Risk Factors Comparison 2024-03-08 to 2023-03-07 Form: 10-K

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Described below are certain risks that we believe apply to our business and the industry in which we operate. You should carefully consider each of the following risk factors in conjunction with other information provided in this Form 10- K and in our other public disclosures. The risks described below highlight potential events, trends or other circumstances that could adversely affect our business, financial condition, results of operations, cash flows, liquidity or access to sources of financing, and consequently, the market value of our common stock. Additional risks and uncertainties not currently known to us or that we currently deem immaterial may also materially adversely affect our business, financial condition and results of operations. All forward- looking statements made by us or on our behalf are qualified by the risks described below. RISK FACTORS SUMMARY You should carefully consider the information set forth below before deciding whether to invest in our securities. Below is a summary of material risks associated with an investment in our securities. Risks Related to Our Business and the Oil and Natural Gas Industry ? Our business depends on the levels of expenditures by companies in the oil and natural gas industry and particularly on the level of E & P activity ~~within~~ **in** Canada, the United States and internationally. ? The cyclicality of the oil and natural gas industry may cause our results of operations to fluctuate. ? Competition within our industry may adversely affect our ability to market our services. ~~? We may not be able to successfully implement our strategy of increasing sales of our products and services for use in the U.S.or select international markets.? The loss of any of our significant customers,or their failure to pay the amounts they owe us,could cause our revenue and cash flow to decline substantially.? The products and services we provide 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 may affect our financial condition and reputation.? Losses and liabilities from operating activities could have a material adverse effect on our business~~ ,financial condition and results of operations.? Explosive incidents arising out of dangerous materials used in our business could disrupt operations and result in bodily injuries and property damages **,which occurrences could have a material adverse effect on our business,financial condition and results of operations** .? ~~We are~~ **Low commodity price environments can negatively impact oil and natural gas E & P companies and,in some cases,impair their ability to timely pay for products or services provided or can result in their insolvency or bankruptcy,any of which** ~~exposed~~ **exposes us** to ~~counterparty~~ credit risk **of our oil and natural gas E & P customers** .? The growth of our business through acquisitions or strategic partnerships exposes us to various risks,including identifying suitable opportunities and integrating businesses,assets and personnel.? We may be adversely affected by the effects of inflation.? Disruptions or delays involving our suppliers or increases in prices for the components,raw materials and parts that we obtain from our suppliers could have ~~an~~ **a material** adverse effect on our business **and consolidated results of operations** .? Our success may depend on the continued service and availability of key personnel **.? We may be unable to attract and retain skilled and technically knowledgeable employees,which could adversely affect our business** .? We conduct a portion of our operations through the Repeat Precision joint venture,which subjects us to additional risks that could adversely affect the success of these operations **and the ability of Repeat Precision to make cash distributions to us** ,which could adversely impact our business,financial position and results of operations.? A significant amount of our revenue generated is denominated in **the Canadian dollar ("** CAD **")** and could be negatively impacted by currency fluctuations.? Our operations may be limited or disrupted **in certain parts of the continental United States,Canada and the North Sea** during severe weather conditions **,which could** ~~.? We may hold excess or obsolete inventory or~~ have **a material adverse effect on our business,financial condition** ~~insufficient inventory.? We could be subject to additional income tax liabilities.? Our operations~~ and **results of operations.? Hydraulic fracturing is substantially dependent on the availability of water.Restrictions on the ability of** our customers ~~' operations are subject~~ to **obtain water may have** a **material** ~~variety of governmental laws and regulations.? Policy changes affecting international trade could adversely~~ -- **adverse** ~~impact~~ **effect on** our business **,financial condition** ~~.Risks Related to Technology Advancement~~ and ~~Cybersecurity~~ **results of operations** ? Our success depends on our ability to develop and implement new technologies, products and services that align with the needs of our customers , including addressing the shift to more...... could cause our revenue to decline substantially . ? Advancements in drilling and well completion technologies and processes could have a material adverse effect on our business, financial condition, results of operations and cash flows. ? Our competitors may infringe upon, misappropriate, violate or challenge the validity or enforceability of our intellectual property ~~and we may not be able to adequately protect or enforce our intellectual property rights in the future~~ . **?** We may be adversely affected by disputes regarding intellectual property rights **of third parties** . ? **We may be unable** ~~The products and services we provide are used in operations that are subject~~ to **attract** ~~potential hazards inherent in the oil~~ and **retain skilled** ~~natural gas industry, including claims for personal injury~~ and ~~property damage,~~ **technically knowledgeable employees. ? Loss of our information** and ~~, as a~~ **computer systems could adversely affect our business. ? A cyber incident could occur and** result **in information theft** , **data corruption, operational disruption and /** ~~we are exposed to potential liabilities that may affect our~~ **or** financial **loss** ~~condition and reputation~~ . **Risks Related to Environmental and Regulatory Matters** ? ~~Losses and liabilities from operating activities could~~ **Restrictions on the ability of our customers to obtain water may** have a material adverse effect on our business , financial condition and results of operations......, financial condition and results of operations . ? The adoption of climate change legislation or regulations restricting emissions of GHGs, and associated litigation, could result in increased compliance or operating costs, limit the areas in which our customers may conduct E & P activities, and reduce demand for oil and natural gas. ? Federal ~~and~~ **,** state **and provincial** legislative and regulatory initiatives relating to hydraulic fracturing could result in increased costs and additional operating restrictions or delays on our customers ~~, which could in turn decrease the demand for our products and services~~. ? Restrictions on drilling activities intended to protect certain species of wildlife may adversely affect the ability of our customers to conduct drilling activities in some of the areas where we operate. ? We may not be able to meet applicable regulatory requirements for our use of certain chemicals by our tracer diagnostics business ~~, and, even if requirements are met, complying on an ongoing basis with the numerous regulatory requirements may be time- consuming and costly. ? Our operations and our customers' operations are subject to a variety of governmental laws and regulations that may increase our costs, limit the demand for our products and services or restrict our operations. ? If we are unable to accurately predict customer demand or if customers cancel their orders on short notice, we may hold excess or obsolete inventory, which would reduce gross margins. Conversely, insufficient inventory would result in lost revenue opportunities and potentially a loss in market share and damaged customer relationships. ? We could be subject to additional income tax liabilities. ? Loss of our information and computer systems could adversely affect our business. ? We are subject to cyber security risks. A cyber incident could occur and result in information theft, data corruption, operational disruption and / or financial loss. ? Impairment in the carrying value of long-lived assets including goodwill could negatively affect our operating results. ? Our business operations in countries outside of the United States are subject to U. S. and non- U. S. federal laws and regulations, including restrictions imposed by the Foreign Corrupt Practices Act as well as trade sanctions administered by the Office of Foreign Assets Control (" OFAC ") and the Commerce Department~~. Risks Relating to Our Indebtedness ? Our outstanding indebtedness could adversely affect our financial condition and our ability to operate our business, and we may not be able to generate sufficient cash flows to meet our debt service obligations **. ? We and our subsidiaries may be able to incur substantial indebtedness**. ? Restrictive covenants in the agreement governing our ABL Facility or other indebtedness may restrict our ability to pursue our business strategies. Risks Relating to Ownership of Our Common Stock ? We are controlled by the funds controlled by Advent International Corporation (" Advent "), whose interests may differ from those of our public stockholders. ? Future sales of our common stock, or the perception in the public markets that these sales may occur, could cause the market price for our common stock to decline. ? Anti- takeover protections in our amended and restated certificate of incorporation, our amended and restated bylaws or our contractual obligations may discourage or prevent a takeover of our company, even if an acquisition would be beneficial to our stockholders. ? We are a " smaller reporting company " and have elected to comply with reduced reporting requirements, which could make our common stock less attractive to investors. ? We may identify material weaknesses or otherwise fail to maintain an effective system of internal controls ~~, which may result in material misstatements of our financial statements or cause to us to fail to meet our reporting obligations or fail to prevent fraud; which would harm our business and could negatively impact the price of our common stock~~. ? Public and investor sentiment towards climate change, fossil fuels and other environmental, social and governance (" ESG ") matters could adversely affect ~~our cost of capital,~~ availability of capital and the price of our common stock. Risks Related to Our Business and the Oil and Natural Gas Industry Our business depends on the levels of expenditures by companies in the oil and natural gas industry and particularly on the level of E & P activity in Canada, the United States and internationally. Demand for our products and services depends substantially on the level of expenditures by companies in the oil and natural gas industry. These expenditures are generally dependent on our customers' views of future oil and natural gas prices and are sensitive to our customers' views of future economic growth and the resulting impact on demand for oil and natural gas. Declines, as well as anticipated declines, in oil and natural gas prices could result in project modifications, delays or cancellations, general business disruptions, and delays in payment of, or nonpayment of, amounts that are owed to us. In addition, more stable or higher commodity prices do not necessarily translate to a higher level of expenditures by companies in the oil and natural gas industry. For example, in recent years, investors in E & P companies have been prioritizing free cash flow and return of capital to shareholders over production growth, leading to lower expenditures. E & P companies require significant capital to drill and complete wells and it is becoming increasingly difficult for them to access capital. These trends may continue, even if commodity prices increase. Many factors over which we have no control affect the supply of and demand for, and our customers' willingness to explore, develop and produce oil and natural gas, and therefore, influence ~~demand levels~~ **the volumes we can sell** and **the** prices **we can charge** for our products and services, including: ? the **global** ~~domestic and foreign~~ supply of and demand for oil and natural gas; ? the level of prices, and expectations about future prices, of oil and natural gas; ? the level of global oil and natural gas E & P capital spending; ? the cost of exploring for, developing, producing and delivering oil and natural gas, which may increase as a result of inflation in wages, materials, components, parts, equipment and other costs borne by suppliers to E & P companies; ? the expected decline rates of current production; ? the price and quantity of foreign imports; ? political and economic conditions in oil **and natural gas** producing countries, including the **United States, Canada, the** Middle East, Africa **, Europe**, South America and Russia; ? **actions by** ~~the ability of members of~~ OPEC and certain other countries, including Russia (informally known as " OPEC ") **, with respect** to **oil** ~~agree to and maintain~~ production **levels** ~~controls to support oil prices; ? the COVID- 19 pandemic~~ and **announcements of potential changes in such levels** ~~related public health measures implemented by governments worldwide and any other regional or global health epidemics~~; ? speculative trading in crude oil and natural gas derivative contracts; ? the level of consumer product demand; ? the discovery rates of new oil and natural gas reserves; ? contractions in the credit market; ? the strength or weakness of the United States dollar (" USD "); ? available pipeline and other transportation capacity; ? the levels of oil and natural gas storage; ? weather conditions **,** ~~and other~~ natural disasters, including earthquakes, **wildfires, floods, drought,** hurricanes and tornadoes **, and health concerns and epidemics**; ? political instability in oil and natural gas producing countries; ? domestic and foreign tax policy; ? domestic and foreign governmental approvals and regulatory requirements and conditions; ? the continued threat of terrorism and the impact of military and other action, including military action in the Middle East or Ukraine; ? technological advances affecting energy demand, generation and consumption; ? the proximity and capacity of oil and natural gas pipelines and other transportation facilities; ? alternative energy requirements or technological advances and the demand and availability of alternative energy sources; ? energy conservation measures, including ~~the~~ increased focus by the investment community on sustainability practices in the oil and natural gas industry; ? climate change legislation or regulations restricting emissions of greenhouse gases and related divestment and other efforts; ? the ability of oil and natural gas producers to raise equity capital and debt financing; ? interest rates and the cost of capital for E & P companies; ? merger and divestiture activity among oil and natural gas producers; **? cyclical / seasonal business and dependence upon spending of our customers; ? competition among oilfield service and equipment providers;** and ? overall domestic and global economic conditions ~~. 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. For example, in 2020 the COVID- 19 pandemic materially reduced the demand for crude oil and natural gas, which led to a decline in commodity prices. The low commodity price environment resulted in a reduction in the drilling, completion and other production activities of most of our customers and a reduction in their spending on our products and services as well as the prices we were able to charge our customers. Although oil pricing has improved since mid- 2020, it is uncertain whether commodity prices will maintain current levels, decline or increase. Furthermore, there has been an increased focus on alternative energy sources which would reduce the demand for crude oil and natural gas. Inflationary factors, such as increases in the labor costs, material costs, and overhead costs, may result in an increase in E & P companies costs of exploring for, developing, producing and delivering oil and natural gas. These increased costs may make it less likely that E & P companies will do so. Starting in 2021, in connection with a global inflationary environment, E & P suppliers, including NCS, have faced substantial increases in costs. While oil and natural gas activity has continued to increase through 2021 and 2022, further inflationary cost increases could negatively impact E & P activity~~ . These factors and the volatility of the energy markets make it difficult to predict future oil and natural gas price movements ~~with any certainty~~ . **A decline in** ~~Any of the above factors could impact the level of~~ oil and natural gas **prices may** ~~E & P activity and could~~ have a material adverse effect on our business, financial condition and results of operations. In addition, regardless of the macro commodity price environment, our current or prospective customers may experience certain constraints that disproportionately impact their business and reduce their expenditures. Also, should a low commodity price environment impact our customers' expenditures, we could encounter difficulties such as an inability to access needed capital on attractive terms or at all, the incurrence of impairment charges, a reduction in our borrowing capacity under our ABL Facility, a need to reduce our capital spending and other similar impacts, any of which could have a material adverse effect on our business, financial condition and results of operations. The cyclicality of the oil and natural gas industry may cause our results of operations to fluctuate. We derive our revenues from companies **engaged** in ~~the~~ oil and natural gas **exploration and production** ~~E & P industry~~ , a historically cyclical industry with **levels of** activity **that are** significantly affected by the levels and volatility of oil and natural gas prices. ~~These~~ **We have experienced, and may in the future experience, significant fluctuations in operating results as a result of the reactions of our customers to changes in** oil and natural gas prices ~~historically have been extremely volatile and are expected to continue to be volatile~~ . **For example** ~~During the past five years~~ , **prolonged low commodity** ~~the posted West Texas Intermediate (" WTI ") price~~ **prices** ~~for~~ **experienced by the** oil **and** ~~has ranged from a low of $ (36. 98) per barrel, or Bbl, in April 2020 to a high of $ 123. 64 per Bbl in March 2022. Over the same period, the Henry Hub spot market price of~~ natural gas **industry during 2015** ~~has ranged from a low of $ 1. 33 per million British thermal units~~ , ~~or MMBtu,~~ **2016 and recently** in ~~September~~ 2020 ~~to a high of $ 23. 86 per MMBtu in February 2021. We have~~ , **combined with adverse changes in the capital** and **credit markets, caused** ~~may~~ **many** ~~in~~ **exploration and production companies to reduce** ~~the~~ **their** ~~future, experience~~ **capital budgets and drilling activity. This resulted in a** significant ~~fluctuations~~ **decline** in **demand for oilfield services** ~~operating results as a result of the reactions of our customers to changes in oil~~ and ~~natural gas~~ **products and adversely impacted the volume of products and services oilfield services companies could sell, and the** prices **oilfield** ~~. We have master~~ services **companies could charge for their products and services** ~~agreements (" MSAs ") with most of our customers which have no minimum purchase requirements~~ . **In addition** ~~As a result~~ , a **majority** ~~large portion~~ of **the revenue we earn is based upon product sales at market pricing. By selling** our ~~customers~~ **products at market pricing, we** are **exposed** ~~not obligated~~ to ~~buy our products or utilize our services for~~ **the risks of a rapid reduction in prices** ~~an~~ **and** ~~extended period~~ **resulting volatility in** ~~or~~ **our revenues** ~~at all~~ . Competition within our industry may adversely affect our ability to market our services. The **oilfield services industry is** ~~markets in which we operate are generally~~ highly competitive. The principal competitive factors ~~in~~ **impacting sales of** our ~~market~~ **products** are technology, service quality, safety track record and price **. The market is also fragmented and includes numerous small companies capable of competing effectively in our markets on a local basis, as well as several large companies that possess substantially greater financial and other resources than we do. Our larger competitors' greater resources could allow those competitors to compete more effectively than we can. For instance, our larger competitors may offer products at below- market prices or bundle ancillary products and services at no additional cost to our customers** . We compete with large national and multi- national companies that have ~~substantially~~ longer operating histories, greater financial, technical and other resources **and greater name recognition** than we do. ~~For instance, our larger competitors may offer services at below- market prices or bundle ancillary services at no additional cost to customers.~~ Several of our competitors provide a broader array of **products and** services and have a stronger presence in more geographic markets. **Some jobs** ~~In addition, we compete with several smaller companies capable of competing effectively on a regional or local basis. These companies may be able to charge lower prices for competing products and services, particularly if a company maintains a lower cost structure by investing less in research and development activities. These products and services offered by lower- priced competitors may be more attractive to our customers in lower commodity price environments, even if the products or services offered~~ are ~~inferior. Also, our competitors may be able to respond more quickly to new or emerging technologies, products and services and changes in customer requirements. These responses may come from direct competitors who offer similar products or services or competitors who offer substitutes. In certain circumstances, work is~~ awarded on a bid basis, which further increases competition based on price. Pricing is ~~often~~ **one of** the primary ~~factor~~ **factors** in determining which qualified contractor is awarded **a job** ~~the work. Also, this competitive environment may make it difficult to commercialize new products and gain customer adoption~~ . The competitive environment may be further intensified **by** ~~when oil and gas companies reduce their expenditures, such as what occurred through 2020 in response to a lower commodity price environment, leading to excess capacity and additional pricing pressure. In addition,~~ mergers and acquisitions among oil and natural gas companies **or other events** that have the effect of reducing the number of available customers ~~, and the greater focus on budgetary discipline and cash flows by oil and natural gas companies may make the environment more competitive~~ . **If** ~~As a result of a combination of continued pressure from increased~~ competition **remains the same or increases because of future industry downturns, we may be required to lower our prices,** which **would** ~~began during the second half of 2018 and 2019 and decreased demand for our products and services in 2020 due to the COVID- 19 pandemic, we had to lower the prices for our products and services, which~~ adversely ~~affected~~ -- **affect** our ~~business, financial condition and~~ results of ~~operation~~ **operations** . **In** ~~This competitive market has made it difficult for us to increase~~ the **future** ~~prices of our products and services as the oil and gas market has improved. Also, we have experienced an inflationary increase in our costs which started in 2021 and the competitive market has made it difficult to increase prices to the extent, and at the pace, to which we experience increases in our costs. As a result of competition~~ , we may lose market share or be unable to maintain or increase prices for our ~~current~~ products ~~or~~ **and** services or **may be unable** to acquire **or consummate** additional business opportunities, which could have a material adverse effect on our business, financial condition ~~and~~ **,** results of operations **and cash flows** . Our **competitors may be able** ~~success depends on our ability~~ to ~~develop and implement~~ **respond more quickly to** new **or emerging** technologies ~~, products~~ and services **and changes in customer requirements. The amount of equipment available may exceed demand, which could result in active price competition. In addition, competition among oilfield equipment providers is affected by each provider' s reputation for safety and quality. We cannot assure** that **we will be able** ~~align with the needs of our customers, including addressing the shift~~ to ~~more non- traditional energy markets as part of the energy transition. Our success depends on the ongoing development and implementation of new product designs and improvements, and on our ability to protect and~~ maintain **our** ~~critical intellectual property assets related to these developments. If we are unable to continue to develop and produce~~ competitive **position** ~~technology or deliver it to our clients in a timely and cost- competitive manner in the various markets we serve, it could have a material adverse effect on our business, financial condition and results of operations~~ . **We** ~~Also, if we are not able to obtain patent or other intellectual property protection of our technology, we~~ may not be able to recoup development costs or fully exploit systems....... We may not be able to successfully implement our strategy of increasing sales of our products and services for use in ~~basins located in~~ the U. S. or **select** international markets. A key component of our growth strategy is to increase our market share in the U. S. and international markets. In Canada, we have several product and service offerings where we have established a higher market share through a long- standing operating history. In the U. S. and international markets, we have been selling for a shorter period of time and thus must convince potential customers about either the value of the emerging technology compared to traditional methods or, in the case of more mature technology offerings, our differentiated benefits. In the United States, we sell a variety of products and services ~~, including our fracturing systems, enhanced recovery systems, well construction, tracer diagnostic services and composite frac plugs, perforating guns and related products through Repeat Precision~~ . To sell the fracturing systems products and services we must convince customers of the benefits of pinpoint stimulation as compared to traditional well completion techniques, which remain the prevailing methods to complete wells in the United States. In many circumstances, it has been and may continue to be difficult convincing potential customers of the benefits of our technologies relative to traditional well completion techniques, whether it be for more specific targeted uses or widespread adoption ~~. Additionally, unfavorable industry reports or poor well performance for wells that were completed using pinpoint stimulation would harm the perception of pinpoint stimulation and the technological advances in traditional well completion techniques that have made, and could continue to make, it more difficult to convince potential customers to adopt pinpoint stimulation~~ . For the other product and service categories that we sell in the United States, we often compete in markets with many other competitors where we have more limited technology differentiation which makes it more difficult to increase market share, as further described in the **above** risk factor — " Competition within our industry may adversely affect our ability to market our services. " In international markets, we sell a variety of products and services ~~, including our fracturing systems, enhanced recovery systems, well construction,~~ and ~~tracer diagnostic services. For these markets,~~ we often compete with large national and multi- national companies that have substantially longer operating histories in the geographic markets. International clients may be less likely to utilize smaller oilfield service providers as they prefer to leverage fewer providers with a proven track record in their market. ~~We also may face~~ **In addition, our international operations and global expansion strategy are subject to general risks related to such operations, including: ? political, social and economic instability and disruptions; ? export controls, economic sanctions, embargoes, import controls, duties and tariffs, and other trade restrictions; ? limitations on ownership and on repatriation or dividend of earnings; ? transportation delays and interruptions; ? labor unrest and current and changing** regulatory ~~issues~~ **environments; ? increased compliance costs, including costs associated with disclosure requirements and related due diligence; ? difficulties** in ~~various~~ **staffing and managing multi- national operations; ? limitations on our ability to enforce legal rights and remedies; and ? fluctuations in foreign currency exchange rates. If we are unable to successfully manage the risks associated with expanding our global business or adequately manage operational risks of our existing** international **operations, these risks could have a material adverse effect on our growth strategy into new geographical** markets ~~that may make it difficult to economically enter the market~~ **, our reputation, our business, results of operations, financial condition and cash flows** . A single customer constituted **7 % and** 6 ~~% and 7~~ % of our revenue for the years ended December 31, **2023 and** 2022 ~~and 2021~~ , respectively. The loss of any of our significant customers, or their failure to pay the amounts they owe us, could cause our revenue **and cash flow** to decline substantially. A single customer accounted for approximately **7 % and** 6 ~~% and 7~~ % of our revenue for the years ended December 31, **2023 and** 2022 ~~and 2021~~ , respectively. Additionally, our five largest customers accounted for approximately **28 % and** 24 ~~% and 30~~ % of our revenue for the years ended December 31, **2023 and** 2022 ~~and 2021~~ , respectively. It is likely that we will continue to derive a significant portion of our revenue from these customers in the near future. There has been an increase in consolidation amongst E & P companies and, as a result, we have experienced a reduction in spending with certain large customers and may continue to further experience a reduction in future business with consolidating customers if combined capital spending is reduced, if procurement strategies are altered, or if the counterparty in the consolidation has other preferred vendors for the products and services we have been providing. If any large customers decided not to continue to use our products and services for any reason, our revenue would decline, which could have a material adverse effect on our business, financial condition and results of operations. In addition, we are subject to credit risk due to the concentration of our customer base. Any nonperformance by these customers, including their failure to pay the amounts they owe us, either as a result of changes in general financial and economic conditions, conditions in the oil and natural gas industry or otherwise, could have a material adverse effect on our business, financial condition and results of operations. **which include weight restrictions on** the ~~second quarter of 2023,~~ **paved roads that lead to our jobsites due to the muddy conditions caused by spring thaws.This can limit our** access to **these jobsites and our ability to service** ~~well~~ **wells** ~~sites~~ in ~~Canada were particularly impacted by wildfires,which negatively impacted certain of our customers' cash flows,and their drilling and completion activity in the~~ **these areas** ~~second half of 2023~~ .Harsh winter conditions in the North Sea can result in strong winds and high waves,which can limit our ability to service offshore platforms.These constraints and the resulting shortages or high costs could delay our operations and materially increase our operating and capital costs in those regions.Weather conditions may also affect the price of crude oil and natural gas,and related demand for our services. ~~If we are~~ **Any of these factors** Advancements in drilling and well completion technologies and processes could have a material adverse effect on our business, financial condition, results of operations and cash flows. Our industry is characterized by rapid and significant technological advancements and introductions of new products and services using new technologies. As new well completion technologies develop, we may be placed at a competitive disadvantage, and competitive pressure may force us to implement new technologies at a substantial cost. We may not be able to successfully acquire or use new technologies. New technologies, services or standards, including improvements to existing competing technologies, could render our technologies, products or services obsolete, which could have a material adverse effect on our business, financial condition and results of operations. In addition, the development of new processes to replace hydraulic fracturing altogether or that replace our technologies, could cause a decline in the demand for the products and services that we provide and could result in a material adverse effect on our business, financial condition and results of operations. Our competitors may infringe upon, misappropriate, violate or challenge the validity or enforceability of our intellectual property and we may not be able to adequately protect or enforce our intellectual property rights in the future ~~. We may be adversely affected by disputes regarding intellectual property rights~~ . We currently hold multiple U. S., Canadian and international patents and have multiple pending patent applications for products and processes. Patent rights are limited and it may be possible for a third- party to design around our patents. Furthermore, patent rights have strict territorial limits and we may not be able to enforce our patents against infringement occurring in " 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. Despite our efforts to safeguard our intellectual property rights, we may not be successful in doing so, or the steps taken by us in this regard may not be adequate to detect or deter misappropriation of our technology or to prevent an unauthorized third party from copying or otherwise obtaining and using our products, technology or other information that we regard as proprietary. Moreover, our competitors may independently develop equivalent knowledge, methods and know- how. Competitors could purchase our products and attempt to replicate some or all of the competitive advantages we derive from our development efforts, infringe our intellectual property rights, design around our protected technology or develop their own competitive technologies that fall outside of our intellectual property rights. Our inability to adequately protect our intellectual property could allow our competitors and other third parties to produce products based on our patented or proprietary technology and other intellectual property rights, providing increased competition and pricing pressure, which could substantially impair our ability to compete. In addition, by customarily entering into employment, confidentiality and / or license agreements with our employees, customers and potential customers and suppliers, we attempt to limit access to and distribution of our technology. Our rights in our confidential information, trade secrets, and confidential know- how will not prevent third parties from independently developing similar information. Publicly available information (e. g. information in expired issued patents, published patent applications, and scientific literature) can also be used by third parties to independently develop technology. This independently developed technology may be equivalent or superior to our proprietary technology. Confidential information shared with employees, customers and potential customers and suppliers may be used by those parties in a manner inconsistent with their employment, confidentiality and / or license agreements and we may not be able to adequately protect against or stop such behavior. We may not be able to determine if competitive technology offered by third parties was independently developed or resulted from breach of our agreements. In addition, we operate in certain jurisdictions with a heightened risk of misappropriation or misuse of confidential information and intellectual property and it may be more difficult in such jurisdictions to enforce our rights. We **may be adversely affected by disputes regarding intellectual property rights of third parties. We** have in the past, are presently, and may in the future, become involved in legal proceedings to protect and enforce our intellectual property rights. In addition, third parties may initiate litigation against us by asserting that the conduct of our business infringes, misappropriates or otherwise violates intellectual property rights. We may not prevail in any legal proceedings related to such claims, and our products and services may be found to infringe, impair, misappropriate, dilute or otherwise violate the intellectual property rights of others. If we are sued for infringement and lose, we could be required to pay substantial damages and / or be enjoined from using or selling the infringing products or technology. Likewise, if we do not prevail in the lawsuits initiated by us, it could impact the strength or validity of the patents in question and decrease our competitive advantage in the market that was protected by the patent. **For example, as described in " Note 11. Commitments and Contingencies – Canadian Patent Matters, " a judge in the Canada Court rendered a decision against us holding that our asserted patents were invalid and that we infringed upon a patent of a third party. The Canada Court granted an injunction prohibiting us from any further infringement of the asserted patent. To comply with this injunction, we were able to modify our product with minimal costs, however, there can be no assurance that we would be able to do so with any future matter. In addition, if we are not successful in appealing the infringement determination in this or a similar decision, we would be subject to a damages trial where the court may award significant damages if the court disagrees with our position regarding the proper measure of damages attributable to the invention.** Any legal proceeding concerning intellectual property is ~~likely to~~ **generally not covered by insurance and could** be protracted and costly **regardless of the merits of any claim** and is inherently unpredictable and could have a material adverse effect on our ~~business,~~ financial condition ~~and results of operation~~ , regardless of ~~its~~ **the** outcome . The products and services we provide......, financial condition and results of operations . We may be unable to attract and retain skilled and technically knowledgeable employees, which could adversely affect our business. Our success and future growth is dependent upon attracting and retaining highly skilled professionals and other technical personnel. A number of our employees are highly skilled engineers, chemists and highly trained technicians, and our failure to continue to attract and retain such individuals could adversely affect our ability to compete in the oilfield services industry. We may confront significant and potentially adverse competition for these skilled and technically knowledgeable personnel, particularly during periods of increased demand for oil and natural gas. Additionally, at times there may be a shortage of skilled and technical personnel available in the market, potentially compounding the difficulty of attracting and retaining these employees. ~~Although we have not experienced any material labor shortage to date, we have recently observed an overall tightening and increasingly competitive local labor market.~~ A sustained labor shortage or increased turnover rates within our employee base could lead to increased costs and a material impact on our operations. If we are unable to recruit or retain sufficient skilled and technical personnel, it could have a material adverse effect on our business, financial condition and results of operations. **Loss** ~~We conduct a portion~~ of **,** ~~our~~ - **or interruption** ~~operations through the Repeat Precision joint venture, which subjects us~~ to ~~additional risks that~~ **, our information and computer systems** could adversely affect ~~the success of these operations~~ **our business. We are heavily dependent on our information systems** and **computer based programs** ~~the ability of Repeat Precision to make cash distributions to us~~ , ~~which~~ **including our engineering information and accounting data. If any of such programs or systems were to fail or create erroneous information in our hardware or software network infrastructure, whether due to cyberattack or otherwise, unfavorable consequences** could ~~adversely impact~~ **result including loss of our communication links** ~~our~~ - **or the inability to automatically process commercial transactions or engage in similar automated or computerized** business **activities** ~~, financial position and results of operations~~ . **Any** We conduct a portion of our operations...... the business that is the subject of such **consequence** ~~joint venture and our ability to receive cash distributions from the joint venture, which would in turn adversely affect our business, financial position and results of operations. A significant amount of our revenue generated is denominated in CAD and could be negatively impacted by currency fluctuations. Approximately 65 % of our revenue for the year ended December 31, 2022 was generated in Canada, which may expose us to currency fluctuations. Changes in currency exchange rates, particularly with respect to CAD,~~ could have a material adverse effect on our **business, financial condition and** results of operations **. We are subject to cybersecurity risks. A cyber incident could occur and result in information theft, data corruption, operational disruption and /** or financial ~~position. As we have a trade accounts receivable balance in Canadian dollars of $ 19. 6 million CAD as of December 31, 2022, a 10 % movement in exchange rates for CAD relative to USD would increase or decrease the resulting trade accounts receivable balance by $ 1. 4 million. We have not hedged our exposure to changes in foreign currency exchange rates and, as a result, could incur significant and unanticipated translation gains and losses~~ -- **loss** . Our operations ~~may~~ **depend** on effective and secure information technology systems.Threats to information technology systems,including as a result of cyberattacks and cyber incidents,continue to grow.Cybersecurity risks could include,but are not limited to,ransomware attacks,malicious software,attempts to gain unauthorized access to our data and the unauthorized release,corruption or loss of our data and personal information,interruptions in communication,loss of our intellectual property or theft of our sensitive or proprietary technology,loss or damage to our data delivery systems,or other cybersecurity and infrastructure systems,including our property and equipment.As a result of our hybrid work schedule,remote work and remote access to our systems has increased significantly as a large number of our office employees work remotely at least two days a week.Remote work relies heavily on the use of remote networking and online conferencing services that enable employees to work outside of our corporate infrastructure and,in some cases,use their own personal devices,which exposes us to additional cybersecurity risks,including unauthorized access to sensitive information as a result of increased remote access and other cybersecurity related incidents.We are consistently subject to attempts to compromise our information technology systems.It is possible that our business,financial and other systems could ~~be~~ be **compromised** ~~limited or disrupted in certain parts of the continental United States, Canada and the North Sea during severe weather conditions~~ , which **could go unnoticed for a prolonged period of time. While we utilize various procedures and controls to mitigate exposure to such risk, there can be no assurance that the procedures and controls that we implement, or which we cause third party service providers to implement, are sufficient to protect our systems, information or other property. Additionally, customers as well as other third parties upon whom we rely face similar cybersecurity threats, which could directly or indirectly impact our business and operations. The occurrence of a cyber incident or attack** could have a material adverse effect on our business, financial condition and results of operations. **Further, as cyber incidents continue to evolve, we may be required to incur additional costs to continue to modify or enhance our protective measures or to investigate or remediate the effects of cyber incidents. Also, our insurance coverage for cyberattacks may not be sufficient to cover all the losses we may experience as a result of such cyberattacks. For additional information on our cybersecurity and information technology systems, see "**

Item 1C. Cybersecurity " below. Complications with our ERP system could adversely impact our business and operations. We **rely extensively on information systems and technology to manage our business and summarize operating results. Our ERP system is designed to accurately maintain our financial records, enhance operational functionality and** provide **timely information** ~~products and services~~ to ~~E & P companies that~~ **our management team related to the operation of the business. Technical issues in the operation of our ERP system could cause operating and reporting delays, increased costs and other difficulties. If we are unable to successfully** operate in basins throughout the continental United States...... and ? loss of productivity, or **our ERP system** ~~exposure of our employees to harm. Many municipalities impose bans or other restrictions on the use of roads and highways~~ , **it** which include weight restrictions on the paved...... our services. Any of these factors could have a material adverse effect on our business, financial condition and results of operations. ~~activity~~ **Additionally** , ~~export recordkeeping and~~ **if we do not effectively operate the ERP system,our internal control over financial** reporting ~~,export control 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~~ **be deemed ineffective which may adversely affect our ability to assess those controls adequately or timely** , ~~such as fines,imprisonment,debarment from governmental contracts,seizure of shipments~~ and ~~loss of import and export privileges~~ **may limit our ability to produce reliable financial data** .We may not be able to satisfy technical requirements,testing requirements,code requirements or other specifications under contracts and contract tenders.Many of our products could be used in harsh environments and severe service applications.Our contracts with customers and customer requests for bids may 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 cannot assure you 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 the required testing,our customers may cancel their contracts and / or seek new suppliers,which could have a material adverse effect on our business, **financial condition and results of operations.Risks Related to Environmental and Regulatory Matters** Hydraulic fracturing is substantially dependent on the availability of water. Restrictions on the ability of our customers to obtain water may have a material adverse effect on our business, financial condition and results of operations. Water is an essential component **in unconventional** ~~of deep shale~~ oil and natural gas **development and** production during both the drilling and hydraulic fracturing processes. Over the past several years, certain of the areas in which we sell our products and services have experienced extreme drought conditions and competition for water in such ~~shales~~ **areas** is growing. As a result of this severe drought, some local water districts **and Canadian provinces** have begun restricting the use of water subject to their jurisdiction for hydraulic fracturing to protect local water supply. The inability of our customers to obtain water to use in their operations from local sources or to effectively utilize flowback water could impact demand for our products and services, which could have a material adverse effect on our business, financial condition and results of operations. The adoption of climate change legislation or regulations restricting emissions of GHGs, and associated litigation, could result in increased compliance or operating costs, limit the areas in which our customers may conduct E & P activities, and reduce demand for oil and natural gas. Governmental, scientific, and public concern over the threat of climate change arising from GHG emissions is giving rise to an increased likelihood of regulatory actions to address climate change in the United States and abroad. As a result, our customers are or may become subject to statutes or regulations aiming to reduce emissions of GHGs. In December 2009, the EPA determined that emissions of carbon dioxide, methane and other GHGs present an endangerment to 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. Based on these findings, the EPA has proposed regulations restricting emissions of GHGs under existing provisions of the CAA, including establishing **New Source Performance Standards ("** NSPS **")** , a set of uniform technology- based standards for new and modified sources of air pollution, that govern emissions of methane and volatile organic compounds from new and modified oil and natural gas development and production operations. **In May 2023, the** EPA ~~also is expected to issue~~ **issued a proposed rule setting** NSPS ~~for new gas~~ **that would regulate GHGs from fossil fuel** - fired power plants ~~and existing coal and gas power plants in March 2023~~ . ~~In addition~~ **If finalized** , **this** ~~in November 2021, EPA issued a~~ proposed rule ~~and a corresponding supplemental proposal~~ **would have profound effects on future energy production. Most recently,** in ~~November~~ **December** ~~2022~~ **2023** , **the EPA announced a final rule** that ~~would~~ **will** sharply reduce ~~the emission~~ **emissions** of **methane and other harmful air pollution from oil and natural gas operations. The final rule includes updated and strengthened standards for** methane and other air pollutants from ~~both~~ new **, modified,** and ~~existing~~ **reconstructed** sources **,** ~~in the oil and natural gas~~ - **as well** ~~industry. The proposal would expand current emissions reduction requirements for new, modified and reconstructed oil and natural gas~~ - **as guidelines to assist** ~~sources, and would require~~ states **in developing plans** to ~~reduce~~ **limit** methane emissions from ~~hundreds of thousands of~~ existing sources ~~nationwide for the first time~~ . **The** ~~Most recently, the~~ Inflation Reduction Act of 2022 became law in August 2022, and aims to reduce GHGs, including carbon dioxide, by 40 percent by 2030. The Inflation Reduction Act provides billions of dollars in **financial incentives, in the form of** grants and loans **,** designed to facilitate financing and deployment of renewable energy projects in the United States. **In November 2005, the Canadian federal government began to regulate carbon dioxide emissions by adding carbon dioxide to the List of Toxic Substances under CEPA. Today, many GHG emissions sources are subject to a carbon tax of CAD 65 / CO2e, which will rise to CAD 170 / CO2e in 2030 or to a provincial system which is equivalent to the federal tax. In June 2022, the Canadian federal government also brought into force the CFR which sets GHG emissions limits on a variety of liquid fuels, including gasoline and diesel. In December 2023, the federal government released the Federal Cap Framework that**

proposes regulations to cap oil and gas emissions in 2030 at 35 to 38 percent below 2019 levels. At the same time the Canadian federal government proposed amendments to reduce methane emissions in the upstream oil and gas sector by 75 % below 2012 levels by 2030. While the scope and future implementation of any final rules **and regulations** regarding such proposed NSPS **in the United States or the Federal Cap Framework in Canada** , emissions requirements and financial incentives, remain uncertain, these rules **and regulations** could have an adverse effect on our customers and result in an indirect material adverse effect on our business. Various U. S. states or groups of states **also** have adopted or considered adopting legislation, regulations or other governmental actions focused on reducing GHG emissions, including cap and trade programs, carbon taxes, **restricting methane emissions from exploration and production activities,** reporting and tracking initiatives and renewable portfolio standards. At the international level, the United States ~~is a party~~ **and Canada are parties** to the United Nations- sponsored Paris Agreement, a non- binding agreement for nations to limit their GHG emissions through individually-determined reduction goals. **Moreover, at the December 2023, COP28 climate summit, representatives from nearly 200 countries agreed to transition away from fossil fuels in energy systems so as to achieve net zero by 2050.** Although it is not possible at this time to predict how any legal requirements imposed following the implementation of the Paris Agreement **, subsequent international negotiations** or otherwise that may be adopted or issued to address ~~or restrict~~ GHG emissions would impact our business or that of our customers, any such future laws, regulations or legal requirements imposing reporting or permitting obligations on, or limiting emissions of GHGs from, oil and natural gas exploration activities could require our customers to incur costs to reduce emissions of GHGs associated with their operations. In addition, substantial limitations on GHG emissions could adversely affect demand for the oil and natural gas our customers produce ~~or make it more expensive to develop and produce hydrocarbons, which could have a material adverse effect on future demand for our products and services~~ . In addition, **various federal and / or state common law** claims have been made against certain energy companies alleging that GHG emissions **have resulted in actionable damages** ~~from oil and natural gas operations constitute a public nuisance under federal and / or state common law~~ . As a result, private individuals may seek to enforce environmental laws and regulations against certain energy companies and could allege personal injury or property damages. While our business is not a party to any such litigation, we could be named in actions making similar allegations. An unfavorable ruling in any such case could significantly impact our or our customers' operations and could have a material adverse effect on our business, financial condition and results of operations. Moreover, climate change may cause more extreme weather conditions such as more intense **droughts,** hurricanes, thunderstorms, tornadoes and snow or ice storms, as well as **wildfires and** rising sea levels and increased volatility in seasonal temperatures. Extreme weather conditions can interfere with our or our customers' operations and increase our costs, and damage resulting from extreme weather may not be fully insured. However, at this time, we are unable to determine the extent to which climate change may lead to increased storm or weather hazards affecting our operations. Federal and state legislative and regulatory initiatives relating to hydraulic fracturing could result in increased costs and additional operating restrictions or delays on our customers, which could in turn decrease the demand for our products and services. Our business is dependent on the ability of our customers to conduct hydraulic fracturing and horizontal drilling activities. Hydraulic fracturing is an important common practice that is used to stimulate production of hydrocarbons, particularly natural gas, from tight formations, including shales. The process, which involves the injection of water, sand and other proppants under pressure into formations to fracture the surrounding rock and stimulate production, is typically regulated by state oil and natural gas commissions **in the United States and provincial energy regulators in Canada** . ~~The~~ **In the United States, the** federal government can, however, limit hydraulic fracturing activities on federal lands through permitting, including by limiting the amount of lands available to lease or increasing royalty rates. In addition, the current administration cancelled the construction permit for the Keystone XL oil pipeline, which would have transported Canadian oil to the Gulf Coast. Federal **and provincial** agencies also have asserted regulatory authority over additional aspects of the process and there are certain governmental reviews either completed, underway, or being proposed that focus on the environmental aspects of hydraulic fracturing practices. These completed, ongoing, or proposed studies, depending on their degree of pursuit and whether any meaningful results are obtained, could spur initiatives to further regulate hydraulic fracturing. For example, in December 2016, the EPA released a final report assessing the potential impacts of hydraulic fracturing on drinking water resources. In this report, the EPA found scientific evidence that hydraulic fracturing activities can impact drinking water resources under some circumstances. Other governmental agencies, including the U. S. Department of Energy, the U. S. Geological Survey and the U. S. Government Accountability Office, have evaluated or are evaluating various other aspects of hydraulic fracturing. State **, provincial** and federal regulatory agencies recently have focused on a possible connection between the operation of injection wells used for oil and natural gas waste disposal and seismic activity. Similar concerns have been raised that hydraulic fracturing may also contribute to seismic activity. When caused by human activity, such events are called induced seismicity. Regulatory agencies at all levels are continuing to study the possible linkage between oil and natural gas activity and induced seismicity. These ongoing or proposed studies could spur initiatives to further regulate hydraulic fracturing and could ultimately make it more difficult or costly to perform fracturing and increase the costs of compliance and doing business for our customers. In addition, in response to concerns regarding induced seismicity, regulators in some states **and provinces** have from time to time, developed and implemented plans directing certain wells where seismic incidents have occurred to **monitor,** restrict or suspend disposal well operations. Such actions to **monitor,** restrict or suspend disposal well operations could make it more difficult or costly for our customers to perform fracturing **and may increase their operating costs, thereby reducing their cash flows** . Various state **, provincial,** and local- level initiatives in regions with substantial shale resources have been or may be proposed or implemented to further regulate hydraulic fracturing practices, limit water withdrawals and water use, require disclosure of fracturing fluid constituents, restrict which additives may be used, or implement temporary or permanent bans on hydraulic fracturing. For instance, the State of New York elected in 2015 to prohibit high volume hydraulic fracturing altogether and California is **poised** ~~taking steps~~ to ban **hydraulic** ~~fracking~~ **fracturing** on state- permitted lands in 2024. Any increased regulation of hydraulic fracturing could reduce our customers' demand for our products and services and have a material adverse effect on our business, financial condition and results of operations. At this time, it is not possible to estimate the impact on our business of newly enacted or potential federal, state **, provincial** or local laws governing hydraulic fracturing. Restrictions on drilling activities intended to protect certain species of wildlife may adversely affect the ability of our customers to conduct drilling activities in some of the areas where we operate. Oil and natural gas operations in our operating areas can be adversely affected by seasonal or permanent restrictions on drilling activities designed to protect various wildlife **and their habitat** , which may limit the ability of our customers to operate in protected areas. Permanent restrictions imposed to protect endangered species could prohibit drilling in certain areas or require the implementation of expensive mitigation measures. Additionally, the designation of previously unprotected species as threatened or endangered in areas where we operate could result in increased costs arising from species protection measures. Restrictions on the oil and natural gas operations of our customers to protect wildlife **and their habitat** could reduce demand for our products and services, which could have a material adverse effect on our business, financial condition and results of operations. We may not be able to meet applicable regulatory requirements for our use of certain chemicals by our tracer diagnostics business, and, even if requirements are met, complying on an ongoing basis with the numerous regulatory requirements may be time- consuming and costly. The chemicals that we use in our tracer diagnostics business may be subject to government regulation in our target markets. In the United States, the EPA administers the Toxic Substances Control Act (the " TSCA ") which regulates the commercial registration, distribution, and use of many chemicals, including many of the chemicals we use in our tracer diagnostics business. Before we can manufacture or distribute significant volumes of a chemical, we need to determine whether that chemical is listed in the TSCA inventory. If the substance is listed, then manufacture or distribution can commence immediately. If not, then we must file a Pre- Manufacture Notice (" PMN ") with the EPA for review. Certain categories of chemical substances may be exempt from a full PMN review, including chemical substances that qualify for a Low Volume Exemption (" LVE "). We have filed PMNs for certain chemicals, and have sought for and obtained LVEs for other chemicals that we use in our tracer diagnostics business, and we will file additional PMNs or seek additional LVEs in the future. We may not be able to expediently receive approval from the EPA to list such chemicals on the TSCA inventory, resulting in delays in our ability to manufacture such chemicals, or significant increases in testing requirements. In addition, once we have ~~a consent order from~~ the EPA ~~allowing~~ **approval authorizing** us to manufacture PMN substances for our tracer diagnostics business, we remain subject to regulatory requirements, including, as applicable, volume limitations that may impede us from producing sufficient quantities of such chemicals. Noncompliance with ~~an~~ **the** EPA consent order could result in civil or criminal penalties and delays, or require us to cease operations that are authorized under the consent order. Similar programs exist in most, if not all, of the countries in which we may seek to produce, import or use certain chemicals in our tracer diagnostics business, including compliance with regulations imposed in Canada by the Environment and Climate Change Canada / Health Canada **as well as in Norway, the United Kingdom and Australia. These programs may increase the risk of noncompliance as well as result in additional testing that increases cost and may limit the number of tracers that are available to use in those markets** . In addition, federal and state agencies may change the requirements or increase their scrutiny as it relates to any of the chemicals we use. For instance, some of the chemicals we use are classified as per- and polyfluoroalkyl substances (" PFAS "), which are becoming subject to greater regulation by certain agencies **, including the EPA** . We cannot assure you that we will be able to obtain necessary approvals in a timely manner or at all. If we do not meet applicable regulatory requirements in a particular country for some chemicals, then we may not be able to commercialize those chemicals or tracers in such country, and our business could be adversely affected. **In addition, with respect to PFAS, in October 2023, the EPA published a final rule under TSCA to require all manufacturers (including importers) of PFAS and PFAS- containing articles in any year since 2011 to report information to the EPA on PFAS uses, production volumes, disposal, exposures, and hazards.** Changes in regulatory requirements, laws and policies, or evolving interpretations of existing regulatory requirements, laws and policies, may result in increased compliance costs, delays, capital expenditures and other financial obligations that could adversely affect our business or financial results. Our operations and our...... on our business, financial condition and results of operations. Risks Relating to Our Indebtedness We are a holding company and rely on dividends, distributions and other payments, advances and transfers of funds from our subsidiaries to meet our obligations. We are a holding company that does not conduct any business operations of our own. As a result, we are largely dependent upon cash dividends and distributions and other transfers from our subsidiaries to meet our obligations. The agreements governing the indebtedness of our subsidiaries impose restrictions on our subsidiaries' ability to pay dividends or other distributions to us. The deterioration of the earnings from, or other available assets of, our subsidiaries for any reason also could limit or impair their ability to pay dividends or other distributions to us. Our outstanding indebtedness could adversely affect our financial condition and our ability to operate our business, and we may not be able to generate sufficient cash flows to meet our debt service obligations. As of December 31, ~~2022~~ **2023** , our total outstanding indebtedness was $ ~~7~~ **8** . ~~9~~ **2** million, of which no amount was outstanding under our ABL Facility. Under our ABL Facility, which is secured by substantially all of our assets, we may borrow up to the lesser of a borrowing base and $ 35. 0 million, with sublimits for loans in Canadian dollars, letters of credit and swingline loans. The borrowing base is determined based on 85 % of eligible accounts ~~receivable~~ **receivables** , 85 % of the net orderly liquidation value of eligible inventory, and 100 % of cash in a specified pledged account, subject to change in the administrative agent' s permitted discretion, and does not include assets of Repeat Precision ~~. The ABL Facility authorizes, but does not require, the administrative agent to make over- advances, notwithstanding a borrowing base deficiency, of up to 10 % of aggregate commitments (but never to exceed the lenders' aggregate commitments)~~ . Our ABL Facility is subject to interest rate fallback provisions applicable in the event that the secured overnight financing rate (" SOFR ") or other interest rate benchmarks provided thereunder become unavailable or unrepresentative of lenders' cost of funds. There can be no assurance that our ABL Facility will be adequate in size to satisfy our liquidity needs, or that adverse energy market developments impacting our customers will not constrain our liquidity by reducing the size of our borrowing base. Our outstanding indebtedness, and any additional indebtedness we incur, may have important consequences for us, including, without limitation, that: we may be required to use a substantial portion of our cash flow to pay the principal of and interest on our indebtedness; our indebtedness and leverage may increase our vulnerability to adverse changes in general economic and industry conditions, as well as to competitive pressures; our ability to obtain additional financing for working capital, capital expenditures, acquisitions and for general corporate and other purposes may be limited; our indebtedness may expose us to the risk of increased interest rates because our borrowings are at variable rates of interest (including SOFR); our indebtedness may prevent us from taking advantage of business opportunities as they arise or successfully carrying out our plans to expand our business; and our flexibility in planning for, or reacting to, changes in our business and our industry may be limited by covenants in our indebtedness documents. Under the terms of the credit agreement governing our ABL Facility, we are required to comply with specified financial and operating covenants, which may limit our ability to operate our business as we otherwise might operate it. The obligations under our ABL Facility may be accelerated upon the occurrence of an event of default, which includes customary events of default including, without limitation, payment defaults, cross- defaults to certain material indebtedness, covenant defaults, material inaccuracy of representations and warranties, bankruptcy events, material judgments, certain ERISA- related events, material defects with respect to guarantees and collateral, invalidity of subordination provisions and change of control. If not cured, an event of default could result in any amounts outstanding, including any accrued interest and unpaid fees, becoming immediately due and payable, which would require us to, among other things: seek additional financing in the debt or equity markets, refinance or restructure all or a portion of our indebtedness, sell selected assets and / or reduce or delay planned capital or operating expenditures. Such measures might not be sufficient to enable us to service our debt and any such financing or refinancing might not be available on economically favorable terms or at all. If we are not able to generate sufficient cash flows to meet our debt service obligations or are forced to take additional measures to be able to service our indebtedness, it could have a material adverse effect on our business, financial condition and results of operations. We and our subsidiaries may be able to incur substantial indebtedness **or other cash obligations** . We may incur substantial additional indebtedness **or other cash obligations** in the future. Although the terms of the agreement governing our ABL Facility contains restrictions on our ability to incur additional indebtedness, these restrictions are subject to a number of important exceptions, and indebtedness incurred in compliance with these restrictions could be substantial. Repeat Precision has entered into the Repeat Precision Promissory Note with an aggregate borrowing capacity of $ 4. 3 million, which may be used to fund its business strategies and the joint venture could in the future, and has in the past, paid us cash distributions. When Repeat Precision increases the outstanding borrowings under the Repeat Precision Promissory Note, it may not be able to meet the ongoing interest obligations or repay the principal balance when due and the note may not be renewed on the current ~~annual~~ schedule, which could prevent Repeat Precision from pursuing its business strategies, paying us cash distributions or obtaining additional financing and could also have a material adverse effect on our business, financial condition and results of operations. **In addition, we issue equivalent stock units, or cash- settled, liability- classified RSUs (" ESUs ") that are settled in cash at the closing price of our common stock on the day of vesting, which may require us to pay a substantial amount and could impact our liquidity.** If we and our subsidiaries incur substantial additional indebtedness **or other cash obligations** , the related risks to our financial condition could increase. Restrictive covenants in the agreement governing our ABL Facility or other indebtedness may restrict our ability to pursue our business strategies. The agreement governing our ABL Facility contains a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our long- term best interests. These include covenants restricting, among other things, our ability to: incur additional indebtedness; grant liens; enter into burdensome agreements with negative pledge clauses or restrictions on subsidiary distributions; make certain investments; pay dividends; make payments in respect of junior lien or subordinated debt; make acquisitions; consolidate, amalgamate, merge, liquidate, divide or dissolve; sell, transfer or otherwise dispose of assets; make certain organizational changes (including with respect to organizational documents and changes in fiscal year); engage in sale- leaseback transactions; engage in transactions with affiliates; enter into operating leases; enter into hedging arrangements; enter into certain leasehold arrangements and arrangements with respect to inventory and equipment; and materially alter our business. In addition, the agreement governing the Repeat Precision Promissory Note (together with the ABL Facility, the " Available Loans ") contains a number of restrictive covenants that impose significant operating and financial restrictions on Repeat Precision. Our ABL Facility requires, as a condition to borrowing, that our available cash on hand after borrowings does not exceed $ 10. 0 million. The ABL Facility also contains a financial covenant requiring us to maintain a fixed charge coverage ratio of at least 1. 0 to 1. 0 for the applicable 12 month period whenever liquidity under our ABL Facility is less than 20 % of revolving commitments. Our ability to satisfy the fixed charge coverage ratio can be affected by events beyond our control and we cannot assure you that we will be able to satisfy these covenants. Our inability to satisfy the fixed charge coverage ratio could render us unable to borrow under the ABL Facility at the time when liquidity is most needed. A breach of any covenant or restriction contained in the agreement governing our Available Loans could result in an event of default thereunder. If any such event of default occurs, the lenders under the respective Available Loan may elect (after the expiration of any applicable notice or grace periods) to declare all outstanding borrowings, together with accrued and unpaid interest and other amounts payable thereunder, to be immediately due and payable. The lenders under our Available Loans also have the right, upon an event of default thereunder, to terminate any commitments they have to provide further borrowings. Further, following an event of default under the agreement governing our Available Loans, the lenders under the loan will have the right to proceed against the collateral granted to them to secure that debt. If the debt under an Available Loan was to be accelerated, the assets to secure the loan may not be sufficient to repay in full that debt or any other debt that may become due as a result of that acceleration. Risks Relating to Ownership of Our Common Stock The price of our common stock may be volatile and you could lose all or part of your investment. Securities markets worldwide have experienced in the past, and are likely to experience in the future, significant price and volume fluctuations. Specifically, the oilfield services sector has recently experienced significant market volatility. This market volatility, as well as general economic, market or political conditions could reduce the market price of our common stock regardless of our results of operations. The trading price of our common stock may be highly volatile and could be subject to wide price fluctuations in response to various factors, including, among other things, the risk factors described herein and other factors beyond our control. Factors affecting the trading price of our common stock could include: ? market conditions in the broader stock market; ? actual or anticipated variations in our quarterly financial and operating results; ? developments in the oil and natural gas industry in general or in the oil and natural gas services market in particular; ? variations in operating results of similar companies; ? introduction of new services by us, our competitors or our customers; ? issuance of new, negative or changed securities analysts' reports, recommendations or estimates; ? a decline in the number of securities analysts covering our company; ? investor perceptions of us and the industries in which we or our customers operate, including perceptions of our ESG attributes; ? sales, or anticipated sales, of our stock, including sales by our officers, directors and significant stockholders; ? additions or departures of key personnel; ? regulatory or political developments; ? the public' s response to press releases or other public announcements by us or third parties, including our filings with the SEC; ? announcements, media reports or other public forum comments related to litigation, claims or reputational charges against us; ? guidance, if any, that we provide to the public, any changes in this guidance or our failure to meet this guidance; ? the sustainability of an active trading market for our common stock; ? investor perceptions of the investment opportunity associated with our common stock relative to other investment alternatives; ? other events or factors, including those resulting from system failures and disruptions, **wildfires, floods, droughts,** earthquakes, hurricanes, war, acts of terrorism, other natural disasters or responses to these events; ? changes in accounting principles; ? share- based compensation expense under applicable accounting standards; ? litigation and governmental investigations; and ? changing economic conditions. In addition, because our common stock is more thinly traded, its market price may fluctuate significantly more than the stock market in general or the stock prices of similar companies, which are exchanged, listed or quoted on Nasdaq or another stock exchange. ~~We believe that approximately~~ **Approximately** ~~29~~ **31** % of our shares of our common stock are held by non- affiliates as of December 31, ~~2022~~ **2023** . Thus, our common stock will be less liquid than the stock of companies with broader public ownership, and as a result, the trading price for our shares of common stock may be more volatile **. Furthermore, the trading of our common stock may be further reduced given the more limited research coverage by securities and industry analysts** . Among other things, trading of a relatively small volume of our common stock may have a greater impact on the trading price for our stock than would be the case if our public float were larger. These and other factors may cause the market price and demand for shares of our common stock to fluctuate substantially, which may limit or prevent investors from readily selling their shares of common stock and may otherwise negatively affect the liquidity of our common stock. In addition, in the past, when the market price of a stock has been volatile, holders of that stock sometimes have instituted securities class action litigation against the company that issued the stock. Securities litigation against us, regardless of the merits or outcome, could result in substantial costs and divert the time and attention of our management from our business, which could significantly harm our business, profitability and reputation. We are controlled by the Advent Funds, whose interests may differ from those of our public stockholders. We are controlled by funds (the " Advent Funds ") managed by Advent, which beneficially own in the aggregate **60** ~~61. 4~~ % of the combined voting power of our common stock. As a result of this ownership, Advent will have effective control over the outcome of votes on all matters requiring approval by our stockholders, including the election of directors, the adoption of amendments to our charter and bylaws and other significant corporate transactions. In addition, persons **previously** associated with Advent currently serve on our board of directors (our " Board "). The interests of Advent may not always coincide with the interests of our other stockholders, and the concentration of effective control in Advent will limit other stockholders' ability to influence corporate matters. The concentration of ownership and voting power of Advent also may delay, defer or even prevent an acquisition by a third- party or other change of control and may make some transactions more difficult or impossible without their support, even if such events are in the best interests of our other stockholders. Further, Advent may have an interest in having us pursue acquisitions, divestitures, financing or other transactions, including, but not limited to, the issuance of additional debt or equity and the declaration and payment of dividends, that, in its judgment, could enhance Advent' s equity investments, even though such transactions may involve risk to us or to our creditors. Additionally, the Advent Funds may make investments in businesses that directly or indirectly compete with us, or may pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. Advent may take actions that our other stockholders do not view as beneficial, which may adversely affect our business, financial condition and results of operations and cause the value of ~~your~~ **the** investment **of other stockholders** to decline. Advent and our directors **that were previously** affiliated with Advent, with certain exceptions, do not have obligations to present business opportunities to us and may compete with us. Our Second Amended and Restated Certificate of Incorporation (as amended by the Certificate of Amendment, our " amended and restated certificate of incorporation ") provides that Advent and our directors **that were previously** affiliated with Advent do not have any obligation to offer us an opportunity to participate in business opportunities presented to them even if the opportunity is one that we might reasonably have pursued (and therefore may be free to compete with us in the same business or similar businesses), and that, to the extent permitted by law, Advent and such directors, will not be liable to us or our stockholders for breach of any duty by reason of any such activities. As a result, Advent or any of its managers, officers, directors, agents, stockholders, members, partners, affiliates and subsidiaries (other than us and our subsidiaries) will not be prohibited from investing in competing businesses or doing business with our clients. Therefore, we may be in competition with Advent and such persons or their respective affiliates, and we may not have knowledge of, or be able to pursue, transactions that could potentially be beneficial to us. Accordingly, we may lose certain corporate opportunities or suffer competitive harm, which could have a material adverse effect on our business, financial condition, results of operations or prospects. Future sales of our common stock, or the perception in the public markets that these sales may occur, could cause the market price for our common stock to decline. We may sell additional shares of common stock in subsequent public offerings. In addition, we currently have an effective shelf registration statement on file with the SEC to allow us to sell and certain requesting holders to resell shares of our common stock. We cannot predict the effect, if any, that such market sales of shares of our common stock or the availability of shares of our common stock for sale will have on the market price of our common stock prevailing from time to time. Sales of substantial amounts of shares of our common stock in the public market, or the perception that those sales will occur, could cause the market price of our common stock to decline. We have elected to take advantage of the " controlled company " exemption to the corporate governance rules for publicly- listed companies, which could make our common stock less attractive to some investors or otherwise harm our stock price. Because we qualify as a " controlled company " under the corporate governance rules for publicly- listed companies on the Nasdaq Capital Market (" Nasdaq "), we are not required to have a majority of our Board be independent, nor are we required to have a compensation committee or a Board committee performing the Board nominating function. As permitted by our status as a controlled company, we may choose to change our Board composition, or the composition of the compensation, nominating and corporate governance committee. Accordingly, should the interests of the Advent Funds differ from those of other stockholders, the other stockholders may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance rules for publicly- listed companies. Our status as a controlled company could make our common stock less attractive to some investors or otherwise harm our stock price. Anti- takeover protections in our amended and restated certificate of incorporation, our amended and restated bylaws or our contractual obligations may discourage or prevent a takeover of our company, even if an acquisition would be beneficial to our stockholders. Provisions contained in our amended and restated certificate of incorporation and amended and restated bylaws, as amended, as well as provisions of the Delaware General Corporation Law (the " DGCL "), could delay or make it more difficult to remove incumbent directors or could impede a merger, takeover or other business combination involving us or the replacement of our management or discourage a potential investor from making a tender offer for our common stock, which, under certain circumstances, could reduce the market value of our common stock, even if it would benefit our stockholders. In addition, our Board has the authority to cause us to issue, without any further vote or action by the stockholders, up to 10, 000, 000 shares of preferred stock, par value $ 0. 01 per share, in one or more series, to designate the number of shares constituting any series, and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, voting rights, rights and terms of redemption, redemption price or prices and liquidation preferences of such series. The issuance of shares of preferred stock or the adoption of a stockholder rights plan may have the effect of delaying, deferring or preventing a change in control of our company without further action by the stockholders, even where stockholders are offered a premium for their shares. In addition, under the agreement governing our ABL Facility, a change of control would cause an event of default to occur and the lenders under the facility would have the right to accelerate their loans, and if so accelerated, we would be required to repay all of our outstanding obligations under our ABL Facility. In addition, from time to time we may enter into contracts that contain change of control provisions that limit the value of, or even terminate, the contract upon a change of control. These change of control provisions may discourage a takeover of our company, even if an acquisition would be beneficial to our stockholders. We are a " smaller reporting company " and have elected to comply with reduced reporting requirements, which could make our common stock less attractive to investors. We are currently a " smaller reporting company, " meaning that we are not an investment company, an asset- backed issuer, or a majority- owned subsidiary of a parent company that is not a smaller reporting company and have a public float of less than $ 250 million. " Smaller reporting companies " are exempt from the auditor attestation requirements of Section 404 (b) of **the** Sarbanes- Oxley Act of 2002; have reduced disclosure obligations regarding executive compensation in periodic reports and proxy statements; and have certain other decreased disclosure obligations in their SEC filings, including, among other things, only being required to provide two years of audited financial statements in annual reports. In the event we are no longer a " smaller reporting company, " our legal, accounting and other expenses may further increase as we will no longer qualify for an exemption from the auditor attestation requirements of Section 404 (b) of **the** Sarbanes- Oxley Act of 2002. Decreased disclosures in our SEC filings due to our status as a " smaller reporting company " may make it harder for investors to analyze our results of operations and financial prospects. We may identify material weaknesses or otherwise fail to maintain an effective system of internal controls, which may result in material misstatements of our financial statements or cause to us to fail to meet our reporting obligations or fail to prevent fraud; which would harm our business and could negatively impact the price of our common stock. Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. If we fail to maintain an effective system of internal controls, we might not be able to report on our financial results accurately or prevent fraud; which would harm our business and could negatively impact the price of our common stock. Any material weakness in our internal control over financial reporting could result in a material misstatement of our annual or interim consolidated financial statements that may not be prevented or detected on a timely basis. In addition, an independent registered public accounting firm has never performed an evaluation of our internal control over financial reporting in accordance with the provisions of the Sarbanes- Oxley Act of 2002 because no such evaluation has been required. Had our independent registered public accounting firm performed an evaluation of our internal control over financial reporting in accordance with the provisions of the Sarbanes- Oxley Act of 2002, material weaknesses may have been identified. If we are unable to prevent or remediate any material weakness in our internal control over financial reporting, or identify any additional material weaknesses that may exist, the accuracy and timing of our financial reporting may be adversely affected, we may be unable to maintain compliance with securities law requirements regarding timely filing of periodic reports in addition to applicable stock exchange listing requirements, we may be unable to prevent fraud, investors may lose confidence in our financial reporting, and our stock price may decline as a result. Additionally, our reporting obligations as a public company could place a strain on our management, operational and financial resources and systems for the foreseeable future and may cause us to fail to timely achieve and maintain the adequacy of our internal control over financial reporting. Our amended and restated certificate of incorporation provides, subject to certain exceptions, that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for certain stockholder litigation matters, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or stockholders. Our amended and restated certificate of incorporation provides, subject to limited exceptions, that the Court of Chancery of the State of Delaware will, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf; (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders; (iii) any action asserting a claim against us, any director or our officers or employees arising pursuant to any provision of the DGCL, our certificate or our amended and restated by- laws; or (iv) any action asserting a claim against us, any director or our officers or employees that is governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and to have consented to the provisions of our certificate described above. This choice of forum provision may limit a stockholder' s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, other employees or stockholders which may discourage lawsuits with respect to such claims. Alternatively, if a court were to find the choice of forum provision that will be contained in our certificate to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could have a material adverse effect on our business, financial condition and results of operations. Application of the choice of forum provision may be limited in some instances by law. Section 27 of the Exchange Act provides for exclusive federal court jurisdiction over Exchange Act claims. Accordingly, to the extent the exclusive forum provision is held to cover a stockholder derivative action asserting claims under the Exchange Act, such claims could not be brought in the Court of Chancery of the State of Delaware and would instead be within the jurisdiction of the federal district court for the District of Delaware. Section 22 of the Securities Act of 1933, as amended (" Securities Act ") creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Moreover, our stockholders will not be deemed by operation of our choice of forum provision to have waived our compliance with the federal securities laws and the regulations promulgated thereunder. It is also possible that, notwithstanding the forum selection clause, a court could rule that such a provision is inapplicable or unenforceable, which could adversely impact our results of operations, financial position and cash flows. Public and investor sentiment towards climate change, fossil fuels and other ESG matters could adversely affect our **operations,** cost of capital, availability of capital and the price of our common stock **. Opposition toward the oil and natural gas industry has been growing globally and is particularly pronounced in the United States. Companies in the oil and natural gas industry are often the target of activist efforts from both individuals and non- governmental organizations regarding safety, human rights, climate change, environmental matters, sustainability, and business practices. Anti-development activists are working to, among other things, reduce access to federal and state government lands and delay or cancel certain operations such as drilling and development. Any such activism against oil and natural gas exploration and development may cause operational delays or restrictions, increased operating costs, additional regulatory burdens and increased risk of litigation** . There have been intensifying efforts within the investment community (including investment advisors, investment fund managers, sovereign wealth funds, public pension funds, universities and individual investors) to promote the divestment of, or limit investment in, the stock of companies in the oil and gas industry. There has also been pressure on lenders and other financial services companies to limit or curtail financing of companies in the oil and gas industry. Because we operate within the oil and gas industry, if these efforts continue or expand, our stock price and our ability to raise capital may be negatively impacted. Members of the **34** ~~investment community are increasing their focus on ESG practices and disclosures by public companies, including practices and disclosures related to climate change and sustainability, diversity, equity and inclusion initiatives, and heightened governance standards. As a result, we may continue to face increasing pressure regarding our ESG disclosures and practices. These pressures have intensified recently in connection with the COVID- 19 pandemic, significant societal events and the efforts of current administrations in the United States and Canada to mitigate climate change.~~