Foreign Corrupt Practices Act ("**FCPA**") as well as trade sanctions administered by the Office of Foreign Assets Control and the Commerce Department, as well as similar laws in non- U. S. jurisdictions that govern our operations by virtue of our presence or activities there.
- Our exposure to currency exchange rate fluctuations may result in fluctuations in our cash flows and could

have an adverse effect on our results of operations. Risks Related to our Common Stock, Indebtedness and Financial Condition:

- Our common stock price has been volatile, and we expect it to continue to remain volatile in the future.
- **Our debt agreements** The indenture governing our 2025 Notes and our Credit Facility contain operating and financial restrictions that restrict our business and financing activities.
- **Our variable rate indebtedness may subject us to interest rate risk, which could cause our debt service obligations to increase significantly.**

• Our ability to access the capital and credit markets to raise capital on favorable terms is limited by our debt level, industry conditions and credit rating.

• Provisions in our organizational documents and under Delaware law could delay or prevent a change in control of our company, which could adversely affect the price of our common stock.

• We have incurred impairment charges and we may incur additional impairment charges in the future. We have experienced, and will continue to experience, fluctuations in revenues and operating results due to economic and business cycles. The willingness of oil and natural gas operators to make capital expenditures to explore for and produce oil and natural gas, the need of oilfield services companies to replenish consumable parts and the willingness of these customers to invest in capital equipment depends largely upon prevailing industry conditions that are influenced by numerous factors over which we have no control. Such factors include:

- domestic and foreign supply of and demand for oil and natural gas;
- prices, and expectations about future prices, of oil and natural gas;
- ability or willingness of the Organization of Petroleum Exporting Countries (“OPEC”) and other major producers to set and maintain production limits;
- cost of exploring for, developing, producing and delivering oil and natural gas;
- levels of drilling and completions activity;
- expected decline in rates of current and future production, or faster than anticipated declines in production;
- discovery rates of new oil and natural gas reserves;
- ~~COVID-19 and related public health measures implemented by governments worldwide and the occurrence or threat of other epidemic or pandemic diseases, including variants of COVID-19,~~ and any government response to such occurrence or threat;
- ability of our customers to access new markets or areas of production or to continue to access current markets, including as a result of trade restrictions;
- weather conditions, including hurricanes and tornadoes, that can affect oil and natural gas operations;
- natural disasters, catastrophes or other events resulting in severe property damage;
- governmental regulations, including those instituted in connection with a response to climate change;
- prohibitions, moratoriums or similar limitations on drilling or hydraulic fracturing activity resulting in a cessation or disruption of operations;
- domestic and worldwide economic and political conditions, including inflationary pressures, further increases in interest rates and the cost of capital, a general economic slowdown or recession, political tensions and war (including future developments in the ongoing Russia- Ukraine conflict);
- financial stability of our customers and other industry participants;
- political instability in oil and natural gas producing countries;
- increased pressures to invest in sustainable energy sources, shareholder activism or activities by non- governmental organizations to restrict the exploration, development and production of oil and natural gas;
- investors reducing, or ceasing to provide, funding to the oil and natural gas industry in response to initiatives to limit climate change;
- conservation measures and technological advances affecting energy consumption;
- price and availability of alternative energy resources and fuels;
- uncertainty in capital and commodities markets, and the ability of oil and natural gas companies to raise equity capital and debt financing; and
- merger and divestiture activity among oil and natural gas producers, drilling contractors and oilfield service companies.

The oil and natural gas industry has historically experienced periodic reductions in the overall level of exploration and development activities in connection with declines in commodity prices. As a result, there are periodic reductions in the demand for our products and services, downward pressure on the prices that we charge and ultimately an adverse impact on our business.

~~Although During during the year ended December 31, 2022 ; ongoing COVID-19 outbreaks and 2023 related work restrictions impacted demand for oil and natural gas and caused disruptions in global supply chains , which have contributed to price volatility and inflationary pressures for certain goods and services. Although, during the year~~ oil and gas prices and demand increased significantly from the historic lows seen in the first half of 2020, it is uncertain whether prices will maintain current levels, decline or increase. Furthermore, there can be no assurance that the demand or pricing for oil and natural gas will follow historic patterns, including as a result of increased availability of alternative energy sources. Declines in oil and natural gas prices, decreased levels of exploration, development, and production activity, use of alternative sources of energy, and the willingness of customers to invest in their equipment relative to historical norms may negatively affect:

- revenues, cash flows, and profitability;
- the ability to maintain or increase borrowing capacity;
- the ability to obtain additional capital to finance our business and the cost of that capital;
- the ability to collect outstanding amounts from our customers; and
- the ability to attract and retain skilled personnel to maintain our business or that will be needed in the event of an upturn in the demand for our products.

The markets in which we operate are highly competitive and our products and services are subject to competition from significantly larger businesses. We have several competitors that are large national and multinational companies that have longer operating histories, and greater financial, technical and other resources than we do. In addition, we compete with many small companies on a regional or local basis. Our competitors may be able to respond more quickly to new or emerging technologies and services and changes in customer requirements. In addition, several of our competitors provide a much broader array of services, and have a stronger presence in more geographic markets and, as such, may be better positioned to withstand an extended downturn. Our larger competitors are able to use their size and purchasing power to seek economies of scale and pricing concessions. Furthermore, some of our customers are our competitors and have in the past ceased buying from us, and may do the same in the future. We also have competitors outside of the U. S. with lower structural costs due to labor and raw material cost in and around their manufacturing centers, and prices based on foreign currencies. Accordingly, currency fluctuations may cause U. S. dollar- priced products to be less competitive than our competitors’ products that are priced in other currencies. Moreover, our competitors may utilize available capacity during a period of depressed energy prices to gain market share. New competitors have also entered the markets in which we compete. We consider product quality, price, breadth of product offering, availability of products and services, performance, distribution capabilities, technical expertise, responsiveness to customer needs, reputation for service and intellectual property rights to be the primary competitive factors. Competitors may be able to offer more attractive pricing,

duplicate strategies, or develop enhancements to products that offer performance features that are superior to our products. In addition, we may not be able to retain key employees of entities that we acquire in the future and those employees may choose to compete against us following a contractually agreed period of non-competition that is permitted under the law. Competitive pressures, including those described above, and other factors could adversely affect our competitive position, resulting in a loss of market share or decreases in prices. For more information about our competitors, please read “Business — Competition.” We cannot accurately predict what or how many products our customers will need in the future. Orders are placed with our suppliers based on forecasts of customer demand and, in some instances, we may establish buffer inventories to accommodate anticipated demand. At certain times, we have built capital equipment before receiving customer orders. Our forecasts of customer demand are based on multiple assumptions, which have introduced errors into the estimates. ~~These forecasts have been particularly challenging to develop as a result of uncertainty created by COVID-19 outbreaks and related work restrictions, and U. S. recessionary pressures and supply chain inefficiencies preventing our customers from receiving finished goods.~~ In addition, many of our suppliers, such as those for certain of our standardized valves, require a longer lead time to provide products than our customers demand for delivery of our finished products. If we underestimate customer demand or if insufficient manufacturing capacity is available, we would miss revenue opportunities and potentially lose market share and damage our customer relationships. Conversely, if we overestimate customer demand, we would allocate resources to the purchase of material or manufactured products that we are not be able to sell when we expect to, if at all. As a result, we would hold excess or obsolete inventory, which would reduce gross margin and adversely affect financial results upon writing down the value of inventory. In addition, any future significant cancellations or deferrals of product orders or the return of previously sold products could materially and adversely affect profit margins, increase product obsolescence and restrict our ability to fund our operations. Uncertainty regarding demand for our customers’ services has resulted in order reductions, cancellations and acceptance delays, and we may experience more of these in the future. We may be unable to collect revenue for all of the orders reflected in our backlog, or we may be unable to collect cancellation penalties, to the extent we have the right to impose them, or the revenues may be pushed into future periods. In addition, customers who are more highly leveraged or otherwise unable to pay their creditors in the ordinary course of business may become insolvent or be unable to operate as a going concern. We may be unable to collect amounts due or damages we are awarded from these customers, and our efforts to collect such amounts may damage our customer relationships. Our results of operations and overall financial condition may be negatively impacted by a reduction in revenue as a result of these circumstances. Some of our customers have consolidated and are seeking to achieve economies of scale and pricing concessions. In addition, they are making investments in non- traditional oil and gas markets as part of the energy transition. As a result, we may be unable to supply our traditional oil and gas products to these customers if we do not develop new technology that meets their changing needs. In addition, the consolidation of customers and focus on non- traditional energy investments could result in reduced spending by such companies or decreased demand for our existing products and services. Therefore, to counteract these pressures, any reduced spending or decreased demand for traditional energy products will need to be offset at the same or greater pace by sales to other customers or increased sales of renewable energy technologies that we develop. If we are not successful in offsetting such sales, there could be a significant negative impact on our results of operations or financial condition. We are unable to predict what effect consolidations and the energy transition in the industry may have on prices, spending by customers, selling strategies, competitive position, customer retention or our ability to negotiate favorable agreements with customers. A portion of our business is driven by our customers’ spending on capital equipment such as drilling rigs. Our customers and their investors have adopted business strategies placing significant emphasis on capital discipline that has limited the level of their spending. In addition, new techniques and technological advances have reduced the number of days required to drill wells. The number of days required for a drilling rig to be on a site to drill a well has in many areas been reduced by at least half over the last several years. Given these factors, we cannot provide any assurance that our capital equipment sales will increase if there is an increase in commodity prices. The delivery of our products and services requires personnel with specialized skills and experience. Our ability to be productive and profitable depends upon our ability to employ and retain skilled workers. During periods of increasing activity in our industry, our ability to expand our operations depends in part on our ability to increase the size of our skilled labor force. In addition, during those periods, the demand for skilled workers is high, the supply is limited and the cost to attract and retain qualified personnel increases, especially for skilled workers. For example, we have recently experienced shortages of engineers, mechanical assemblers, machinists and welders, which in some instances slowed the productivity of certain of our operations. Furthermore, a significant increase in the wages paid by competing employers could result in a reduction of our skilled labor force, increases in the wage rates that we must pay, or both. During periods of low activity in our industry, we have reduced the size of our labor force to match declining revenue levels, and other employees have chosen to leave in order to find more stable employment. This causes us to lose skilled personnel, the absence of which could cause us to incur quality, efficiency and deliverability issues in our operations, or delay our response to an upturn in the market. We are also exposed to the impact of labor cost increases resulting from other factors such as high employment levels, increased wages offered by employers in other industries, and government regulations. If any of these events were to occur, our ability to respond quickly to customer demands may be inhibited and our growth potential could be impaired. Certain of our product lines depend on a limited number of third- party suppliers. In some cases, the suppliers own the intellectual property rights to the products we sell, or possess the technology or specialized tooling required to manufacture them. As a result of this concentration in part of our supply chain, our business and operations may be negatively affected if our key suppliers were to experience significant disruptions affecting the price, quality, availability or timely delivery of their products, ~~such as from COVID-19,~~ or if they were to decide to terminate their relationships with us. For example, we have a limited number of suppliers for our bearings product lines and certain of our valve product lines. The limited number of these suppliers can restrict the quantity and timeliness of customer deliveries. In addition, some of our suppliers have imposed more stringent payment terms and conditions on us based on our perceived risk as a

counterparty. The partial or complete loss of any one of our key suppliers, a significant adverse change in the relationship with any of these suppliers, through consolidation or otherwise, would limit our ability to manufacture and sell certain of our products. Should our suppliers be unable to provide the necessary raw materials or finished products or otherwise fail to deliver such materials and products timely and in the quantities required, resulting delays in the provision of products or services to customers could have a material adverse effect on our business. ~~In particular, because many of our products are manufactured out of steel, we are particularly susceptible to fluctuations in steel prices and tariffs. Our results of operations may be adversely affected by our inability to manage the rising costs and availability of raw materials and components used in our products.~~ For example, our Coiled Tubing product line was unable to source a sufficient amount of steel during the third and fourth quarters of 2021 to satisfy customer orders on a timely basis. In addition ~~to the impact of COVID-19~~, **because many of our products are manufactured out of steel, we are particularly susceptible to fluctuations in steel prices and related supply chain and tariffs. Our results of operational operations disruptions, may be adversely affected by our inability to manage the rising costs and availability of raw materials and components used in our products. The availability and cost of necessary** raw materials and finished products may be impacted by macroeconomic demand, various national, regional, local, economic and political factors, **supply chain disruptions** and inflationary pressures. Some of our contracts require us to compensate customers if we do not meet specified delivery obligations. We rely on suppliers to provide required materials and in many instances these materials must meet certain specifications. Managing a geographically diverse supply base poses inherently significant logistical challenges. Furthermore, the ability of third- party suppliers to deliver materials to our specifications may be affected by events beyond our control. As a result, there is a risk that we could experience diminished supplier performance resulting in longer than expected lead times and / or product quality issues. For example, in the past, we have experienced issues with the quality of certain forgings used to produce materials utilized in our products. As a result, we were required to seek alternative suppliers for those forgings, which resulted in increased costs and a disruption in our supply chain. We have also been required in certain circumstances to provide better economic terms to some of our suppliers in exchange for their agreement to increase their capacity to satisfy our supply needs. The occurrence of any of the foregoing factors would have a negative impact on our ability to deliver products to customers within committed time frames. A deterioration in global economic conditions, including an economic slowdown or recession in the United States or in any other country that significantly affects the supply of or demand for oil or natural gas, inflation, geopolitical issues such as the continuing conflict between Russia and Ukraine, the availability and cost of credit and supply chain disruptions, could adversely affect our financial condition and results of operations. Global economic conditions have a significant impact on oil and natural gas prices, and any stagnation or deterioration in these conditions could result in less demand for our products and services and could cause our customers to reduce their planned capital spending. Adverse global economic conditions also may cause our customers, vendors and / or suppliers to lose access to the financing necessary to sustain or increase their current level of operations, fulfill their commitments and / or fund future operations and obligations. Additionally, if inflation increases, we may be unable to raise pricing for our products and services at or above the rate of inflation, which could reduce our profit margins. In the past, global economic conditions, and expectations for future global economic conditions, have sometimes experienced significant deterioration in a relatively short period of time and there can be no assurance that global economic conditions or expectations for future global economic conditions will recover in the near term or not quickly deteriorate again due to one or more factors. Many of our products are used in harsh environments and severe service applications. Our contracts with customers and customer requests for bids often set forth detailed specifications or technical requirements (including that they meet certain industrial code requirements, such as API, ASME or similar codes, or that our processes and facilities maintain ISO or similar certifications) for our products and services, which may also include extensive testing requirements. We anticipate that such code testing requirements will become more common in our contracts. We cannot assure that our products or facilities will be able to satisfy the specifications or requirements, or that we will be able to perform the full- scale testing necessary to prove that the product specifications are satisfied in future contract bids or under existing contracts, or that the costs of modifications to our products or facilities to satisfy the specifications and testing will not adversely affect our results of operations. If our products or facilities are unable to satisfy such requirements, or we are unable to perform or satisfy any required full- scale testing, we may suffer reputational harm and our customers may cancel their contracts and / or seek new suppliers, and our business, results of operations or financial position may be adversely affected. **Our information technology infrastructure could be subject to disruption, compromise or failure and our data protection measures may be insufficient to protect our information, including as a result of cyber incidents adversely impacting our business.** The efficient operation of our business is dependent on our information technology (“ IT ”) systems (“ **systems** ”). Accordingly, we rely upon the capacity, reliability and security of our IT hardware and software infrastructure ~~and our ability~~, **much of which are outsourced to third parties, including in “ cloud ”- based platforms. Furthermore, we continuously expand and update this our IT infrastructure in response to our changing needs, including remote connectivity ensure it is secured from outside threats**. Despite our implementation of security measures, **which we believe are reasonable to mitigate the risks of a cybersecurity threat, our IT systems, and those of the third parties we engage,** are vulnerable to computer viruses, ~~malware natural disasters~~, incursions by intruders or hackers, **cyber terrorists,** failures in hardware or software, power fluctuations, ~~cyber terrorists natural disasters,~~ and other similar disruptions. Geopolitical tensions or conflicts, ~~such as Russia’s invasion of Ukraine,~~ may further heighten the risk of cyber ~~attacks~~ **threats**. In certain instances, our ~~IT~~ systems have failed to perform as anticipated, resulting in disruptions in operations and other adverse consequences. Should our ~~IT~~ systems, **or those of the third parties we rely on,** materially fail **or be subject to disruption or compromise** in the future, it may result in numerous other adverse consequences, including reduced effectiveness and efficiency of our operations, inappropriate disclosure or loss of confidential or sensitive information, increased overhead costs, and loss of intellectual property, which could lead to liability to third parties or otherwise and have a material adverse effect on our business and results of operations. While we carry cyber insurance, we cannot be certain that our coverage

will be adequate for liabilities actually incurred, that insurance will continue to be available to us on economically reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. In addition, we may be required to incur significant costs to prevent **or mitigate** damage caused by these disruptions or security **breaches incidents** in the future. Further, cyber **attacks incidents** on a communications network **or power grid** could cause operational disruption resulting in loss of revenues. In addition, **recent** laws and regulations governing data **privacy protection** and the unauthorized disclosure of confidential information, including the European Union General Data Protection Regulation and laws enacted in certain U. S. jurisdictions, **are evolving, can vary significantly by jurisdiction, and** pose increasingly complex compliance challenges and **may** potentially elevate our **compliance** costs. Any failure by us to comply with these laws and regulations, including as a result of a **security-cybersecurity or privacy breach data protection incident**, could result in **a loss of sensitive information, regulatory inquiries, litigation, and** significant penalties and liabilities for us. Additionally, if we acquire a company that has violated or is not in compliance with applicable data protection laws, we may incur significant liabilities and penalties. **In the past we have experienced, and in the future we may again experience, cybersecurity incidents. The preventive actions we take to reduce exposure to, and the risks associated with, cybersecurity incidents may be insufficient to prevent or mitigate the effects of material cybersecurity incidents in the future. Because the tools and methods used by threat actors to damage or obtain unauthorized access to networks, systems, and data change frequently, and are often not known until used against a target, we may be unable to anticipate these tools or methods or implement adequate preventative measures. It is impossible to eliminate all cybersecurity threats and exposure to cybersecurity incidents, and thus our networks and systems, as well as those of our service providers, suppliers, customers and other third parties, remain potentially vulnerable to known or unknown threats. In the event of a result cybersecurity incident, we may be required to expend additional resources in order to enhance our cybersecurity measures and to investigate and remediate any vulnerabilities, which would increase our cybersecurity costs. We also may incur large expenditures to recover data, to repair or replace networks or information systems or to protect against similar future events.** Our success depends on our ability to develop and implement new product designs and improvements that meet our **customer-customers'** needs in a manner equal to or more effective than those offered by our competitors. If we are not able to continue to provide new and innovative services and technologies in a manner that allows us to meet evolving industry requirements, including the focus on renewable energy opportunities, at prices acceptable to our customers, our financial results would be negatively affected. In addition, some of our competitors are large national and multinational companies that we believe are able to devote greater financial, technical, manufacturing and marketing resources to research and develop more or better systems, services and technologies than we are able to do. Moreover, as a result of the currently depressed levels of customer activity, we may be unable to allocate sufficient amounts of capital to research and new product development activities, which may limit our ability to compete in the market and generate revenue. Our success will be affected by our development and implementation of new product designs and improvements and by our ability to protect and maintain intellectual property assets related to these developments. Although in many cases our products are not protected by any registered intellectual property rights, in some cases we rely on a combination of patents and trade secret laws to establish and protect this proprietary technology. We currently hold multiple U. S. and international patents and have several pending patent applications associated with our products and processes. Some work is conducted in international waters and, therefore, does not fall within the scope of any country's patent jurisdiction. As a result, we would be limited in the degree to which we can enforce our patents against infringement occurring in international waters and other "non-covered" territories. Also, we do not have patents in every jurisdiction in which we conduct business and our patent portfolio will not protect all aspects of our business and may relate to obsolete or unusual methods, which would not prevent third parties from entering the same market. From time to time, our competitors have infringed upon, misappropriated, circumvented, violated or challenged the validity or enforceability of our intellectual property. In the future, we may not be able to adequately protect or enforce our intellectual property rights. Our failure or inability to protect our proprietary information or successfully oppose intellectual property challenges against us could materially and adversely affect our competitive position. Moreover, third parties from time to time may initiate litigation against us by asserting that the conduct of our business infringes, misappropriates or otherwise violates their intellectual property rights. **For example, in 2017, one of our subsidiaries filed an action seeking a declaratory judgment action of non-infringement against Tenaris Coiled Tubes, LLC. Tenaris subsequently filed counterclaims against our subsidiary and us alleging infringement on certain of its patents.** We may not prevail in any such legal proceedings, and our products and services may be found to infringe, impair, misappropriate, dilute or otherwise violate the intellectual property rights of others. Any legal proceeding concerning intellectual property is likely to be protracted and costly and is inherently unpredictable, and could have a material adverse effect on our business, regardless of its outcome. Further, our intellectual property rights may not have the value expected and such value is expected to change over time as new products are designed and improved. If we fail to comply with safety regulations or maintain an acceptable level of safety at our facilities, we may incur fines, penalties or other liabilities, or we may be held criminally liable. In addition, a portion of our **workforce work force** is made up of newer employees who are less experienced and therefore more prone to injury. As a result, new employees require ongoing training and a higher degree of oversight. We incur additional costs to encourage training and ensure proper oversight of these shorter service employees. Moreover, we incur costs in connection with equipment upgrades, or other costs to facilitate our compliance with safety regulations. Failure to maintain safe operations or achieve certain safety performance metrics could disqualify us from doing business with certain customers, particularly major oil companies. Effective internal controls over financial processes and reporting are necessary for us to provide reliable financial reports that effectively prevent fraud and operate successfully. Our efforts to maintain internal control systems have not been successful in the past. The existence of a material weakness in the future or a failure of our internal controls could affect our ability to obtain financing or increase the cost of any such financing. The identification of a material weakness in the future could also cause investors to lose confidence in the reliability of our financial statements and

could result in a decrease in the value of our common stock. In addition, the entities that we acquire in the future may not maintain effective systems of internal control or we may encounter difficulties integrating our system of internal controls with those of acquired entities. If we are unable to maintain effective internal controls and, as a result, fail to provide reliable financial reports and effectively prevent fraud, our reputation and operating results would be harmed. Public health crises, pandemics and epidemics, ~~such as the COVID-19 pandemic~~, and fear of such events have adversely impacted and may continue to adversely impact our operations, the operations of our customers and the global economy, including the worldwide demand for oil and natural gas and the level of demand for our products and services. Other effects of such public health crises, pandemics and epidemics, ~~including the COVID-19 pandemic~~, have included and may continue to include significant volatility and disruption of the global financial markets; continued volatility of oil and natural gas prices and related uncertainties around OPEC production; disruption of our operations; impact to costs; loss of workers; labor shortages; operational and supply chain disruptions; material or equipment shortages; logistics constraints; customer demand for our products and services and industry demand generally; capital spending by oil and natural gas companies; our liquidity; the price of our securities and trading markets with respect thereto; our ability to access capital markets; asset impairments and other accounting changes; certain of our customers experiencing bankruptcy or otherwise becoming unable to pay vendors, including us; and employee impacts from illness, travel restrictions, including border closures and other community response measures. Such public health crises, pandemics and epidemics are continuously evolving and the extent to which our business operations and financial results continue to be affected depends on various factors beyond our control, ~~such as the duration, severity and sustained geographic resurgence of the COVID-19 virus; the emergence, severity and spread of new variants of the COVID-19 virus; the impact and effectiveness of governmental actions to contain and treat such outbreaks, including government policies and restrictions; vaccine hesitancy, vaccine mandates, and voluntary or mandatory quarantines; and the global response surrounding such uncertainties~~. Given the dynamic nature of these events, we cannot reasonably estimate the period of time that COVID-19 and related market conditions will persist, the full extent of the impact they will have on our business, financial condition, results of operations or cash flows or the pace or extent of any subsequent recovery. The ultimate extent of the impact of COVID-19 will depend largely on future developments, including the spread of the virus within communities, the success of programs designed to prevent the virus and its spread and the related impact on overall economic activity, all of which are uncertain and cannot be predicted with certainty at this time. For more information, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Market Conditions.” We have consolidated and may continue to consolidate facilities to achieve operating efficiencies and reduce costs. These facility consolidations may be delayed and cause us to incur increased costs, product or service delivery delays, decreased responsiveness to customer needs, liabilities under terms and conditions of sale or other operational inefficiencies, or may not provide the benefits we anticipate. We may lose key personnel and operational knowledge that might lead to quality issues, delays in production or other competitive disadvantages. In the future, we may grow our businesses through the construction of new facilities and expansions of our existing facilities. These projects, and any other capital asset construction projects that we may commence, are subject to similar risks of delay or cost overruns inherent in any construction project resulting from numerous factors, including the following: • difficulties or delays in obtaining land; • shortages of key equipment, materials or skilled labor; • unscheduled delays in the delivery of ordered materials and equipment; • unanticipated cost increases; • weather interferences; and • difficulties in obtaining necessary permits or in meeting permit conditions. We continually seek opportunities to maximize efficiency and value through various transactions, including purchases or sales of assets, businesses, investments, or joint venture interests. These transactions are intended to (but may not) result in the realization of savings, the creation of efficiencies, the offering of new products or services, the generation of cash or income, or the reduction of risk. Acquisition transactions may use cash on hand or be financed by additional borrowings or by the issuance of our common stock. These transactions may also affect our business, consolidated results of operations and consolidated financial condition. These transactions also involve risks, and we cannot ensure that: • any acquisitions we attempt will be completed on the terms announced, or at all; • any acquisitions would result in an increase in income or provide an adequate return of capital or other anticipated benefits; • any acquisitions would be successfully integrated into our operations and internal controls; • the due diligence conducted prior to an acquisition would uncover situations that could result in financial or legal exposure, including under the ~~U. S. Foreign Corrupt Practices Act (“FCPA”)~~, or that we will appropriately quantify the exposure from known risks; • any disposition would not result in decreased earnings, revenue, or cash flow; • use of cash for acquisitions would not adversely affect our cash available for capital expenditures and other uses; or • any dispositions, investments, or acquisitions, including integration efforts, would not divert management resources. Adverse weather conditions, such as hurricanes, tornadoes, ice or snow may damage or destroy our facilities, interrupt or curtail our operations, or our customers’ operations, cause supply disruptions and result in a loss of revenue, which may or may not be insured. For example, certain of our facilities located in Oklahoma and Pennsylvania have experienced suspensions in operations due to tornado activity or extreme cold weather conditions. Some of our operations involve risks of, among other things, property damage, which could curtail our operations. Disruptions in operations or damage to a manufacturing plant could reduce our ability to produce products and satisfy customer demand. In particular, we have offices and manufacturing facilities in Houston, Texas, and in various places throughout the U. S. Gulf Coast region. These offices and facilities are particularly susceptible to severe tropical storms and hurricanes, which may disrupt our operations. Damage to one or more of our manufacturing facilities by severe weather or any other disaster, accident, catastrophe or event, could significantly interrupt our operations. Similar interruptions could result from damage to production or other facilities that provide supplies or other raw materials to our plants or other stoppages arising from factors beyond our control. These interruptions might involve significant damage to property, among other things, and repairs might take a significant amount of time. For example, in the third quarter 2017, we were impacted by idled facilities and operations directly related to Hurricane Harvey’s widespread damage in Texas and Louisiana. As a result, our financial results were negatively impacted by foregone revenue and under- absorption of manufacturing costs,

and, indirectly, due to supplier and logistical delays. We consummated the Variperem Acquisition with the expectation that it would result in various benefits. Achieving the anticipated benefits of the Variperem Acquisition is subject to a number of uncertainties, including whether the businesses of FET and Variperem can be integrated in an efficient and effective manner. We will be required to devote significant management attention and resources to integrating Variperem's operations into our operations. Delays or unexpected difficulties in the integration process may cause the anticipated benefits of the Variperem Acquisition to not be fully realized or to take longer to realize than expected. Issues that must be addressed in integrating Variperem's operations include, among other things: • conforming standards, controls, procedures and policies, business cultures and compensation structures; • integrating supply chain, procurement, corporate, accounting, information technology, communications, administration and other systems; • consolidating sales and marketing operations; • retaining existing customers and attracting new customers; • retaining key employees and attracting new talent to fill new roles created by the integration or vacant roles created by attrition; • identifying and eliminating redundant and underperforming operations and assets; • minimizing the diversion of management's attention from ongoing business concerns; • operating the combined business in markets and geographies in which we do not currently operate; and • managing tax costs or inefficiencies associated with integrating Variperem's and FET's operations. Failure to achieve the anticipated benefits of the Variperem Acquisition could adversely affect our future business, financial condition, results of operations and prospects. Even if we are able to integrate Variperem's operations successfully, this integration may not result in the realization of the full benefits we expect or the achievement of these benefits within a reasonable period of time. In addition, we may have not discovered during the due diligence process prior to closing all known and unknown factors regarding Variperem that could produce unintended and unexpected consequences for us. Undiscovered factors could result in us incurring financial liabilities, which could be material, and could result in us not achieving the expected benefits from the Variperem Acquisition within our desired time frames, or at all. As a result of the Variperem Acquisition, Variperem has become our wholly-owned subsidiary, and we effectively assume all of Variperem's liabilities, whether or not currently known. There may be claims, assessments or liabilities that we did not discover or identify in the course of performing due diligence investigations of Variperem. In addition, there may be liabilities that are neither probable nor estimable at this time which may become probable and estimable in the future. Any such liabilities, individually or in the aggregate, could have a material adverse effect on our business. We may uncover additional information about Variperem that adversely affects us, such as unknown, unasserted or contingent liabilities and issues relating to compliance with applicable laws. We have incurred and expect to continue to incur a number of non-recurring costs associated with negotiating and completing the Variperem Acquisition and combining the operations of FET and Variperem. These fees and costs have been, and will continue to be, substantial. A significant portion of such expenses consist of transaction costs related to the Variperem Acquisition and include, among others, fees and expenses of professional advisors, including legal and accounting advisors, and financing costs. We will also incur fees and costs related to the integration of FET and Variperem, which could include severance costs and capital expenditures. Moreover, we may incur additional unanticipated expenses in connection with the integration. Although we expect the elimination of duplicative costs and the realization of other efficiencies related to the integration of Variperem into FET's operations to offset integration-related costs over time, this net benefit may not be achieved in the near term, or at all. We cannot assure you that we will successfully integrate the Variperem business. The costs described above, as well as other unanticipated costs and expenses, could have a material adverse effect on the financial condition and operating results of the combined company following the completion of the Variperem Acquisition. The success of our business, including the Variperem Acquisition, will depend in part upon the retention of key employees critical to the Variperem business. Current employees may experience uncertainty about their future roles until clear strategies are announced or executed. Some Variperem employees may choose not to remain with the combined company. If we are unable to retain personnel that are critical to our operations and the integration of FET and Variperem, or if we are unable to attract talent to fill new roles created by the integration or vacant roles created by attrition, we could experience disrupted operations, including loss of customers, key information, expertise and know how, or unanticipated hiring and training costs. In addition, the loss of key personnel could diminish the benefits of the Variperem Acquisition actually achieved by us. Our business and our customers' businesses may be significantly affected by: • federal, state and local U. S. and non-U. S. laws and other regulations relating to oilfield operations, worker safety and protection of the environment; • changes in these laws and regulations; • the level of enforcement of these laws and regulations; and • interpretation of existing laws and regulations. In addition, we depend on the demand for our products and services from the oil and natural gas industry. This demand is affected by changing taxes, price controls and other laws and regulations relating to the oil and natural gas industry in general. For example, the adoption of laws and regulations curtailing exploration and development drilling for oil and natural gas for economic or other policy reasons could adversely affect our operations by limiting demand for our products. In addition, some non-U. S. countries adopt regulations or practices that provide an advantage to local oil companies in bidding for oil leases, or require local companies to perform oilfield services currently supplied by international service companies. To the extent that such companies are not our customers, or we are unable to develop relationships with them, our business may suffer. We cannot determine the extent to which our future operations and earnings may be affected by new legislation, new regulations or changes in existing regulations. Because of our non-U. S. operations and sales, we are also subject to changes in non-U. S. laws and regulations that encourage or require hiring of local contractors or require non-U. S. contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. If we fail to comply with any applicable law or regulation, our business, results of operations or financial condition may be adversely affected. Certain environmental advocacy groups and politicians have suggested that additional federal, state and local laws and regulations may be needed to more closely regulate the hydraulic fracturing process, and have made claims that hydraulic fracturing techniques are harmful to surface water and

drinking water resources. Various governmental entities (within and outside the U. S.) are in the process of studying, restricting, regulating or preparing to regulate hydraulic fracturing, directly or indirectly. The EPA has asserted federal authority over hydraulic fracturing using fluids that contain “ diesel fuel ” under the federal Safe Drinking Water Act (“ SDWA ”) Underground Injection Control Program and has issued permitting guidance for hydraulic fracturing operations involving the use of diesel fuel in fracturing fluids in those states where the EPA is the permitting authority. Additionally, in March 2015, the Department of the Interior’ s Bureau of Land Management (“ BLM ”) issued final rules, including new requirements relating to public disclosure, wellbore integrity and handling of flowback water, to regulate hydraulic fracturing on federal and Indian lands. These rules were rescinded by rule in December 2017; however, in January 2018, California and a coalition of environmental groups filed a lawsuit in the Northern District of California to challenge the BLM’ s rescission of the rules. The Northern District of California upheld the rescission in 2020, but this decision was then appealed to the Ninth Circuit Court of Appeals. This litigation is ongoing and future implementation of the BLM rules is uncertain at this time. In past sessions, Congress has considered, but not passed, the adoption of legislation to provide for federal regulation of hydraulic fracturing under the SDWA and to require disclosure of the chemicals used in the hydraulic fracturing process. Some states have adopted, and other states are considering adopting, legal requirements that could impose more stringent permitting, public disclosure or well construction requirements on hydraulic fracturing activities or impose bans or moratoria on these activities altogether. Local governments also may seek to adopt ordinances within their jurisdictions regulating the time, place and manner of drilling activities in general or hydraulic fracturing activities in particular, in some cases banning hydraulic fracturing entirely. For example, the Colorado state legislature passed a package of hydraulic fracturing regulations in April 2019. Under the new law, the state oil and natural gas agency must review well locations for environmental protection criteria. In addition, the legislation broadened the authority for local governments to further regulate or restrict hydraulic fracturing. In April 2021, the California ~~governor~~ **Governor**’ s ~~office~~ **Office** directed state regulators to end the issuance of new permits for hydraulic fracturing by January 2024. In February 2018, the Oklahoma Corporation Commission released a protocol that requires operators to suspend hydraulic fracturing well completion operations in response to certain levels of seismic activity. If new or more stringent federal, state or local legal restrictions relating to the hydraulic fracturing process are adopted in areas where our oil and natural gas exploration and production customers operate, they could incur potentially significant added costs to comply with such requirements, experience delays or curtailment in the pursuit of exploration, development, and production activities, and perhaps even be precluded from drilling wells, some or all of which could adversely affect demand for our products and services from those customers. Environmental incidents such as the Macondo well incident could result in drilling moratoria, and could result in increased federal, state, and international regulation of our and our customers’ operations that could negatively impact our earnings, prospects and the availability and cost of insurance coverage. Any additional regulation of the exploration and production industry as a whole could result in fewer companies being financially qualified to operate offshore or onshore in the U. S. or in non- U. S. jurisdictions, resulting in higher operating costs for our customers and reduced demand for our products and services. In January 2021, President Biden signed an executive order that, among other things, instructed the Secretary of the Interior to pause new oil and natural gas leases on public lands or in offshore waters pending completion of a comprehensive review and reconsideration of federal oil and natural gas permitting and leasing practices. Following that executive order, the acting Secretary of the Interior issued an order imposing a 60 day pause on the issuance of new leases, permits and right- of- way grants for oil and gas drilling on federal lands, unless approved by senior officials at the Department of the Interior. In March 2021, prior to the expiration of the Secretary of the Interior’ s order, President Biden announced that career staff at the Department of the Interior would resume processing oil and gas drilling permits. In August 2022, a federal judge for the U. S. District Court of the Western District of Louisiana issued a permanent injunction against the pause of oil and natural gas leasing on public lands or in offshore waters of the thirteen plaintiff states that brought the lawsuit, which followed a June 2021 nationwide preliminary injunction by the district court that was subsequently vacated by the U. S. Court of Appeals for the Fifth Circuit. The full impact of these federal actions remains unclear, and if other restrictions or prohibitions become effective in the future, they could have an adverse impact on our business, financial condition, results of operations and cash flows. Our operations are subject to numerous stringent and complex laws and regulations governing the discharge of materials into the environment, health and safety aspects of our operations, or otherwise relating to human health and environmental protection. These laws and regulations may, among other things, regulate the management and disposal of hazardous and nonhazardous wastes; require acquisition of environmental permits related to our operations; restrict the types, quantities, and concentrations of various materials that can be released into the environment; limit or prohibit operational activities in certain ecologically sensitive and other protected areas; regulate specific health and safety criteria addressing worker protection; require compliance with operational and equipment standards; impose testing, reporting and record keeping requirements; and require remedial measures to mitigate pollution from former and ongoing operations. Failure to comply with these laws and regulations or to obtain or comply with permits may result in the inability to conduct certain operational activities, assessment of administrative, civil and criminal penalties, imposition of remedial or corrective action requirements and the imposition of injunctions to prohibit certain activities or force future compliance. Certain environmental laws may impose joint and several liability, without regard to fault or legality of conduct, on classes of persons who are considered to be responsible for the release of a hazardous substance into the environment. In addition, these risks may be greater for us because the companies we acquire or have acquired may not have allocated sufficient resources and management focus to environmental compliance, potentially requiring rehabilitative efforts during the integration process or exposing us to liability before such rehabilitation occurs. The trend in environmental regulation has been to impose increasingly stringent restrictions and limitations on activities that may impact the environment. The implementation of new laws and regulations could result in materially increased costs, stricter standards and enforcement, larger fines and liability and increased capital expenditures and operating costs, particularly for our customers. The U. S. government imposed global tariffs on certain imported steel and aluminum products pursuant to Section 232 of the Trade

Expansion Act of 1962, as well as tariffs on imports of various Chinese product (including steel) pursuant to Section 301 of the Trade Act of 1974. In response, China and other countries have imposed retaliatory tariffs on a wide range of U. S. products, including those containing steel and aluminum. **The In 2019, the U. S. government recently entered into tariff agreements with Mexico and Canada to remove Section 232 tariffs, and, in 2021 and 2022, the U. S. government** entered into tariff agreements with the European Union, Japan, and the United Kingdom to ease Section 232 tariffs on the close allies and trade partners, but Section 232 tariffs still remain in effect with respect to the other nations. In addition, the U. S. government issued a final determination pursuant to an anti- dumping duty order on certain hot- rolled steel products from Japan, in which it found imports of the subject merchandise were sold in the United States at prices below normal value during the October 2019 to September 2020 time period. As a result, the U. S. government assessed a dumping margin of 24. 07 % for imports from Japan of the subject steel products. Further, the U. S. government conducted a sunset review on its existing anti- dumping duty on certain hot- rolled steel products from Australia, Brazil, Japan, the Republic of Korea, the Netherlands, the Republic of Turkey, and the United Kingdom that was issued in 2016, and determined to continue the anti- dumping duty order on all subject steel products except for those from Brazil. Our efforts to mitigate the impact of tariffs on raw materials through the diversification of our supply chain, exemption requests and other measures may not be sufficiently successful. Furthermore, a prolonged imposition of tariffs on our goods could have a significant adverse effect on our results of operations. In the ordinary course of business, we become the subject of claims, lawsuits and administrative proceedings seeking damages or other remedies concerning our commercial operations, products, employees and other matters, including occasional claims by individuals alleging exposure to hazardous materials as a result of our products or operations. Some of these claims relate to the activities of businesses that we have acquired, even though these activities may have occurred prior to our acquisition of such businesses. Our insurance does not cover all of our potential losses, and we are subject to various self- insured retentions and deductibles under our insurance. A judgment may be rendered against us in cases in which we could be uninsured or which exceed the amounts that we currently have reserved or anticipate incurring for such matters. One of our subsidiaries has been and continues to be named as a defendant in asbestos related product liability actions. The actual amounts expended on asbestos- related claims in any year may be impacted by the number of claims filed, the nature of the allegations asserted in the claims, the jurisdictions in which claims are filed, and the number of settlements. As of December 31, **2022-2023**, our subsidiary has a net liability of \$ 0. 3 million for the estimated indemnity cost associated with the resolution of its current open claims and future claims anticipated to be filed during the next five years. Due to a number of uncertainties, the actual costs of resolving these pending claims could be substantially higher than the current estimate. Among these are uncertainties as to the ultimate number and type of lawsuits filed, the amounts of claim costs, the impact of bankruptcies of other companies with asbestos suits or of our insurers, and potential legislative changes and uncertainties surrounding the litigation process from jurisdiction to jurisdiction and from case to case. In addition, future claims beyond the five- year forecast period are possible, but the accrual does not cover losses that may arise from such additional future claims. Therefore, any such future claims could result in a loss. Significant costs are incurred in defending asbestos claims and these costs are recorded at the time incurred. Receipt of reimbursement from our insurers may be delayed for a variety of reasons. In particular, if our primary insurers claim that certain policy limits have been exhausted, we may be delayed in receiving reimbursement due to the transition from one set of insurers to another. Our excess insurers may also dispute the claims of exhaustion, or may rely on certain policy requirements to delay or deny claims. Furthermore, the various per occurrence and aggregate limits in different insurance policies may result in extended negotiations or the denial of reimbursement for particular claims. For more information on the cost sharing agreements related to this risk, refer to Note 12 Commitments and Contingencies. Our products are used in potentially hazardous completion, production and drilling applications in the oil and natural gas industry where an accident or a failure of a product can potentially have catastrophic consequences. Risks inherent to these applications, such as equipment malfunctions; failures; explosions; blowouts or uncontrollable flows of oil, natural gas or well fluids; and natural disasters on land or in deepwater or shallow- water environments, can cause personal injury; loss of life; suspension of operations; damage to formations; damage to facilities; business interruption and damage to or destruction of property, surface water and drinking water resources, equipment and the environment. These risks can be caused or contributed to by failure of, defects in or misuse of our products. In addition, we provide certain services that could cause, contribute to or be implicated in these events. If our products or services fail to meet specifications or are involved in accidents or failures, we could face warranty, contract or other litigation claims, which could expose us to substantial liability for personal injury, wrongful death, property damage, loss of oil and natural gas production, and pollution or other environmental damages. In addition, failure of our products to operate properly or to meet specifications may increase costs by requiring additional engineering resources and services, replacement of parts and equipment or monetary reimbursement to a customer. Our insurance policies may not be adequate to cover all liabilities. Further, insurance may not be generally available in the future or, if available, insurance premiums may make such insurance commercially unjustifiable. Moreover, even if we are successful in defending a claim, it could be time- consuming and costly to defend. In addition, the frequency and severity of such incidents could affect operating costs, insurability and relationships with customers, employees and regulators. In particular, our customers may elect not to purchase our products or services if they view our safety record as unacceptable, which could cause us to lose customers and revenues. In addition, these risks may be greater for us because we may acquire companies that have not allocated significant resources and management focus to quality or safety, requiring rehabilitative efforts during the integration process. We may incur liabilities for losses associated with these newly acquired companies before we are able to rehabilitate such companies' quality, safety and environmental programs.

Climate change legislation or regulations restricting emissions of GHGs and related divestment and other efforts could increase our operating costs or reduce demand for our products. Environmental advocacy groups and regulatory agencies in the U. S. and other countries have focused considerable attention on the emissions of carbon dioxide, methane and other **GHGs** ~~greenhouse gases~~ and their potential role in climate change. In response to scientific studies suggesting that emissions of GHGs,

including carbon dioxide and methane, are contributing to the warming of the Earth's atmosphere and other climatic conditions, the U. S. Congress has considered adopting comprehensive legislation to reduce emissions of GHGs, and **almost approximately** half of the states have already taken legal measures to reduce emissions of GHGs, primarily through measures to promote the use of renewable energy and / or regional GHG cap- and- trade programs. The EPA has attempted to regulate **GHG greenhouse gas** emissions under the federal Clean Air Act --: • In December 2009, the EPA determined that emissions of carbon dioxide, methane and certain other GHGs endanger public health and the environment because emissions of such gases are, according to the EPA, contributing to warming of the Earth's atmosphere and other climatic changes. In October 2015, the EPA finalized the Clean Power Plan (" CPP "), which tried to impose additional obligations on the power generation sector to reduce GHG emissions. In August 2019, the EPA finalized the repeal of the 2015 regulations and replaced them with the Affordable Clean Energy rule (" ACE "), which designates heat rate improvement, or efficiency improvement, as the best system of emissions reduction for carbon dioxide from existing coal- fired electric utility generating units. In 2021, the U. S. Court of Appeals for the District of Columbia struck down the ACE rule but did not reinstate the former CPP regulation. In June 2022, the CPP was struck down by the United States Supreme Court, which held that Congress did not grant EPA the authority to devise emissions caps based on the generation- shifting approach the EPA took in the CPP. In **May 2023, the EPA proposed to vacate the ACE rule and establish control methods to reduce the GHG emissions of power generation sector through control methods that include carbon capture and storage, low- GHG hydrogen co- firing and natural gas co- firing.** • In August 2020, the EPA rescinded methane and volatile organic compound emissions standards for new and modified oil and gas transmission and storage infrastructure previously promulgated in 2016, as well as methane limits for new and modified oil and gas production and processing equipment. The EPA also relaxed requirements for oil and gas operators to monitor emissions leaks. However, in November 2021, the EPA proposed new source performance standards (" NSPS ") updates and emission guidelines to reduce methane and other pollutants from the oil and gas industry. In December 2022, the EPA issued a supplemental proposal to update, strengthen, and expand the November 2021 NSPS updates and further reduce methane and other pollutants from the oil and gas industry. The **final public comment period on the proposed rule was issued in December ended on January 5, 2023.** The EPA has also adopted rules requiring the reporting of **GHG greenhouse gas** emissions from specified large **GHG greenhouse gas** emission sources in the U. S., including oil and natural gas systems. In **July 2023, the EPA proposed to add reporting that would capture " other large release events " such as abnormal methane emission events that are not fully accounted for using existing methods. The White House has also taken actions targeting emissions of GHGs.** In August 2022, President Biden ~~also~~ signed into law the Inflation Reduction Act, which contains tax inducements and other provisions that incentivize investment, development, and deployment of alternative energy sources and technologies, which could increase operating costs within the oil and gas industry and accelerate the transition away from fossil fuels. Efforts have also been made and continue to be made in the international community toward the adoption of international treaties or protocols that would address global climate change issues. Although the U. S. had withdrawn from the Paris Agreement in November 2020, the Biden Administration officially reentered the U. S. into the agreement in February 2021. Under the Paris Agreement, the Biden Administration has committed the United States to reducing its **GHG greenhouse gas** emissions by 50- 52 % from 2005 levels by 2030. In November 2021, the ~~United States~~ **U. S.** and other countries entered into the Glasgow Climate Pact, which includes a range of measures designed to address climate change, including but not limited to the phase- out of fossil fuel subsidies, reducing methane emissions 30 % by 2030, and cooperating toward the advancement of the development of clean energy. The adoption of additional legislation or regulatory programs to reduce emissions of **GHGs greenhouse gases** could require us to incur increased operating costs to comply with new emissions- reduction or reporting requirements. Any such legislation or regulatory programs could also increase the cost of consuming, and thereby reduce demand for, hydrocarbons that certain of our customers produce and reduce revenues by other of our customers who provide services to those exploration and production customers. Consequently, legislation and regulatory programs to reduce emissions of **GHGs greenhouse gases** could have a material adverse effect on our business, financial condition and results of operations. In addition to the regulatory efforts described above, there have also been efforts in recent years aimed at the investment community, including investment advisers, sovereign wealth funds, public pension funds, universities and other groups, promoting the divestment of fossil fuel equities as well as to pressure lenders and other financial services companies to limit or curtail activities with companies engaged in the extraction of fossil fuel reserves. In connection with such developments, numerous market participants, including certain New York State pension and public employee retirement funds, have announced plans to completely or partially divest from fossil fuel and related stocks or otherwise pursue net- zero portfolio strategies. If these efforts are successful, our ability to access capital markets may be limited and our stock price may be negatively impacted. Members of the investment community have recently increased their focus on sustainability practices, including practices related to GHGs and climate change, in the oil and natural gas industry. As a result, we and our customers have come under increasing pressure to improve our sustainability and other Environmental, Social and Governance (" ESG ") performance and to increase our public reporting and disclosure on our ESG practices. Some of our customers have begun to screen their service providers, including us, for compliance with sustainability metrics and we may incur additional costs to comply with ESG reporting expectations and ESG- linked contracting policies for our customers and suppliers. Additionally, members of the investment community have begun to screen companies such as ours for sustainability performance before investing in our stock. If we are unable to establish adequate sustainability practices, we may lose customers, our stock price may be negatively impacted, our reputation may be negatively affected, and it may be more difficult for us to compete effectively. Our efforts to improve our sustainability practices in response to these pressures may increase our costs, and we may be forced to implement technologies that are not economically viable in order to improve our sustainability performance and to perform services for certain customers. Finally, some scientists have concluded that increasing concentrations of **GHGs greenhouse gases** in the Earth's atmosphere may produce climate changes that have significant physical effects, such as increased frequency and

severity of storms, droughts, and floods and other climatic events. Finally, increasing attention to the risks of climate change has resulted in an increased possibility of lawsuits or investigations brought by public and private entities against oil and natural gas companies in connection with their **GHG** greenhouse gas emissions. Should we be targeted by any such litigation or investigations, we may incur liability, which, to the extent that societal pressures or political or other factors are involved, could be imposed without regard to the causation of or contribution to the asserted damage, or to other mitigating factors. Risks Related to ~~our~~ **Our** International Operations: Our business operations worldwide are subject to a number of U. S. federal laws and regulations, including restrictions imposed by the FCPA as well as trade sanctions administered by the Office of Foreign Assets Control and the Commerce Department, as well as similar laws in non- U. S. jurisdictions that govern our operations by virtue of our presence or activities there. We rely on a large number of agents in non- U. S. countries that have been identified as posing a high risk of corrupt activities and whose local laws and customs differ significantly from those in the U. S. In many countries, particularly in those with developing economies, it is common to engage in business practices that are prohibited by the regulations applicable to us. The **FCPA** ~~U. S. Foreign Corrupt Practices Act~~ and similar anti- corruption laws in other jurisdictions, including the UK Bribery Act 2010, (“ anti- corruption laws ”) prohibit corporations and individuals from engaging in certain activities to obtain or retain business or to influence a person working in an official capacity. We may be held responsible for violations by our employees, contractors and agents for violations of anti- corruption laws. We may also be held responsible for violations by an acquired company that occur prior to an acquisition, or subsequent to an acquisition but before we are able to institute our compliance procedures. In addition, our non- U. S. competitors that are not subject to the FCPA or similar anti- corruption laws may be able to secure business or other preferential treatment in such countries by means that such laws prohibit with respect to us. The UK Bribery Act 2010 is broader in scope than the FCPA, applies to public and private sector corruption, and contains no facilitating payments exception. A violation of any of these laws, even if prohibited by our policies, could have a material adverse effect on our business. Actual or alleged violations could damage our reputation, be expensive to defend, impair our ability to do business, and cause us to incur civil and criminal fines, penalties and sanctions. Compliance with regulations relating to export controls, trade sanctions and embargoes administered by the countries in which we operate, including the U. S. Department of the Treasury’ s Office of Foreign Assets Control (“**OFAC**”) and similar regulations in non- U. S. jurisdictions also pose a risk to us. We cannot provide products or services to certain countries, companies or individuals subject to U. S. and other countries’ trade sanctions. Furthermore, the laws and regulations concerning import activity, export record keeping and reporting, export controls and economic sanctions are complex and constantly changing. Any failure to comply with applicable legal and regulatory trading obligations could result in criminal and civil penalties and sanctions, such as fines, imprisonment, debarment from governmental contracts, seizure of shipments and loss of import and export privileges. Fluctuations in currency exchange rates could be material to us depending upon, among other things, our manufacturing locations and the sourcing for our raw materials and components. In particular, we are sensitive to fluctuations in currency exchange rates between the U. S. dollar and each of the Canadian dollar, the British pound sterling, the Euro, and, to a lesser degree, the Mexican peso, the Chinese yuan, the Singapore dollar, and the Saudi riyal. There may be instances in which costs and revenue will not be matched with respect to currency denomination. As a result, to the extent that we expand on a global basis, higher portions of revenue, costs, assets and liabilities will be subject to fluctuations in foreign currency valuations. We may experience economic loss and a negative impact on earnings or net assets solely as a result of foreign currency exchange rate fluctuations. Further, the markets in which we operate could restrict the removal or conversion of the local currency, resulting in our inability to hedge against these risks. **Risks Related to Our Common Stock, Indebtedness and Financial Condition:** The market price of common stock of companies engaged in the oil and natural gas equipment manufacturing and services industry has been volatile. Likewise, the market price of our common stock has varied significantly in the past. For example, in ~~2022-2023~~, the market price of our common stock reached a high of \$ **33.84 per share on February 10, 2023, and a low of \$ 19.31** ~~per share on December 20-12, 2022-2023, and a low of \$ 16.79 per share on January 5, 2022~~. We expect our stock price to continue to remain volatile given the cyclical nature of our industry and our limited public float. Our ~~debt agreements~~ **indenture and Credit Facility** contain, and any future indebtedness we incur may contain, a number of restrictive covenants that will impose significant operating and financial restrictions on us, including restrictions on our ability to, among other things: • pay dividends on, purchase or redeem our common stock; • make certain investments; • incur or guarantee additional indebtedness or issue certain types of equity securities; • create certain liens; • sell assets, including equity interests in our restricted subsidiaries; • redeem or prepay subordinated debt or debt that is unsecured or secured on a basis junior to our notes; • restrict dividends or other payments of our restricted subsidiaries; • consolidate, merge or transfer all or substantially all of our assets; • engage in transactions with affiliates; • create unrestricted subsidiaries; or • execute our acquisition strategy. Our **senior secured asset- based lending facility (the “ Credit Facility ”) and our second lien seller term loan credit agreement we entered into to fund a portion of the purchase price of the Variperim Acquisition (the “ Seller Term Loan ”)** ~~also contains~~ **contain** covenants, which, among other things, require us in certain circumstances, on a consolidated basis, to maintain specified financial ratios or conditions. As a result of these covenants, we are limited in the manner in which we conduct our business, and we may be unable to engage in favorable business activities or finance future operations or capital needs. Our ability to borrow under the Credit Facility and comply with some of the covenants, ratios or tests contained in our ~~debt agreements~~ **indenture and Credit Facility** may be affected by events beyond our control. If market or other economic conditions deteriorate, and there is a decrease in our accounts receivable and inventory, our ability to borrow under our Credit Facility will be reduced and our ability to comply with these covenants, ratios or tests may be impaired. A failure to comply with the covenants, ratios or tests would result in an event of default, which, if not cured or waived, would cause some or all of our indebtedness to become immediately due and payable and have a material adverse effect on our business, financial condition and results of operations. The restrictions in our debt agreements may have significant consequences for our future prospects, including limiting our liquidity and flexibility in obtaining additional financing,

increasing our vulnerability to general adverse economic and industry conditions, and reducing our flexibility to plan for, and react to, changes in the economy and in our industry. Our ability to pay our expenses, and fund our working capital needs and debt obligations, will depend on our future performance, which will be affected by financial, business, economic, regulatory and other factors that are outside of our control. As a result of these factors, our business may not generate sufficient cash flow from operations to enable us to meet our debt obligations. **Any borrowings under our Credit Facility would be at variable rates of interest and expose us to interest rate risk. If interest rates were to increase, our debt service obligations on such variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, would correspondingly decrease. Assuming all loans available under our amended Credit Facility upon closing of the Variperm Acquisition are fully drawn, each quarter point change in interest rates would result in an approximately \$ 0. 6 million change in annual interest expense on our indebtedness under our Credit Facility. In the future, we may enter into interest rate swaps that involve the exchange of floating for fixed rate interest payments in order to reduce interest rate volatility. However, we may not maintain interest rate swaps with respect to all of our variable rate indebtedness, and any swaps we enter into may not fully mitigate our interest rate risk.** Our ability to access the capital and credit markets is limited by, among other things, oil and natural gas prices, our existing capital structure, our credit ratings, the state of the economy, the health of the drilling and overall oil and natural gas industry, trends among investors to avoid companies associated with the production of hydrocarbon products, and the liquidity of the capital markets. Many of the factors that affect our ability to access capital markets are outside of our control and may be negatively impacted by market events. Recent trends and conditions in the capital and credit markets with respect to the energy sector, including environmental and climate change related divestment campaigns, limit our ability to access these markets or may significantly increase our cost of capital. Low levels of exploration and drilling activity have caused and may continue to cause lenders to increase the interest rates under our credit facilities, enact tighter lending standards, refuse to refinance existing debt on acceptable terms or at all and may reduce or cease to provide funding. If we are unable to access the capital or credit markets on terms acceptable to us, it could have a material adverse effect on our business, financial condition, results of operations, cash flows and liquidity, particularly in respect of our ability to repay or refinance our debt. The existence of some provisions in our organizational documents and under Delaware law could delay or prevent a change in control of our company that a stockholder may consider favorable, which could adversely affect the price of our common stock. Certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws could make it more difficult for a third party to acquire control of our company, even if the change of control would be beneficial to our stockholders. These provisions include: • a classified board of directors, so that only approximately one- third of our directors are elected each year; • authority of our board to fill vacancies and determine its size; • the ability of our board of directors to issue preferred stock without stockholder approval; • limitations on the removal of directors; and • limitations on the ability of our stockholders to call special meetings. In addition, our amended and restated bylaws establish advance notice provisions for stockholder proposals and nominations for elections to the board of directors to be acted upon at meetings of stockholders. We evaluate our long- lived assets, including property and equipment, intangible assets with definite lives and operating lease right of use assets for potential impairment whenever events or changes in circumstances indicate that the carrying amount of a long- lived asset may not be recoverable. In performing our review for impairment, future cash flows expected to result from the use of the asset and its eventual value upon disposal are estimated. If the undiscounted future cash flows are less than the carrying amount of the assets, there is an indication that the asset may be impaired. The amount of the impairment is measured as the difference between the carrying value and the estimated fair value of the asset. The fair value is determined either through the use of an external valuation, or by means of an analysis of discounted future cash flows based on expected utilization. If we determine that the carrying value of our long- lived assets is less than their fair value, we would be required to record additional charges in the future, which could adversely affect our financial condition and results of operations.