UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2022

OR

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

For the transition period from to

Commission File Number: 01-38609

KLX Energy Services Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**36-4904146**
(State of incorporation)	**(I.R.S. Employer Identification No.)**

3040 Post Oak Boulevard, 15th Floor,
Houston, TX 77056
(832) 844-1015

(Address, including zip code, and telephone number, including area code, of principal executive offices of registrant)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.01 per share	**KLXE**	**The Nasdaq Global Select Market**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of June 30, 2022, the aggregate market value of the registrant's common stock held by non-affiliates was approximately $47.1 million. Shares of common stock held by executive officers and directors have been excluded since such persons may be deemed affiliates. This determination of affiliate status is not a determination for any other purpose. The registrant has one class of common stock, $0.01 par value, of which 16,407,768 shares were outstanding as of March 8, 2023.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the Registrant's proxy statement for its annual meeting of stockholders to be held on May 10, 2023, which will be filed with the Securities and Exchange Commission within 120 days of December 31, 2022, are incorporated by reference in Part III.

KLX Energy Services Holdings, Inc.
Table of Contents

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for forward-looking statements to encourage companies to provide prospective information to investors. This Annual Report on Form 10-K (this “Annual Report”) includes forward-looking statements that reflect our current expectations and projections about our future results, performance and prospects. Forward-looking statements include all statements that are not historical in nature or are not current facts. When used in this Annual Report, the words “believe,” “expect,” “plan,” “intend,” “anticipate,” “estimate,” “predict,” “potential,” “continue,” “may,” “might,” “should,” “could,” “will” or the negative of these terms or similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words.

These forward-looking statements are based on our current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events. These forward-looking statements are subject to a number of risks, uncertainties, assumptions and other factors that could cause our actual results, performance and prospects to differ materially from those expressed in, or implied by, these forward-looking statements. Factors that might cause such a difference include those discussed in our filings with the Securities and Exchange Commission (the "SEC"), in particular those discussed under “Item 1A. Risk Factors,” as well as “Item 1. Business”, “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in this Annual Report, including the following factors:

- the market environment and impacts resulting from the novel coronavirus ("COVID-19") pandemic and subsequent variants;
- persistent volatility in national and global crude oil demand and crude oil prices;
- the possibility of inefficiencies, curtailments or shutdowns in our customers’ operations, whether in response to reductions in demand or other factors;
- uncertainty regarding our future operating results;
- regulation of and dependence upon the energy industry;
- the cyclical nature of the energy industry;
- fluctuations in market prices for fuel, oil and natural gas;
- our ability to maintain acceptable pricing for our services;
- competitive conditions within the industry;
- the loss of or interruption in operations of one or more key suppliers;
- legislative or regulatory changes and potential liability under federal and state laws and regulations;
- decreases in the rate at which oil and/or natural gas reserves are discovered and/or developed;
- the impact of technological advances on the demand for our products and services;
- customers' delays in obtaining permits for their operations;
- hazards and operational risks that may not be fully covered by insurance;
- the write-off of a significant portion of intangible assets;
- the need to obtain additional capital or financing, and the availability and/or cost of obtaining such capital or financing;
- limitations originating from our organizational documents, debt instruments and U.S. federal income tax obligations may impact our financial flexibility, our ability to engage in strategic transactions or our ability to declare and pay cash dividends on our common stock;
- general economic conditions, including increases in inflation and interest rates;
- our credit profile and our ability to renew or refinance our indebtedness;
- changes in supply, demand and costs of equipment;
- oilfield anti-indemnity provisions;
- seasonal and adverse weather conditions that can affect oil and natural gas operations;
- reliance on information technology ("IT") resources and the inability to implement new technology and services;
- the possibility of terrorist or cyberattacks and the consequences of any such attacks;
- increased labor costs or our ability to employ, or maintain the employment of, a sufficient number of key employees, technical personnel, and other skilled and qualified workers;
- the inability to successfully consummate acquisitions or inability to manage potential growth; and

- our ability to remediate any material weakness in, or to maintain effective, internal controls over financial reporting and disclosure controls and procedures.

In light of these risks and uncertainties, you are cautioned not to put undue reliance on any forward-looking statements in this Annual Report. These statements should be considered only after carefully reading this entire Annual Report. Except as required under the federal securities laws and rules and regulations of the SEC, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Additional risks that we may currently deem immaterial or that are not presently known to us could also cause the forward-looking events discussed in this Annual Report not to occur.

All forward-looking statements, expressed or implied, included in this Annual Report are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statement that we or persons acting on our behalf may issue.

RISK FACTOR SUMMARY

Below is a summary of the material risk factors that make an investment in our common stock speculative or risky. This summary does not address all of the risks that we face. Additional discussion of the risks summarized in this risk factor summary, and other risks that we face, can be found in Item 1A “Risk Factors” and should be carefully considered, together with other information in this Annual Report, before making investment decisions regarding our common stock.

- Our business depends on domestic capital spending by the oil and natural gas industry and reductions in capital spending could have a material adverse effect on our business, financial condition and results of operations.
- The volatility of oil and natural gas prices may adversely affect the demand for our services and negatively impact our results of operations.
- The COVID-19 pandemic has had, and may continue to have, a material adverse effect on our financial condition, results of operations and cash flows.
- Our business may be adversely affected by a deterioration in general economic conditions or a weakening of the broader energy industry.
- We may be unable to maintain existing prices or implement price increases on our services.
- We have been expanding our available products and services in recent periods. Our inability to properly manage or support future expansion of our business may have a material adverse effect on our business, financial condition, and results of operations and could cause the market value of our common stock to decline.
- If we lose significant customers, significant customers materially reduce their purchase orders or significant programs on which we rely are delayed, scaled back or eliminated, our business, financial condition and results of operations may be adversely affected.
- Our past acquisition activity, including the merger with Quintana Energy Services Inc. (“QES”), and any future acquisitions may not be successful in delivering expected performance post-acquisition, which could have a material adverse effect on our business, financial condition and results of operations.
- Conservation measures and technological advances could reduce demand for oil and natural gas.
- Our business involves many hazards and operational risks that could adversely affect our business, financial condition and results of operations.
- Increased labor costs, the unavailability of skilled workers or labor-related litigation could hurt our business, financial condition and results of operations.
- We operate in highly competitive markets and our failure to compete effectively may negatively impact our business, financial condition and results of operations.
- We have operated at a loss, and there is no assurance of our profitability in the future.
- We may need to obtain additional capital or financing to fund expansion of our asset base, which could increase our financial leverage, or we may not be able to finance our capital needs.

- Our assets require capital for maintenance, upgrades and refurbishment, and we may require capital expenditures for new equipment.
- We have substantial indebtedness, and efforts to refinance our indebtedness may or may not be successful, which could adversely impact our business, financial condition and results of operations.
- Our significant level of indebtedness may limit our ability to borrow additional funds or capitalize on acquisition or other business opportunities. The indenture that governs the Senior Notes and the credit agreement that governs the asset-based lending facility (the “ABL Facility”) have significant financial and operating restrictions that may have an adverse effect on our business, financial condition and results of operations.
- We may experience future impairment charges.
- Customer payment delays of outstanding receivables and customer bankruptcies could have a material adverse effect on our liquidity, results of operations, and consolidated financial condition.
- Shortages or increases in the costs of the equipment we use in our operations could adversely affect our operations in the future.
- We are dependent on a small number of suppliers for key goods and services that we use in our operations.
- If suppliers are unable to supply us with the products used in our operations in a timely manner, in adequate quantities and/or at a reasonable cost, we may be unable to meet the demands of our customers, which could have a material adverse effect on our business, financial condition and results of operations.
- Our inability to develop, obtain, maintain or implement new technology may cause us to become less competitive.
- Our success may be affected by our ability to use and protect our proprietary technology as well as our ability to enter into license agreements.
- Our operations rely on an extensive network of information technology resources and a failure to maintain, upgrade and protect such systems could adversely impact our business, financial condition and results of operations. Our operations are subject to cyber security risks that could have a material adverse effect on our business, financial condition and results of operations.
- Oilfield anti-indemnity provisions enacted by many states may restrict or prohibit a party’s indemnification of us.
- Changes in trucking regulations may increase our transportation costs and negatively impact our business, financial condition and results of operations.
- Legal requirements relating to hydraulic fracturing could increase our customers’ costs of doing business, limit the areas in which our customers can operate and reduce oil and natural gas production by our customers, which could adversely impact our business, financial condition and results of operations.
- We and our customers are subject to environmental and occupational health and safety laws and regulations that could increase our or our customers’ costs of doing business and adversely impact our business, financial condition and results of operations.
- Our and our customers’ operations are subject to a number of risks arising out of the threat of climate change, energy conservation measures, or initiatives that stimulate demand for alternative forms of energy, which could result in increased operating and capital costs for us and our customers, limit the areas in which oil and gas production may occur and reduce demand for the products and services we provide.
- Increasing attention to environmental, social and governance ("ESG") matters may impact our business.
- The Endangered Species Act (the "ESA") and comparable laws intended to protect certain species of wildlife govern our and our oil and natural gas exploration and production customers’ operations, which constraints could have an adverse impact on our ability to expand some of our existing operations or limit our customers’ ability to develop new oil and natural gas wells.

PART I

ITEM 1. BUSINESS

Transition Period

On September 3, 2021, our Board of Directors ("Board" or "Board of Directors") approved a change in our fiscal year end from January 31 to December 31, effective beginning with the eleven-month period ended December 31, 2021. In this Annual Report, references to “Transition Period” refer to the eleven-month period ended December 31, 2021.

Company Overview

Except as otherwise indicated or unless the context otherwise requires, “KLX Energy Services,” “KLXE,” “Company,” “we,” “us” and “our” refer to KLX Energy Services Holdings, Inc. and its consolidated subsidiaries.

KLX Energy Services is a growth-oriented provider of diversified oilfield services to leading onshore oil and natural gas exploration and production companies operating in both conventional and unconventional plays in all of the active major basins throughout the United States. KLXE was initially formed from the combination and integration of seven private oilfield service companies acquired during 2013 and 2014. Each of the acquired businesses was regional in nature and brought one or two specific service capabilities to KLX Energy Services. We were incorporated in Delaware on June 28, 2018, and on September 14, 2018, we completed our spin-off from KLX Inc. and became an independent, publicly traded company. See Item 7. "Management Discussion and Analysis of Financial Condition and Results of Operations" for more details of our acquisitions since becoming a publicly traded company, including our 2020 acquisition of QES.

We deliver mission critical oilfield services to primarily independent major oil and gas companies focused on drilling, completion, production and intervention activities for technically demanding wells from over 50 service facilities located in the United States. Our primary services include directional drilling, coiled tubing, thru tubing, hydraulic frac rentals, fishing, pressure control, wireline, rig-assisted snubbing, fluid pumping, flowback, testing, pressure pumping and well control services. Our primary rentals and products include hydraulic fracturing stacks, blow out preventers, tubulars, downhole tools, dissolvable plugs, composite plugs and accommodation units. We operate in three segments on a geographic basis, including the Southwest Region (the Permian Basin and the Eagle Ford), the Rocky Mountains Region (the Bakken, Williston, DJ, Uinta, Powder River, Piceance and Niobrara basins) and the Northeast/Mid-Con Region (the Marcellus and Utica as well as the Mid-Continent STACK and SCOOP and Haynesville).

Our proprietary products and specialized services are supported by technically skilled personnel and a broad portfolio of innovative in-house research and development (“R&D”), manufacturing, repair and maintenance capabilities. We work with our customers to provide engineered solutions across the entire lifecycle of the well, by streamlining operations, reducing non-productive time and developing cost-effective solutions and customized tools for our customers’ most challenging service needs, which include technically complex unconventional wells requiring extended reach horizontal laterals with greater completion intensity per well. We believe long-term revenue growth opportunities will continue to be driven by increases in the number of new customers served and the breadth of services we offer to existing and prospective customers. See Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" for more details about our complementary suite of our targeted services and engineered solutions.

We endeavor to create a “next generation” oilfield services company in terms of management controls, processes and operating metrics and have driven these processes down through the operating management structure in every region. We believe this differentiates us from many of our competitors. This allows us to offer our customers in all of our geographic regions discrete, comprehensive and differentiated services that leverage both the technical expertise of our skilled engineers and our in-house R&D team.

Industry Overview

The oil and gas industry has historically been both cyclical and seasonal. Activity levels are driven primarily by drilling rig counts, technological advances, well completions, workover activity, the geological characteristics of the producing wells and their effect on the services required to commence and maintain production levels and our customers' capital and operating budgets. All of these indicators are driven by commodity prices, which are affected by both domestic and global supply and demand factors. In particular, while U.S. natural gas prices are correlated with global oil price movements, they are also affected by local weather, transportation and consumption patterns. Global supply and demand factors will likely continue to result in commodity price volatility, similar to that experienced in 2022.

In 2021, economic activity started recovering from COVID-19, albeit at an uneven pace. This led to an increase in activity for the industry, as evidenced by a higher rig count and West Texas Intermediate ("WTI") prices through the end of our fiscal year. The industry has seen a significant rebound since the emergence of the pandemic, including in early 2022, as a result of the ongoing conflict in Ukraine and increasing demand for oil and gas. For more information, see "Risk Factors" in Item 1A of Part I and in "Management's Discussion and Analysis of Financial Condition and Results of Operations – Recent Trends and Outlook" in Item 7 of Part II of this Annual Report.

Products and Services

The principal high value-added services and related tools and equipment we offer to support our customers throughout the lifecycle of the well include drilling, completions, production and well intervention services and products in each of our geographic reporting segments.

Drilling: We provide directional drilling and associated drilling support services, including accommodations packages, to exploration and production ("E&P") companies in many of the most active areas of onshore oil and natural gas developments in the United States, including all active U.S. oil and natural gas basins with level 1 facilities in Appalachian Mountain, Gulf Coast, Mid-Continent, West Texas and Rocky Mountain regions.

Our drilling activities are comprised of directional drilling services, downhole navigational and rental tools businesses and support services, including well planning, site supervision, accommodation rentals and other drilling rentals, which assist customers in the drilling and placement of complex directional and horizontal wellbores. These directional drilling activities utilize in-house positive pulse and electromagnetic measurement-while-drilling communication options to ensure accurate and timely delivery of data transmission for all real-time drilling applications as well as logging-while-drilling capabilities.

In addition to navigation, our systems offer various technologies, including gamma ray, azimuthal gamma ray, real-time continuous inclination and azimuth, rotary steerable, pressure-while-drilling, mode shifting, stick-slip and destructive dynamics, dynamic sequencing and real-time shock and vibration modules. KLXE utilizes modern well planning and anti-collision software to assist our well planners in providing accurate real-time information to our customers. Additionally, KLXE offers our K-series mud motor fleet that features a proprietary transmission-mandrel to deliver strong build rates, fights fatigue on extended laterals and is available to service all known well profiles. The demand for these services tend to be influenced primarily by customer drilling-related activity levels.

As of December 31, 2022, our market share of the U.S. onshore drilling market was 7.4%, as compared to 8.4% as of December 31, 2021, as measured by the number of rigs we have worked on during the year as a proportion of the total number of rigs published by Baker Hughes. We intend to continue to re-deploy additional directional drilling capacity into 2023, as market conditions warrant.

Completion: Our completions activities are focused on services that help our customers complete and stimulate extended reach horizontal laterals and more technical wellbores. We are highly experienced in safely servicing deep, high-pressure, high-temperature wells in all of the most active onshore basins in the

United States and provide premium perforating services for both wireline and tubing-conveyed applications. We believe we offer best-in-class service execution at the wellsite and innovative downhole technologies, positioning us to benefit from our ability to service technically complex wells where the potential for increased operating leverage is high due to the large number of stages per well. This is in addition to our customer-centered focus on execution rather than price.

Our completions activities include a wide range of services:

- coiled tubing and nitrogen services;
- wireline services (including pump down perforating, logging and pipe recovery);
- pressure control products and services;
- wellhead and hydraulic fracturing rental products and services;
- flowback and testing services;
- thru-tubing technologies and services;
- rig assist snubbing services;
- cementing products and services;
- acidizing and pressure pumping services; and
- downhole completion tools, including:
    - toe sleeves;
    - wet shoe cementing bypass subs;
    - composite plugs;
    - dissolvable plugs;
    - liner hangers;
    - stage cementing tools, inflatables, float and casing equipment; and
    - retrievable completion tools.

Our coiled tubing units are used in the provision of completion services or in support of well-servicing and workover applications. Our rig-assisted snubbing units are used in conjunction with a workover rig to insert or remove downhole tools or in support of other well services while maintaining pressure in the well, or in support of unconventional completions. Our nitrogen pumping units provide a non-combustible environment downhole and are used in support of other pressure control or well-servicing applications. We also offer highly-technical and specialized well control services, which are typically required in response to emergencies at the well site, requiring a variety of solutions including freezing, hot tapping and gate valve drilling services, as well as critical well control and containment operations. Our team is comprised of oilfield services veterans with extensive domestic and international experience in well control operations.

As of December 31, 2022, we had a fleet of 39 coiled tubing units, 23 of which are large diameter coiled tubing units, across our geographical regions. Over time, when the industry recovers, we anticipate that our investments in large diameter coil tubing spreads will allow us to increase our share of spend as the large diameter coil tubing pulls through asset light services such as flowback and testing services, thru-tubing and pressure control services, while leveraging our enhanced cost structure.

Last year we continued to optimize the quality and performance of our magnesium alloy based line of dissolvable hydraulic fracturing plugs. Our proprietary dissolvable plugs deliver all the benefits of a traditional hydraulic fracturing plug but without the need for bottom hole intervention for removal. KLXE dissolvable plugs have been deployed successfully across all major U.S. oil and natural gas basins in now more than 910 wells by more than 60 customers. Our plugs dissolve quickly and reliably, resulting in faster time to production, are effective in a wide range of operating temperatures and salinity, including temperatures ranging from 80 to 300 degrees Fahrenheit, and do not require mill out, thus saving time and cost.

The Company has 77 wireline units in the fleet and 37, or 48%, are configured to run pump down or plug-and-perf operations. Our R&D organization also enables our operations to support our customers with cutting edge pump down operations that include greaseless wireline, addressable gun systems and addressable release tools, to provide our customers with high quality pump down services. We also maintain a full line of radial cement bond tools, compensated neutron porosity tools and casing evaluation tools to provide well

evaluation services to our clients. We also utilize greaseless line and quiet truck wireline technology to meet the environmental concerns of our customers.

We offer a full line of valves and corresponding services to assist clients with their pressure control needs during hydraulic fracturing operations. These valves are assembled in predetermined configurations based on customer preference and installed on the wellhead to control flow and pressure during hydraulic fracturing operations. We own a large, young line of valves serving the North American onshore oil and gas market. We have enhanced our hydraulic fracturing valve fleet line through the internal development of next generation technology, including our proprietary, patent pending hydraulic fracturing relief valve (“FRV”). Introduced in 2016, the FRV was built and designed to replace older “pop-off” systems. When tied into a hydraulic fracturing core (pumps), the FRV gives customers a safer and more reliable method for relieving surface pressure in the event of an unforeseen overpressure event. By doing this, we believe we minimize operational risk, as well as greatly reduce health, safety and environmental concerns that are associated with hydraulic fracturing operations.

Additional technologies that we currently deploy on behalf of our customers include our (i) patented flotation collar, which assists customers in getting completion casing to the bottom of extended reach wells when friction prevents getting casing to depth, (ii) proprietary internal pressure actuated ("IPA") toe sleeve, which allows customers a consistent and reliable hydraulic fracturing initiation sleeve at the toe of the completion, (iii) composite hydraulic fracturing plug, a flow control device that is set in the wellbore at given intervals to divert fluid into the formation, and (iv) dissolvable plugs.

Production: We also provide services to enhance and maintain oil and gas production throughout the productive lives of our customers’ wells. Our production services include maintenance-related intervention services as well as the provision of specifically required products and equipment. As with our completion and intervention service offerings, we have developed a portfolio of proprietary tools that we believe differentiates our production solutions service offering. The principal services and equipment we provide across the production lifecycle of the well include (i) production blow out preventers, (ii) mechanical wireline services, (iii) slick line services, (iv) hydro-testing, (v) premium tubulars and (vi) other specialized production tools.

We believe our proprietary production tool portfolio creates a distinct competitive advantage for us in selling our production services. Key downhole production tools that we have developed and deployed with strong customer adoption include:

Punch Ram Tool—The punch ram tool gives customers the ability to safely and repeatedly release trapped pressure inside production tubulars during pulling operations. The alternative is to “hot-tap” the tubing, which is a high-risk operation that most operators are not willing to employ.

Hydraulic Fracturing Protect Rod Hang Off Tool—This tool is developed to give customers the ability to “hang off” a rod string rather than tripping it out of the hole and laying it down. The associated costs of tripping rods out of the hole coupled with the damage of laying them down and picking the string back, we believe, make this tool an excellent alternative option for customers. The hang off tool allows an operator to easily hang the rod string in the wellhead and still gives them the ability to tie into the tubing, if need be, to monitor pressure or pump fluid.

Intervention*:* Our intervention services consist of best-in-class technicians and equipment that are focused on providing customers engineered solutions to downhole complications. Intervention involves the application of specialized tools and procedures to retrieve lost equipment and remove other obstructions that either interfere with the completion of the well or are causing diminished production. The principal services we provide to remediate these complications include fishing, thru-tubing and pipe recovery. Given the unique geology and operating characteristics of each well, no two complications are the same, yet each complication our customers experience results in substantial disruption to their well operation and economics. As a result, resolution is “mission critical” to our customers and superior outcomes can support premium pricing. Those outcomes rely principally on the skill and experience of the technicians dedicated to resolving the issues and the availability of exactly the right tools for every eventuality. We believe we have one of the leading teams of

intervention specialists in the industry, supported by a comprehensive portfolio of intervention tools and equipment. Each of our geographic regions is fully staffed with top technicians and fully equipped with a comprehensive range and quantity of equipment given the wellbore profiles for the region.

We support our intervention group with a portfolio of tools consisting of patented and other proprietary technologies. Recent innovations currently deployed in the field include our: (i) DXD Venturi Tool; (ii) HAVOK PDC Bearing Section; (iii) Hydraulic By-Pass Tool; and (iv) Drill Mate (Mechanical By-Pass Valve). These tools were designed to improve upon conventional technology used by our competitors.

DXD Venturi Tool—The patent pending DXD (Debris Extraction Device) is an internally developed downhole tool that assists customers in removing unwanted debris from the wellbore. Utilizing fluid dynamics, the tool consists of a jet section that accelerates fluid across a nozzle. This increase in fluid velocity creates a pressure drop inside the tool, which draws fluid through an inlet. As the fluid is drawn into the system through the inlet, it picks up unwanted debris in the fluid flow, which is then caught in a series of chambers installed below the tool. The chambers then carry the debris out of the hole when the system is brought back to surface.

HAVOK PDC Bearing Section—The patented Havok bearing pack is an extremely reliable and robust thru-tubing motor that deploys the industry's only all PDC (Polycrystalline Diamond Compact) bearing design - meaning no ball bearings. The elegant design greatly reduces the operating cost of our thru-tubing motors and provides us with a significant differentiator in the thru-tubing space. Since being deployed, Havok has proven to be one of the most robust bearing packs available on the market.

Hydraulic By-Pass Tool—The patented hydraulic by-pass tool allows us to run our conventional motor assemblies and achieve substantially higher circulation rates without reducing the expected life of our conventional power section. The additional fluid being pumped and by-passed optimizes the downhole hydraulics for the operation and assists with proper debris removal.

Drill Mate (Mechanical By-Pass Valve)—The patented Drill Mate is a downhole tool that was developed to give customers a way to mechanically by-pass fluid during drill out or clean out operations. The tool is a two-piece system that opens and closes based upon the amount of weight being set on the mill or bit. During bottom milling with the tool, the tool is in the closed position, putting 100% of the flow through the motor bottomhole assembly ("BHA"). As weight is removed from the mill or bit either by milling through the obstruction or picking up off bottom, the tool strokes open, thereby exposing by-pass ports that divert fluid through them. At this point, a customer can increase the amount of fluid being pumped through the BHA to assist in debris removal. This increase in fluid rate does not affect the life of the motor as the additional fluid is by-passed through the Drill Mate tool.

Customers and Marketing

Substantially all of our customers are engaged in the energy industry. Most of our sales are to major, large independent and regional oil and natural gas companies, and these sales have resulted in a diversified and geographically balanced portfolio of more than 740 customers within North America. Revenues from our five largest customers collectively represented approximately 21% of our revenues for the year ended December 31, 2022. No single customer accounted for more than 5% of our revenues during the year.

Our sales activities are conducted through a network of sales representatives and business development personnel, which provide coverage on a product-line and geographical basis. Sales representatives work closely with local operations managers to target potential opportunities through strategic focus and planning. Customers are identified as targets based on their drilling and completion activity, geographic location and economic viability. Direction of the sales team is conducted through weekly meetings and daily communication. Our marketing activities are performed internally. Our strategy is based on building a strong North American brand though multiple media outlets including our website, select social media accounts, print, billboard advertisements, press releases and various industry-specific conferences, publications and lectures. We have a technical sales organization with expertise and focus within their specific service line. Our strategy is to sell our services using data to demonstrate safety and service quality. We accomplish this

through communication across sales regions and operations departments to share best practices and leverage existing customer relationships.

Competition

The markets in which we operate are highly competitive. We compete on a number of factors including performance, safety, quality, reliability, service, price, response time and a growing breadth of services and products. Additionally, projects are often awarded on a bid basis, which tends to create a highly competitive environment. To be successful, a company must provide services that meet the specific needs of oil and natural gas E&P companies and drilling, completions, production and intervention service contractors at competitive prices. We provide our services across the United States and we compete against different companies in each service and product line we offer. Our competition includes many large and small oilfield service companies, including the largest integrated oilfield services companies.

Our major competitors include Schlumberger, Baker Hughes, Halliburton, RPC, Nine Energy Services, Phoenix Technology Services, Scientific Drilling International, NexTier, Liberty Oilfield Services, Ranger Energy Services, ProPetro Holding Corp., STEP Energy Services, and other private competitors.

We differentiate our company from our competitors by delivering a broad range of drilling, completion, production and intervention services safely with high quality equipment and highly competent personnel, which we believe enables us to deliver superior execution while operating an efficient and safe working environment. While we must be competitive in our pricing, we believe our customers select our services based on the local leadership, relationships and expertise that our field management and operating personnel use to deliver quality services. We maintain and develop new business through corporate, regional, safety, quality and discrete product/service specialist sales teams throughout the United States.

We believe our focus on cultivating our existing customer relationships as well as developing new relationships, while maintaining our high standard of customer service, technology, safety, performance and quality of crews, equipped us to effectively compete and succeed in a competitive market.

Suppliers and Procurement

We purchase a wide variety of materials, components and partially completed and finished products from manufacturers and suppliers for our use. We are not dependent on any single source of supply for those parts, supplies, materials or equipment and, as of December 31, 2022, no single supplier accounted for more than 4% of our total supply and procurement costs. To date, we have generally been able to obtain the equipment, parts and supplies necessary to support our operations on a timely basis. While we believe that we will be able to make satisfactory alternative arrangements in the event of any interruption in the supply of these materials and/or products by one of our suppliers, we may not always be able to make alternative arrangements. In addition, certain materials for which we do not currently have long-term supply agreements could experience shortages and significant price increases in the future. As a result, we may be unable to mitigate any future supply shortages and our results of operations, prospects and financial condition could be adversely affected.

Customer Service

We are highly differentiated in each of the geographic markets that we serve with our services and associated product offerings. This is achieved by providing targeted, complementary services and related products and being responsive to our customers with both quality, as measured by the industry-standard non-productive time, and timely responses to requests. The key elements include:

- 24-hours a day, seven days a week operations;
- recognized industry leading technicians in our principal service and product lines;
- responsiveness to our customers' requirements for ready-to-deploy American Petroleum Institute certified equipment and a "can do" philosophy;
- technical interface with customers via product line management personnel; and
- client relationship building.

Technology and Intellectual Property

Our engineering and technology efforts are focused on providing efficient and cost-effective solutions to maximize production for our customers across major North American onshore basins. We have dedicated resources focused on the internal development of new technology and equipment, as well as resources focused on sourcing and commercializing new technologies through strategic relationships. Our sales and earnings are influenced by our ability to successfully introduce new or improved products and services to the market.

Although in the aggregate our patents and licenses are important to us, we do not regard any single patent, license or strategic relationship as critical or essential to our business as a whole. In general, we depend on our technological capabilities, customer service-oriented culture and application of our know-how to distinguish ourselves from our competitors, rather than our right to exclude others through patents or exclusive licenses. We also consider the quality and timely delivery of our products, the service we provide to our customers, and the technical knowledge and skill of our personnel to be more important than our registered intellectual property in our ability to compete.

We believe we have become a “go-to” service provider for piloting certain new technologies across North America because of our service quality, execution at the wellsite and scale. These strategic relationships provide us and our customers with access to unique technology from independent innovators. This also allows us to minimize exposure to potential technology adoption risks and the significant costs associated with developing and implementing R&D internally. Our internal resources are focused on evolving our existing proprietary tools to stay on trend and ensure quicker, lower completion and production costs for our customers.

Risk Management and Insurance

The provision of technical services or use of certain of our tools and equipment in connection therewith could involve operational risk and thereby expose us to liabilities. An accident involving our services or equipment, or the failure of a product, could result in personal injury, loss of life and damage to property, equipment or the environment. Damages from a catastrophic occurrence, such as a fire or explosion, could result in substantial claims for damages. We generally attempt to negotiate the terms of our Master Services Agreements ("MSAs") consistent with industry practice. In general, we attempt to take responsibility for our own personnel and property, while our customers, such as the E&P companies and well operators, take responsibility for their own personnel, property and all liabilities arising from well and subsurface operations.

In addition, claims for loss of oil and gas production and damage to formations can occur in the oilfield services industry. If a serious accident were to occur at a location where our equipment and services are being used, it could result in us being named as a defendant in lawsuits asserting large claims. Because our business involves the transportation of heavy equipment and materials, we from time to time experience traffic accidents, which may result in spills, property damage and personal injury.

Oilfield services companies, despite efforts to maintain high safety standards, from time to time, have suffered accidents. Our business is subject to the same risks and, as a result, there is a risk that we will experience accidents in the future. In addition to the property and personal losses from these accidents, the frequency and severity of these incidents affect our operating costs and insurability, and our relationship with customers, employees and regulatory agencies. In particular, in recent years many of our large customers have placed an increased emphasis on the safety records of their service providers. Any significant increase in the frequency or severity of these incidents, or the general level of compensatory payments, could adversely affect the cost of, or our ability to obtain, workers’ compensation and other forms of insurance, and could have other material adverse effects on our financial condition and results of operations.

We maintain a risk management program that covers operating hazards, including products and completed operations, property damage and personal injury claims as well as certain limited environmental claims. Our risk management program includes primary, umbrella and excess umbrella liability policies in excess of $75.0

million per occurrence, including sudden and accidental pollution claims. We believe that our insurance is sufficient to cover property and casualty liability claims.

We endeavor to allocate potential liabilities and risks between the parties in our MSAs. We retain the risk for any liability not indemnified by our customers and in excess of our insurance coverage. These MSAs delineate our and our customers' respective warranty and indemnification obligations with respect to the services we provide. We endeavor to negotiate MSAs with our customers that provide, among other things, that we and our customers assume (without regard to fault) liability for damages to our respective personnel and property. For catastrophic losses, we endeavor to negotiate MSAs that include industry-standard carve-outs from the knock-for-knock indemnities. Additionally, our MSAs often provide carve-outs to the "without regard to fault" concept that would permit, for example, us to be held responsible for events of catastrophic loss only if they arise as a result of our gross negligence or willful misconduct. Our MSAs typically provide for industry-standard pollution indemnities, pursuant to which we assume liability for surface pollution associated with our equipment and originating above the surface (without regard to fault), and our customer assumes (without regard to fault) liability arising from all other pollution, including, without limitation, underground pollution and pollution emanating from the wellbore as a result of an explosion, fire or blowout. The summary of MSAs set forth above is a summary of the material terms of the typical MSA that we have in place and does not reflect every MSA that we have entered into or may enter into in the future, some of which may contain indemnity structures and risk allocations between our customers and us that are different than those described here.

Information Technology

Our IT systems provide us with a scalable integrated platform that facilitates efficient operations, consolidated invoicing and optimal equipment utilization on both a site and segment basis. Our operating strategy is based upon balancing high asset and personnel utilization levels with consistently superior customer service. As such, our IT systems are integral to effectively managing our business.

Government Regulation and Environmental, Health and Safety Matters

Our operations and those of our customers are subject to extensive and changing federal, state and local laws and regulations establishing health, safety and environmental quality standards, including those governing discharges of pollutants into the air and water, protection of natural resources and certain wildlife and the management and disposal of hazardous substances and wastes. Failure to comply with these laws and regulations or comply with permits may result in the assessment of administrative, civil and criminal penalties; the imposition of remedial or corrective action requirements; and the imposition of injunctions or other orders to prohibit certain activities, restrict certain operations or force future compliance with environmental regulations. We are also subject to laws and regulations, such as the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA") and similar state statutes, governing remediation of contamination, which could occur or might have occurred at facilities that we own or operate, or which we formerly owned or operated, or to which we send or have sent hazardous substances or wastes for treatment, recycling or disposal. Historically, our environmental compliance costs have not had a material adverse effect on our operations. However, we could become subject to future liabilities or obligations as a result of new or more stringent interpretations of existing laws and regulations. In addition, we may have liabilities or obligations in the future if we discover any environmental contamination or liability relating to our facilities or operations.

The following is a summary of some of the existing laws, rules and regulations, as amended from time to time, to which we or our customers are subject.

Hazardous Substances and Waste Handling

The Resource Conservation and Recovery Act ("RCRA") and comparable state statutes, regulate the generation, transportation, treatment, storage, disposal and cleanup of hazardous and non-hazardous wastes. Under the guidance issued by the Environmental Protection Agency (the "EPA"), individual states administer some or all of the provisions of RCRA, sometimes in conjunction with their own, more stringent requirements. We are required to manage the disposal of hazardous and non-hazardous wastes in compliance with RCRA and analogous state laws. RCRA currently exempts many E&P wastes from classification as hazardous waste. Specifically, RCRA excludes from the definition of hazardous waste produced waters and other wastes intrinsically associated with the exploration, development, or production of crude oil and natural gas. However, efforts have been made from time to time to remove this exclusion and thus it is possible that certain E&P waste now classified as non-hazardous waste and excluded from treatment as hazardous wastes may in the future be designated as "hazardous wastes" under RCRA or other applicable statutes. Naturally Occurring Radioactive Materials ("NORM") may contaminate extraction and processing equipment used in the oil and natural gas industry. The waste resulting from such contamination is regulated by federal and state laws. Standards have been developed for worker protection; treatment, storage, and disposal of NORM and NORM waste; management of NORM-contaminated waste piles, containers and tanks; and limitations on the relinquishment of NORM contaminated land for unrestricted use under RCRA and state laws. Stricter regulation of wastes generated during our or our customers' operations could result in increased costs for our operations or the operations of our customers, which could in turn reduce demand for our products and services and adversely affect our business.

Comprehensive Environmental Response, Compensation, and Liability Act

CERCLA, also known as the Superfund law, imposes joint and several liability, without regard to fault or legality of conduct, on classes of persons who are considered to be responsible for the release of a hazardous substance into the environment. These persons include the current and former owner or operator of the site where the release occurred, and anyone who transported or disposed or arranged for the transport or disposal of a hazardous substance released at the site. Persons who are or were responsible for releases of hazardous substances under CERCLA and any state analogs may be subject to joint and several, strict liability for the costs of cleaning up the hazardous substances that have been released into the environment, and for damages to natural resources and for the costs of certain health studies. We currently own, lease, or operate numerous properties that have been used for manufacturing and other operations for many years. These properties and the substances disposed or released on them may be subject to CERCLA, RCRA and analogous state laws. Under such laws, we could be required to remove previously disposed substances and wastes, remediate contaminated property, or perform remedial operations to prevent future contamination. The EPA has the power to make additional substances subject to CERCLA and is considering doing so at this time, which could result in additional remediation costs at certain properties in the future. In addition, it is not uncommon for neighboring landowners and other third-parties to file claims for personal injury and property damage allegedly caused by the hazardous substances released into the environment.

Endangered Species Act and Migratory Bird Treaty Act

The federal Endangered Species Act ("ESA") and comparable state laws were established to protect endangered and threatened species. Under the ESA, if a species is listed as threatened or endangered, restrictions may be imposed on activities adversely affecting that species' habitat. The U.S. Fish and Wildlife Service ("FWS") has the ability to designate additional species as protected by the ESA and alter the areas designated as habitat for such species. For example, FWS recently published a rule listing two distinct population segments of the Lesser Prairie Chicken under the ESA, a species found in some states where we operate. FWS has also considered taking additional measures related to species such as the Dunes Sagebrush Lizard and Greater Sage Grouse, which can be found in some areas where we operate. The designation of previously unidentified endangered or threatened species, or other agency actions aimed at species conservation could indirectly cause us to incur additional costs, cause our or our oil and natural gas exploration and production customers' operations to become subject to operating restrictions or bans, result in

new difficulties obtaining permits or other authorizations, and limit future development activity in affected areas, which could reduce demand for our products and services to those customers.

Similar protections are offered to migratory birds under the Migratory Bird Treaty Act (“MBTA”). FWS has taken differing positions on the extent to which there is criminal liability under the MBTA for certain actions reacted to migratory birds, their nests, or their eggs. Some of our customers may be adversely affected by seasonal or permanent restrictions on drilling activities designed to protect various wildlife, which may limit our ability to operate in protected areas. Permanent restrictions imposed to protect endangered and threatened species could prohibit drilling in certain areas or require the implementation of expensive mitigation measures.

National Environmental Policy Act

E&P activities on federal lands may be subject to review under the National Environmental Policy Act (“NEPA”). NEPA requires federal agencies, including the Department of the Interior, to evaluate major agency actions that have the potential to significantly impact the environment. Approvals necessary for our customers to operate on federal or Tribal land are subject to NEPA. The NEPA review process has the potential to delay the permitting and subsequent development of oil and natural gas projects. NEPA requirements are subject to or influenced by regulations and guidance from the Council on Environmental Quality (“CEQ”), and the CEQ’s requirements and guidance for such reviews have altered several times during the past few years under different administrations, and are likely to continue to change. Most recently, in January 2023 the CEQ issued new guidance on consideration of greenhouse gas ("GHG") emissions and climate change in NEPA environmental reviews. At this time, we cannot predict the outcome of such changes on our operations or the operations of our customers. To the extent that new and more stringent NEPA requirements are finalized in the future, they could create permitting delays for our customers requiring federal approvals and thereby negatively impact the demand for our services.

Worker Health and Safety

We are subject to a number of federal and state laws and regulations, including the federal Occupational Safety and Health Act, which establishes requirements to protect the health and safety of workers. The U.S. Occupational Safety and Health Administration ("OSHA") hazard communication standard, the EPA community right-to-know regulations under Title III of the federal Superfund Amendment and Reauthorization Act and comparable state statutes require maintenance of information about hazardous materials used or produced in operations and provision of this information to employees, state and local government authorities and citizens. The Federal Motor Carrier Safety Administration regulates and provides safety oversight of commercial motor vehicles, the EPA establishes requirements to protect human health and the environment, the federal Bureau of Alcohol, Tobacco, Firearms and Explosives ("ATF") establishes requirements for the safe use and storage of explosives, and the federal Nuclear Regulatory Commission establishes requirements for the protection against ionizing radiation. Substantial fines and penalties can be imposed and orders or injunctions limiting or prohibiting certain operations may be issued in connection with any failure to comply with these laws and regulations.

Additionally, OSHA has implemented rules establishing a more stringent permissible exposure limit for exposure to respirable crystalline silica and other provisions to protect employees. These rules require compliance with engineering control obligations to limit exposures to respirable crystalline silica in connection with hydraulic fracturing activities. OSHA and analogous state agencies may continue to propose changes in their regulations regarding workplace exposure to crystalline silica, such as permissible exposure limits and required controls and personal protective equipment. Additionally, the inhalation of respirable crystalline silica is associated with health risks, including the lung disease silicosis. These health risks have been, and may continue to be, a significant issue confronting the hydraulic fracturing industry. Concerns over silicosis and other potential adverse health effects, as well as concerns regarding potential liability from the use of hydraulic fracturing sand, may have the effect of discouraging our customers' use of hydraulic fracturing sand.

Transportation Safety and Compliance

Operating a fleet of over 1,700 vehicles, we are subject to regulation as a motor carrier by the U.S. Department of Transportation (the “DOT”) and analogous state agencies, which requires us to comply with a number of federal and state laws and regulations, including the Federal Motor Carrier Safety Regulations and Hazardous Material Regulations for interstate travel, and comparable state regulations for intrastate travel. These regulatory authorities exercise broad powers, governing activities such as the authorization to engage in motor carrier operations, regulatory safety, equipment testing, driver requirements and specifications, and insurance requirements. The trucking industry is subject to possible regulatory and legislative changes that may affect the economics of the industry by requiring changes in operating practices (including for example, changes in fuel emissions limits, hours of service regulations that govern the amount of time a driver may drive or work in any specific period and limits on vehicle weight and size) or by reducing the demand for common or contract carrier services or the cost of providing truckload services. Additional regulatory initiatives may be pursued relating to fuel quality, engine efficiency and GHG emissions, which could further increase our costs due to truck purchases and maintenance, impairment of equipment productivity, decreases in the residual value of vehicles, unpredictable fluctuations in fuel prices and increases in operating expenses. Our operations, including routing and weight restrictions, could be affected by road construction, road repairs, detours and state and local regulations and ordinances restricting access to certain roads and our increased truck traffic could contribute to deteriorating road conditions in some areas. Also, state and local regulation of permitted routes and times on specific roadways could adversely affect our operations. We cannot predict whether, or in what form, any legislative or regulatory changes or municipal ordinances applicable to our logistics operations will be enacted and to what extent any such legislation or regulations could increase our costs or otherwise adversely affect our business or operations. Moreover, substantial fines and penalties can be imposed and orders or injunctions limiting or prohibiting certain operations may be issued in connection with any failure to comply with laws and regulations relating to the safe operation of commercial motor vehicles.

Water Discharges

The Federal Water Pollution Control Act (the “Clean Water Act” or "CWA") and analogous state laws impose restrictions and strict controls with respect to the discharge of pollutants, including spills and leaks of oil and other substances, into waters of the United States. The discharge of pollutants into regulated waters, including jurisdictional wetlands, is prohibited, except in accordance with the terms of a permit issued by the EPA or an analogous state agency.

There continues to be uncertainty on the federal government's applicable jurisdictional reach under the CWA over waters of the United States, including wetlands, as the EPA and the U.S. Army Corps of Engineers ("Corps") under the Obama, Trump and Biden Administrations have pursued multiple rulemakings since 2015 in an attempt to define the scope of such reach. While the EPA and Corps under the Trump Administration issued a final rule in January 2021 narrowing federal jurisdictional reach over waters of the United States, the EPA and Corps under President Biden issued a new rule at the end of 2022 that again broadens federal jurisdiction over these waters. The Supreme Court is also expected to rule on certain aspects of the definition in 2023, and the Biden Administration rule is likely to be subject to legal challenge. Therefore, the final substance of this definition and its impacts on the scope of the Clean Water Act remain uncertain at this time.

To the extent the Biden Administration rule goes into effect and expands the scope of the Clean Water Act's jurisdiction in areas where we or our customers conduct operations, such developments could delay, restrict or halt the development of projects, result in longer permitting timelines, or increased compliance expenditures or mitigation costs for our customers’ operations, which may reduce our customers’ rate of production of oil and gas and reduce the demand for our products and services.

In other CWA matters, spill prevention, control and countermeasure requirements of federal laws require appropriate containment berms and similar structures to help prevent the contamination of navigable waters by a petroleum hydrocarbon tank spill, rupture or leak. In addition, the CWA and analogous state laws require individual permits or coverage under general permits for discharges of storm water runoff from certain types of

facilities. Federal and state regulatory agencies can impose administrative, civil and criminal penalties as well as other enforcement mechanisms for non-compliance with discharge permits or other requirements of the CWA and analogous state laws and regulations. The CWA and analogous state laws provide for administrative, civil and criminal penalties for unauthorized discharges and, together with the Oil Pollution Act of 1990, impose rigorous requirements for spill prevention and response planning, as well as substantial potential liability for the costs of removal, remediation, and damages in connection with any unauthorized discharges.

Air Emissions

The federal Clean Air Act ("CAA"), and comparable state laws, regulate emissions of various air pollutants through air emissions permitting programs and the imposition of other requirements. In addition, the EPA has developed, and continues to develop, stringent regulations governing emissions of toxic air pollutants at specified sources. These regulations change frequently. These laws and regulations may require us or our customers to obtain pre-approval for the construction or modification of certain projects or facilities expected to produce or significantly increase air emissions, obtain and strictly comply with stringent air permit requirements or utilize specific equipment or technologies to control emissions of certain pollutants. For example in 2015, the EPA lowered the National Ambient Air Quality Standard ("NAAQS") for ground level ozone from 75 to 70 parts per billion. Since that time, the EPA has issued area designations with respect to ground-level ozone and, on December 31, 2020, published notice of a final action that, upon conducting a periodic review of the ozone standard in accord with CAA requirements, elected to retain the 2015 ozone NAAQS without revision on a going-forward basis. However, this December 2020 final action is subject to legal challenge, which is currently on hold while the Biden Administration is reconsidering the December 2020 final action in favor of a potentially more stringent ground-level ozone NAAQS. State implementation of the revised NAAQS could result in stricter permitting requirements, which in turn could delay or impair our or our customers' ability to obtain air emission permits, and result in increased expenditures for pollution control equipment, the costs of which could be significant. Federal and state regulatory agencies can impose administrative, civil and criminal penalties, as well as injunctive relief, for non-compliance with air permits or other requirements of the CAA and associated state laws and regulations.

Climate Change

The threat of climate change continues to attract considerable attention in the United States and around the world. Numerous proposals have been made and could continue to be made at the international, national, regional and state levels of government to monitor and limit existing emissions of GHGs as well as to restrict or eliminate such future emissions.

The U.S. Congress has not adopted comprehensive climate change legislation but did impose the first-ever fee on the emission of GHGs through a methane emissions charge. The Inflation Reduction Act of 2022 ("IRA") amends the CAA to impose a fee on the emission of methane from sources required to report their GHG emissions to the EPA, including those sources in the onshore petroleum and natural gas production and gathering and boosting source categories. The methane emissions charge would start in calendar year 2024 at $900 per ton of methane, increase to $1,200 in 2025, and be set at $1,500 for 2026 and each year after. Calculation of the fee is based on certain thresholds established in the IRA. The IRA also requires the EPA to revise GHG reporting requirements for segments of the oil and gas sector, including portions of our customer base, by August 2024. The methane emissions charge and reporting revisions could increase our customers' operating or compliance costs and adversely affect their businesses, thereby reducing demand for our products and services. The IRA also instructs the EPA to revise GHG reporting requirements that apply to some of our customers' operations. While we cannot predict the impact of any such revisions, if these revisions result in additional compliance costs for our customers, they could negatively impact the demand for our services.

Additionally, the IRA contains hundreds of billions of dollars in incentives for the development of renewable energy, clean hydrogen, clean fuels, electric vehicles, and supporting infrastructure and carbon capture and sequestration, among other provisions. These incentives could accelerate the transition of the U.S. economy

away from the use of fossil fuels towards lower- or zero-carbon emissions alternatives, reduce demand for our customers' products, and thereby reduce demand for our services.

In addition, President Biden has made combating climate change arising from GHG emissions a priority under this Administration and has issued, and may continue to issue, executive orders or other regulatory initiatives in pursuit of this regulatory agenda. At the federal level, the EPA has adopted rules that, among other things, establish construction and operating permit reviews for GHG emissions from certain large stationary sources, require the monitoring and annual reporting of GHG emissions from certain petroleum and natural gas system sources, and impose new standards reducing methane emissions from oil and gas operations through limitations on venting and flaring and the implementation of enhanced emission leak detection and repair requirements.

In recent years, there has been considerable uncertainty surrounding regulation of methane emissions. In 2020, the Trump Administration revised performance standards for methane established in 2016 to lessen the impact of those standards and removed the transmission and storage segments from the source category for certain regulations. However, the U.S. Congress subsequently passed, and President Biden signed into law, a revocation of the 2020 rulemaking, effectively reinstating the 2016 standards. In November 2021, the EPA issued a proposed rule and further supplemented the proposal in December 2022 to adopt new methane regulations for the oil and gas sector. If finalized, the proposed rule would establish Quad Ob new source and Quad Oc first-time existing source standards of performance for methane and volatile organic compound emissions in the oil and gas source category. This proposed rule would apply to upstream and midstream facilities at oil and natural gas well sites, natural gas gathering and boosting compressor stations, natural gas processing plants, and transmission and storage facilities. Owners or operators of affected emission units or processes would have to comply with specific standards of performance that may include leak detection using optical gas imaging and subsequent repair requirements, reduction of regulated emissions through capture and control systems, zero-emission requirements for certain equipment or processes, operations and maintenance requirements, and requirements for "green well" completions. Additionally, this proposed rule would impose expanded inspection, monitoring and emissions control requirements on oil and gas sites, as well as strengthen requirements related to emissions from equipment and routine flaring. The proposal would also establish a "Super Emitter Response Program" that would require operator response to emissions events exceeding 200 pounds per hour, as detected by regulatory authorities or qualified third parties. The proposal is expected to be finalized in 2023, but will likely be subject to legal challenges. As a result, we cannot predict the scope of any final methane regulatory requirements, or the expected cost to comply with such requirements. Any increase in regulatory requirements may increase operating or compliance costs for our customers and thereby reduce the demand for our services. Some states where we operate, such as New Mexico and Colorado, have also imposed new or more stringent methane emission regulations, which could also increase operating or compliance costs for our customers in these states and impact demand for our services. Some states where we operate, such as New Mexico and Colorado, have also imposed new or more stringent methane emission regulations, which could also increase operating or compliance costs for our customers in these states and impact demand for our services.

Additionally, various states and groups of states have adopted or are considering adopting legislation, regulations or other regulatory initiatives that are focused on such areas as GHG cap and trade programs, carbon taxes, reporting and tracking programs, and restriction of emissions. At the international level, the United Nations-sponsored Paris Agreement is a non-binding agreement for nations to limit their GHG emissions through individually-determined reduction goals every five years after 2020. President Biden announced in April 2021 a new, more rigorous nationally determined emissions reduction level of 50 percent to 52 percent from 2005 levels in economy-wide net GHG emissions by 2030. Moreover, the international community gathered again in Glasgow in November 2021 at the 26th Conference of the Parties ("COP26"), during which multiple announcements (not having the effect of law) were made, including a call for parties to eliminate certain fossil fuel subsidies and pursue further action on non-CO2 GHGs. Relatedly, the United States and European Union jointly announced at COP26 the launch of a Global Methane Pledge, an initiative which over 100 counties joined, committing to a collective goal of reducing global methane emissions by at least 30 percent from 2020 levels by 2030, including "all feasible reductions" in the energy sector. These goals were reaffirmed at the 27th Conference of the Parties ("COP27") in November 2022. The impacts of

these orders, pledges, agreements and any legislation or regulation promulgated to fulfill the United States' commitments under the Paris Agreement, COP26, COP27 or other international conventions cannot be predicted at this time.

Governmental, scientific, and public concern over the threat of climate change arising from GHG emissions has resulted in federal political risks in the United States. President Biden has issued several executive orders calling for more expansive action to address climate change and suspend new oil and gas operations on federal lands and waters. The suspension of the federal leasing activities prompted legal action by several states against the Biden Administration, resulting in issuance of a nationwide preliminary injunction by a federal district judge in Louisiana in June 2021, effectively halting implementation of the leasing suspension. In November 2022 the federal Bureau of Land Management (“BLM”) proposed a rule that would limit flaring from well sites on federal and Tribal lands, as well as allow the delay or denial of permits if BLM finds that an operator’s methane waste minimization plan is insufficient. Other actions adversely affecting the oil and gas industry that may be pursued by the Biden Administration include limiting hydraulic fracturing by banning new oil and gas permitting on federal lands and waters, limiting hydraulic fracturing by banning new oil and gas permitting on federal lands and waters, potentially eliminating certain tax rules (referred to as subsidies) that benefit the oil and gas industry, and imposing restrictions on pipeline infrastructure.

Litigation risks are also increasing as a number of states, municipalities and other plaintiffs have sought to bring suit against the largest oil and natural gas exploration and production companies in state or federal court alleging, among other things, that such energy companies created public nuisances by producing fuels that contributed to global warming effects, such as rising sea levels, and therefore, are responsible for roadway and infrastructure damages as a result, or alleging that the companies have been aware of the adverse effects of climate change for some time but defrauded their investors by failing to adequately disclose those impacts.

Additionally, climate change policies may impact the Company or our customers’ access to capital. Certain shareholders and bondholders currently invested in fossil-fuel energy companies are concerned about the potential effects of climate change and may elect in the future to shift some or all of their investments into non-fossil fuel energy related sectors. Institutional lenders who provide financing to fossil-fuel energy companies also have become more attentive to sustainable lending and investment practices that favor "clean" power sources, such as wind and solar, making those sources more attractive, and some of them may elect not to provide funding for fossil fuel energy companies. Many of the largest U.S. banks have made "net zero" carbon emission commitments and have announced that they will be assessing financed emissions across their portfolios and taking steps to quantify and reduce those emissions. At COP26, the Glasgow Financial Alliance for Net Zero ("GFANZ") announced that commitments from over 450 firms across 45 countries had resulted in over $130 trillion in capital committed to net zero goals. The various sub-alliances of GFANZ generally require participants to set short-term, sector-specific targets to transition their financing, investing, and/or underwriting activities to net zero emissions by 2050. These and other developments in the financial sector could lead to some lenders restricting access to capital for or divesting from certain industries or companies, including the oil and gas sector, or requiring that borrowers take additional steps to reduce their GHG emissions. Additionally, there is the possibility that financial institutions will be pressured or required to adopt policies that limit funding for fossil fuel energy companies. In late 2020, the Federal Reserve announced that it had joined the Network for Greening the Financial System ("NGFS"), a consortium of financial regulators focused on addressing climate-related risks in the financial sector. In November 2021, the Federal Reserve issued a statement in support of the efforts of the NGFS to identify key issues and potential solutions for the climate-related challenges most relevant to central banks and supervisory authorities. While we cannot predict what policies may result from these announcements, a material reduction in the capital available to us or our fossil fuel-related customers could make it more difficult to secure funding for exploration, development, production, transportation, and processing activities, which could reduce the demand for our products and services.

The SEC has also proposed a rule that would require registrants to make certain climate-related disclosures in registration statements and annual reports, including their governance of climate-related risks; material climate-related impacts on strategy, outlook and business model; climate risk management; Scope 1 and 2

GHG emissions and Scope 3 GHG emissions under certain circumstances; and if the registrant has set them, climate-related targets and goals. The final rule is expected in 2023 and may be subject to legal challenge. Separately, the SEC has also announced that it is scrutinizing existing climate-change related disclosures in public filings, increasing the potential for enforcement if the SEC were to allege that an issuer's existing climate disclosures were misleading or deficient. We cannot predict the impact that any rule, if finalized, would have on our operations. To the extent that requirements or enforcement initiatives impose significant additional costs on us or our customers, we could be negatively impacted by the SEC's regulatory or enforcement actions.

Finally, increasing concentrations of GHGs in the Earth's atmosphere may produce climate changes that could have significant physical effects, such as increased frequency and severity of storms, droughts, and floods and other climatic events, as well as chronic shifts in temperature and precipitation patterns. These climatic developments have the potential to cause physical damage to our and our customers' assets or disrupt operations and thus could have an adverse effect on each of our operations. Additionally, changing meteorological conditions, particularly temperature, may result in changes to the amount, timing, or location of demand for energy or its production. While our consideration of changing climatic conditions and inclusion of safety factors in design is intended to reduce the uncertainties that climate change and other events may potentially introduce, our ability to mitigate the adverse impacts of these events depends in part on the effectiveness of our facilities and our disaster preparedness and response and business continuity planning, which may not have considered or be prepared for every eventuality.

Hydraulic Fracturing

Our businesses are dependent on our customers' hydraulic fracturing and horizontal drilling activities. Hydraulic fracturing is an important and 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 chemicals under pressure into formations to fracture the surrounding rock and stimulate production, is typically regulated by state oil and natural gas commissions.

At the federal level, the EPA has asserted federal regulatory authority over certain hydraulic fracturing activities involving the use of diesel fuels and regarding certain wastewater discharges from onshore unconventional oil and gas extraction facilities under the Safe Drinking Water Act. In late 2016, the EPA also released its final report on the potential impacts of hydraulic fracturing on drinking water resources, concluding that "water cycle" activities associated with hydraulic fracturing may impact drinking water resources under certain circumstances. BLM under both the Obama and Trump Administrations has pursued rules governing hydraulic fracturing activities on federal lands. These requirements have been subject to legal challenge and the outcome remains uncertain.

The U.S. Congress has from time to time considered but refused to adopt federal legislation regarding hydraulic fracturing including considering amending the current exemption for hydraulic fracturing operations that do not include fracturing fluids that contain diesel fuel under the Safe Drinking Water Act's Underground Injection Control program. The Biden Administration has issued executive orders, could issue additional executive orders, and could pursue other legislative and regulatory initiatives that restrict hydraulic fracturing activities on federal lands. For example, President Biden issued an order in January 2021 suspending the issuance of new leases and authorizations, including drilling permits on federal lands and waters for a period of 60 days, and subsequently issued a second order on January 27, 2021 suspending the issuance of new leases on federal lands and waters pending completion of a study of current oil and gas practices. The suspension of these federal leasing activities prompted legal action by several states against the Biden Administration, resulting in issuance of a nationwide preliminary injunction by a federal district judge in Louisiana in June 2021, effectively halting implementation of the leasing suspension but the federal government is appealing the district court decision. These or similar federal actions, if taken in the future, could impose additional hydraulic fracturing limitations on our customers that could ultimately result in decreased demand for our products and services.

At the state level, many states have adopted legal requirements that have imposed new or more stringent permitting, public disclosure or well construction requirements on hydraulic fracturing activities, including states where our customers operate. States could also elect to place prohibitions on hydraulic fracturing and local governments may seek to adopt ordinances within their jurisdictions regulating the time, place or manner of drilling activities in general or hydraulic fracturing activities in particular.

Seismic Events and Water Availability

In recent years, wells used for the disposal by injection of flowback water or certain other oilfield fluids below ground into non-producing formations have been associated with an increased number of seismic events, with research suggesting that the link between seismic events and wastewater disposal may vary by region and local geology. The U.S. geological survey has in the recent past identified six states with the most significant hazards from induced seismicity, which includes Oklahoma, Kansas, Texas, Colorado, New Mexico, and Arkansas. In response to these concerns, regulators in some states have adopted additional requirements related to seismicity and its potential association with hydraulic fracturing. For example, Texas and Oklahoma have issued rules for wastewater disposal wells that impose certain permitting and operating restrictions and reporting requirements on disposal wells in proximity to faults. Texas and Oklahoma have also issued orders or other directives, from time to time, requesting or even compelling operators of certain wells where seismic incidents have occurred to restrict or suspend disposal well operations. Another consequence of seismic events may be lawsuits alleging that disposal well operations have caused damage to neighboring properties or otherwise violated state and federal rules regulating waste disposal.

Finally, water is an essential component of shale oil and natural gas production during both the drilling and hydraulic fracturing processes. Our customers' access to water to be used in these processes may be adversely affected due to reasons such as periods of extended drought, private, third-party competition for water in localized areas or the implementation of local or state governmental programs to monitor or restrict the beneficial use of water subject to their jurisdiction for hydraulic fracturing to assure adequate local water supplies.

Employees

As of December 31, 2022, we had approximately 1,779 employees. Approximately 89% of our employees are engaged in operations, quality and purchasing, 4% in sales and marketing and 7% in finance, human resources, IT, management and general administration. Our employees are not unionized, and we consider our employee relations to be good.

Available Information

Our filings with the SEC, including this Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q, our Proxy Statement, Current Reports on Form 8-K and amendments to any of those reports are available free of charge on our website, http://www.klxenergy.com, as soon as reasonably practicable after they are filed with, or furnished to, the SEC. These reports may also be obtained on the SEC’s website, www.sec.gov, which contains reports, proxy statements, information statements, and other information regarding SEC registrants, including KLX Energy Services Holdings, Inc.

In addition to the reports filed or furnished with the SEC and provided on our website, we publicly disclose material information from time to time in our press releases, at annual meetings of Shareholders and in publicly accessible conferences and Investor presentations primarily through our Investor Relations pages (https://investor.klxenergy.com).

It should be noted that references to the Company's website in this Annual Report are provided as a convenience and do not constitute, and should not be deemed, an incorporation by reference of the information contained on, or available through, the website, and such information should not be considered part of this Annual Report.

ITEM 1A. RISK FACTORS (U.S. dollars in millions, except per unit data)

Investing in our common stock involves a high degree of risk. You should carefully consider the information in this Annual Report, including the matters addressed under "Cautionary Note Regarding Forward-Looking Statements" and the following risks before making an investment decision. If any of the following risks or uncertainties or any other risks or uncertainties of which we are currently unaware actually occur, or if any of our underlying assumptions prove to be incorrect, our business, financial condition and results of operations could be materially adversely affected. The trading price of our common stock could decline due to any of these risks, and you may lose all or part of your investment.

Risks Relating to Our Business

Our business depends on domestic capital spending by the oil and natural gas industry, and reductions in capital spending could have a material adverse effect on our business, financial condition and results of operations.

Our revenues are generated primarily from customers who are engaged in drilling for and production of oil and natural gas. Demand for services in the oil and natural gas industry is cyclical and subject to sudden and significant volatility, and we depend on our customers' willingness to make capital and operating expenditures to explore for, develop and produce oil and natural gas in the United States. In recent years, the oil and gas industry has experienced significant downturns and volatility. For example, in 2020, low oil and natural gas prices due, in part, to the COVID-19 pandemic, caused a reduction in cash flows for our customers, which had a significant adverse effect on the financial condition of some of our customers. This has resulted in, and may continue to result in, lower capital expenditures, project modifications, delays or cancellations, general business disruptions, and delays in payment of, or nonpayment of, amounts that are owed to us. These effects have had, and may continue to have, a material adverse effect on our financial condition, results of operations and cash flows. As oil and gas prices increased significantly during the first half of 2022 and marked a slow decline in the second half of 2022, we anticipate oil and natural gas prices will continue to be volatile.

Factors over which we have no control that could affect our customers' willingness to undertake drilling, completion, production, and intervention spending activities include:

- the level of prices, and expectations about prices, for oil and natural gas;
- the level of domestic and global oil and natural gas production;
- the level of domestic and global oil and natural gas inventories;
- the availability, pricing and perceived safety of pipeline, trucking, train storage and other transportation capacity;
- the supply of and demand for oilfield services and equipment;
- lead times associated with acquiring equipment and availability of qualified personnel;
- the cost of exploring for, developing, producing and delivering oil and natural gas;
- the expected rates of decline in production from existing and prospective wells;
- the discovery rates of new oil and natural gas reserves;
- any prolonged reduction in the overall level of oil and natural gas E&P activities, whether resulting from changes in oil and natural gas prices or otherwise;
- uncertainty in capital and commodities markets and the ability of oil and natural gas E&P companies to raise equity capital and debt financing;
- federal, state and local regulation of hydraulic fracturing and other oilfield service activities, as well as E&P activities, including public pressure on governmental bodies and regulatory agencies to regulate the oil and gas industry;
- moratoriums on drilling activity resulting in a cessation of operation or a failure to expand operations;
- adverse weather conditions, including rain, tropical storms, hurricanes and severe cold weather, that can affect oil and natural gas operations over a wide area;
- oil refining capacity;
- merger and divestiture activity among oil and gas producers;

- the availability of water resources and suitable proppants in sufficient quantities and on acceptable terms for use in hydraulic fracturing operations;
- the availability, capacity and cost of disposal and recycling services for used hydraulic fracturing fluids;
- the political environment in oil and natural gas producing regions, including uncertainty or instability resulting from civil disorder, terrorism or war, such as the continuing conflict between Russia and Ukraine;
- worldwide political, military and economic conditions;
- global or national health pandemics, epidemics or concerns, such as the COVID-19 pandemic, which reduced and may further reduce demand for oil and natural gas and related products due to reduced global or national economic activity;
- actions of OPEC, its members and other state-controlled oil companies relating to oil and natural gas price and production levels, including announcements of potential changes to such levels;
- advances in exploration, development and production technologies or in technologies affecting energy consumption;
- stockholder activism or activities by non-governmental organizations to restrict the exploration, development and production of oil and natural gas;
- the potential acceleration of the energy transition and development of alternative fuels; and
- the price and availability of alternative fuels and energy sources.

The volatility of oil and natural gas prices may adversely affect the demand for our services and negatively impact our results of operations.

The demand for our services is primarily determined by current and anticipated oil and natural gas prices and the related levels of capital spending and drilling activity in the areas in which we have operations. Volatility or weakness in oil prices or natural gas prices (or the perception that oil prices or natural gas prices will decrease) affects the spending patterns of our customers and may result in the drilling of fewer new wells. This, in turn, could lead to lower demand for our services and may cause lower utilization of our assets. 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, prices for oil and natural gas have been extremely volatile and are expected to continue to be volatile. During the past five years, WTI has ranged from a low of $(36.98) per barrel ("Bbl") in April 2020 to a high of $123.64 per Bbl in March 2022. As of December 31, 2022, WTI closed at $80.16 per Bbl, a 6.4% increase compared to WTI on December 31, 2021. On February 27, 2023, WTI closed at $75.57 per Bbl.

Significant factors that are likely to affect commodity prices in current and future periods include, but are not limited to, price reductions or increased production by OPEC members and other oil exporting nations, the effect of U.S. energy, monetary and trade policies, U.S. and global economic conditions, U.S. and global political and economic developments, including initiatives introduced by the Biden Administration and resulting energy and environmental policies, war or other military conflict, including the continuing conflict between Russia and Ukraine, the impact of the ongoing COVID-19 pandemic, and conditions in the U.S. oil and gas industry and the resulting demand for domestic land oilfield services.

If the prices of oil and natural gas continue to be volatile or decline, our business, financial condition and results of operations may be materially and adversely affected.

The COVID-19 pandemic has had, and may continue to have, a material adverse effect on our financial condition, results of operations and cash flows.

The COVID-19 pandemic in the United States and globally, together with significant volatility in commodity prices adversely affected, and may continue to adversely affect, both the price of and demand for crude oil and the continuity of our business operations.

The COVID-19 pandemic and its related effects continue to evolve. The ultimate extent of the impact of the COVID-19 pandemic and any other future pandemic on our business will depend on future developments, including, but not limited to, the nature, duration and spread of the disease and its variants, the vaccination

rollout and responsive actions to stop its spread or address its effects and the duration, timing and the severity of the related consequences on commodity prices and the economy more generally, including any recession resulting from the pandemic. Any extended period of depressed commodity prices or general economic disruption as a result of a pandemic would adversely affect our business, financial condition and results of operations.

Our business may be adversely affected by a deterioration in general economic conditions or a weakening of the broader energy industry.

Although in the first half of 2022, oil prices experienced a significant increase, the industry still has not fully recovered, and is currently still at a lower rig count than before the COVID-19 pandemic. We cannot assure you these conditions will not continue to exist throughout 2023. The risks associated with our business are more acute during periods of economic slowdown or recession because such periods may be accompanied by decreased spending by our customers. A prolonged period of economic slowdown and/or recession in the United States, particularly if coupled with a prolonged slowdown in the E&P industry, would materially and adversely impact our business, financial condition and results of operations.

The oil and gas industry has historically been both cyclical and seasonal. Activity levels historically have been driven primarily by E&P company capital spending, well completions and workover activity, the geological characteristics of the producing wells and their effect on the services required to commence and maintain production levels, and our customers' capital and operating budgets. All of these indicators are generally driven by commodity prices, which are affected by both domestic and global supply and demand factors. In particular, while U.S. oil and natural gas prices are correlated with global oil price movements, they are also affected by local markets, weather and consumption patterns.

Our results have been, and in the future may be, impacted by the uncertainty caused by an economic downturn, public health crises, geopolitical issues, including the ongoing conflict between Russia and Ukraine, volatility or deterioration in the debt and equity capital markets, inflation, deflation or other adverse economic conditions that negatively affect us or parties with whom we do business resulting in a reduction in our customers' spending and their non-payment or inability to perform obligations owed to us, such as the failure of customers to honor their commitments or the failure of major suppliers to complete orders.

A continued recession or long-term market correction could further materially affect the value of our common stock, affect our access to capital and affect our business in the near and long-term. The borrowing base of our ABL Facility is dependent upon our receivables, which may be significantly lower in the future due to reduced activity levels or decreases in pricing for our services.

Over the past several years, an increasing number of E&P companies increased their focus on generating free cash flow; as a result, if oil prices drop or spending for activities exceeds amounts budgeted earlier in their fiscal years, many E&P companies will sharply curtail spending, which negatively impacts demand for our services. This practice has been commonly referred to as "budget exhaustion" in the industry. The lack of notice of budget exhaustion negatively impacts our hiring practices and operating efficiencies.

We may be adversely affected by the effects of inflation.

The U.S. inflation rate began increasing significantly in 2021 and has remained at an elevated level. Inflation in wages, materials, parts, equipment and other costs has the potential to adversely affect our results of operations, cash flows and financial position by increasing our overall cost structure, particularly if we are unable to achieve commensurate increases in the prices we charge our customers for our products and services. In addition, the existence of inflation in the economy has the potential to result in higher interest rates, which could result in higher borrowing costs, supply shortages, increased costs of labor, weakening exchange rates and other similar effects. Sustained levels of high inflation caused the U.S. Federal Reserve and other central banks to increase interest rates several times in 2022, and the U.S. Federal Reserve has indicated its intention to continue to raise benchmark interest rates in 2023 in an effort to curb inflationary pressure on the costs of goods and services across the United States, which could have the effects of raising

the cost of capital and depressing economic growth, either of which or the combination thereof could hurt the financial and operating results of our business. To the extent elevated inflation remains, we may experience further cost increases for our operations, including labor costs and equipment. We cannot predict any future trends in the rate of inflation and a significant increase in inflation, to the extent we are unable to timely pass through the cost increases to our customers, would negatively impact our business, financial condition and results of operations.

We may be unable to maintain existing prices or implement price increases on our services.

Our ability to maintain our existing prices or to implement price increases depends on our customers' ability and willingness to pay such prices. As a result, and given the volatility in the market, we may not be successful in maintaining our existing prices or, in the future, implementing price increases. An increase in commodity prices and the ongoing recovery from the COVID-19 pandemic resulted in a significant increase in demand and prices for our services in the twelve months ended December 31, 2022 and in the transition period ended December 31, 2021. However, we cannot predict the ultimate magnitude or duration of the volatility in oil and gas prices and the COVID-19 pandemic on the prices we charge. Any inability to maintain our pricing or to increase our pricing from reduced levels could have a material adverse effect on our business, financial condition and results of operations.

There could also be pressure on our pricing and limitations on our ability to increase prices during future periods of increased market demand when a significant amount of new service capacity, including new well service rigs, wireline units and coiled tubing units, may enter the market. In periods of high demand for oilfield services, a tighter labor market may result in higher labor costs. During such periods, our labor costs could increase at a greater rate than our ability to raise prices. Also, we may not be able to successfully increase prices without adversely affecting our activity levels. Even if we are able to increase our prices in future periods, we may not be able to do so at a rate that is sufficient to offset any rising costs, which could have a material adverse effect on our business, financial condition and results of operations.

We have been expanding our available products and services in recent periods. Our inability to properly manage or support future expansion of our business may have a material adverse effect on our business, financial condition, and results of operations and could cause the market value of our common stock to decline.

We have been expanding our available products and services in recent periods and may continue to expand over time through the internal expansion of products and services and potential acquisitions. Any such expansion, if achieved, could place significant demands on our management team and our operational, administrative and financial resources. We may not be able to expand effectively or manage our expansion successfully, and the failure to do so could have a material adverse effect on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

If we lose significant customers, significant customers materially reduce their purchase orders or significant programs on which we rely are delayed, scaled back or eliminated, our business, financial condition and results of operations may be adversely affected.

Our significant customers change from year to year, depending on the level of E&P activity and the use of our services. For the year ended December 31, 2022, no single customer accounted for more than 5% of our revenues. Our top five customers for the year ended December 31, 2022 together accounted for approximately 21% of our revenues. A reduction in purchases of our products and services by, or the loss of, one of our larger customers for any reason, such as the current industry conditions and economic downturn, insolvency of a customer, decreased production, changes in drilling practices, loss of a customer as a result of the acquisition of such customer by a purchaser who uses a competitor, in-sourcing by customers, a transfer of business to a competitor, or failure to adequately service our clients, could have a material adverse effect on our business, financial condition and results of operations.

We may be unable to effectively and efficiently manage our equipment fleet as we expand our business, which could have an adverse effect on our business, financial condition and results of operations.

We have substantially expanded the size, scope and nature of our business through past mergers and acquisitions, resulting in an increase in the breadth of our product offerings and an expansion of our business geographically. Business expansion places increasing demands on us to increase the inventories that we carry and/or our equipment fleet. We must anticipate demand well into the future in order to service our extensive customer base. The inability to effectively and efficiently manage our assets to meet the current and future needs of our customers, which may vary widely from what is originally forecast due to a number of factors beyond our control, including periods of adverse weather, difficult market conditions or slowdowns in oil and natural gas exploration in the various regions in which we operate, could have an adverse effect on our business, financial condition and results of operations.

Possible decreased revenues, difficulty in obtaining access to financing and increased funding costs we experience may be exacerbated by the geographic concentrations of our completion and production operations. We could experience any of these conditions at the same time, resulting in a relatively greater impact on our results of operations than they might have on other companies that have more geographically diversified operations. Such delays or interruptions could have a material adverse effect on our business, financial condition and results of operations.

Our past acquisition activity and any future acquisitions may not be successful in delivering expected performance post-acquisition, which could have a material adverse effect on our business, financial condition and results of operations.

Our business was created largely through a series of acquisitions, including most recently the Greene's Acquisition (as defined below). We regularly evaluate acquisition opportunities, frequently engage in acquisition discussions and conduct due diligence activities and, where appropriate, engage in acquisition negotiations, some of which could be material to us. Our ability to continue to achieve our goals may depend upon our ability to effectively identify attractive businesses, access financing sources on acceptable terms, negotiate favorable transaction terms and successfully integrate any businesses we acquire, achieve cost efficiencies and manage these businesses as part of our company.

Our acquisition and merger activities may involve unanticipated delays, costs and other problems. If we encounter unanticipated problems with one of our acquisitions, our senior management may be required to divert attention away from other aspects of our business. We may lose key employees and customers of the acquired and merged businesses, and we may be unable to commercially develop acquired technologies. With any future acquisition or merger, we may also risk entering markets in which we have limited prior experience. Additionally, we may fail to consummate proposed acquisitions or divestitures, after incurring expenses and devoting substantial resources, including management time, to such transactions. Acquisitions also pose the risk that we may be exposed to successor liability relating to actions by an acquired company and its management before the acquisition. The due diligence we conduct in connection with an acquisition, and any contractual guarantees or indemnities that we receive from the sellers of acquired companies, may not be sufficient to protect us from, or compensate us for, actual liabilities that we assume or incur in connection with acquisitions we complete. Additionally, depending upon the acquisition opportunities available, we also may need to raise additional funds through the capital markets or arrange for additional bank financing in order to consummate such acquisitions or to fund capital expenditures necessary to integrate such acquired businesses. We also may not be able to raise the substantial capital required for acquisitions and integrations on satisfactory terms, if at all. In addition, if we elect to utilize shares of common stock or other equity securities as consideration for one or more acquisitions or business combinations, such as we did in the Greene's Acquisition, or if we issue common stock or other equity securities in order to finance one or more acquisitions, existing stockholders of our company could experience dilution in the value of their securities, which could be material.

The process of integrating an acquired business may involve unforeseen costs and delays or other operational, technical and financial difficulties and may require a disproportionate amount of management attention and financial and other resources. Our failure to achieve consolidation savings, to incorporate the acquired businesses and assets into our existing operations successfully or to minimize any unforeseen operational difficulties could have a material adverse effect on our business, financial condition and results of operations. Furthermore, there is intense competition for acquisition opportunities in our industry. Competition for acquisitions may increase the cost of, or cause us to refrain from, completing acquisitions.

Risks Relating to Our Industry

Conservation measures and technological advances could reduce demand for oil and natural gas.

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for or legislative incentives for alternatives to oil and natural gas, technological advances in fuel economy and energy generation devices could reduce demand for oil and natural gas. We cannot predict the impact of the changing demand for oil and natural gas services, and any major changes may have a material adverse effect on our business, financial condition and results of operations.

Our business involves many hazards and operational risks that could adversely affect our business, financial condition and results of operations.

Conditions inherent in the oil and natural gas industry can cause personal injury or loss of life, disruption or suspension in operations, damage to geological formations, damage to facilities, substantial revenue loss, business interruption and damage to, or destruction of, property, equipment and the environment. Our operations are subject to many hazards and risks, including the following:

- equipment defects;
- accidents resulting in serious bodily injury and the loss of life or property;
- damaged or lost equipment;
- liabilities from accidents or damage by our operators or equipment;
- pollution and other damage to the environment;
- well blowouts and the uncontrolled flow of natural gas, oil or other well fluids into or through the environment, including onto or into the ground or into the atmosphere, groundwater, surface water or an underground formation;
- fires, explosions and cratering;
- mechanical or technological failures;
- loss of well control;
- spillage handling and disposing of materials;
- collapse of the boreholes;
- adverse weather conditions; and
- failure of our employees to comply with our internal environmental, health and safety guidelines.

If any of these hazards materialize, they could result in the suspension of operations, termination of contracts without compensation, damage to or destruction of our equipment and the property of others, or injury or death to our personnel or third parties and could expose us to substantial liability or losses. Although we customarily include a waiver of consequential damages in our customer contracts, defects or other performance problems in the services or products we offer could result in our customers seeking to invalidate such waiver and seek damages from us for losses associated with these defects or other performance problems. The frequency and severity of such incidents will affect operating costs, insurability and relationships with customers, employees and regulators. Our customers may elect not to purchase our services if they view our safety record as unacceptable or otherwise experience material defects in our products or performance problems, which could cause us to lose customers and substantial revenue, and any litigation or claims, even if fully indemnified or insured, could negatively affect our reputation with our customers and the public and make it more difficult for us to compete effectively or obtain adequate insurance

in the future. In addition, these risks may be greater for us upon the acquisition of another company that has not allocated significant resources and management focus to safety and has a poor safety record.

We maintain what we believe is customary and reasonable insurance to protect our business against most potential losses, but we are not fully insured against all risks inherent in our business and such insurance may not be adequate to cover our liabilities, especially as the inherent risks in our operations increase with increasing well complexity. For example, although we are insured for environmental pollution resulting from certain environmental accidents that occur on a sudden and accidental basis, we may not be insured against all environmental accidents or events that might occur, some of which may result in toxic tort claims. If a significant accident or event occurs for which we are not adequately insured, it could adversely affect our financial condition and results of operations. Furthermore, we may not be able to maintain or obtain insurance of the type and amount we desire at reasonable rates. As a result of market conditions, premiums and deductibles for certain of our insurance policies may substantially increase. In some instances, certain insurance could become unavailable or available only for reduced amounts of coverage.

Our insurance has deductibles or self-insured retentions and contains certain coverage exclusions. The current trend in the insurance industry is towards larger deductibles and self-insured retentions. In addition, insurance may not be available in the future at rates that we consider reasonable and commercially justifiable, compelling us to have larger deductibles or self-insured retentions to effectively manage expenses. As a result, we could become subject to material uninsured liabilities or situations where we have high deductibles or self-insured retentions that expose us to liabilities that could have a material adverse effect on our business, financial condition and results of operations.

Competition among oilfield service and equipment providers is affected by each provider's reputation for safety and quality.

Our activities are subject to a wide range of national, state and local occupational health and safety laws and regulations. In addition, customers maintain their own compliance and reporting requirements. Failure to comply with these health and safety laws and regulations, or failure to comply with our customers' compliance or reporting requirements, could tarnish our reputation for safety and quality and have a material adverse effect on our competitive position, business, financial condition and results of operations.

Increased labor costs, the unavailability of skilled workers or labor-related litigation could hurt our business, financial condition and results of operations.

We are dependent upon a pool of available skilled employees to operate and maintain our business. We compete with other oilfield services businesses and other similar employers to attract and retain qualified personnel with the technical skills and experience required to provide the highest quality service. The demand for skilled workers is high and the supply is limited, and a shortage in the labor pool of skilled workers or other general inflationary pressures or changes in applicable laws and regulations could make it more difficult for us to attract and retain personnel and could require us to enhance our wage and benefits packages, which could increase our operating costs.

Although our employees are not covered by a collective bargaining agreement, union organizational efforts could occur and, if successful, could increase our labor costs. A significant increase in the wages paid by competing employers or the unionization of groups of our employees could result in increases in the wage rates that we must pay. Likewise, laws and regulations to which we are subject, such as the Fair Labor Standards Act, which governs such matters as minimum wage, overtime and other working conditions, can increase our labor costs or subject us to liabilities to our employees. Our operations are also exposed to risks of claims for alleged employment-related liabilities, including risks of claims related to alleged wrongful termination or discrimination, wage payment practices, retaliation claims and other human resource related matters. We cannot assure you that labor costs will not increase. Increases in our labor costs or unavailability of skilled workers could impair our capacity, diminish our profitability and have a material adverse effect on our business, financial condition and results of operations.

In recent years, oilfield services companies have been the subject of a significant volume of wage and hour-related litigation, including claims brought under the Fair Labor Standards Act, in which employee pay practices have been challenged. We have previously been named as defendants in these lawsuits, and we do not maintain insurance for alleged wage and hour-related litigation. The frequency and significance of wage or other employment-related claims may affect expenses, costs and relationships with employees and regulators. Additionally, we could become subject to material uninsured liabilities that could have a material adverse effect on our business, financial condition and results of operations.

We operate in highly competitive markets and our failure to compete effectively may negatively impact our business, financial condition and results of operations.

The markets in which we operate are highly competitive. Price competition, equipment availability, location and suitability, experience of the workforce, safety records, reputation, operating integrity and the condition of equipment are all factors used by customers in awarding contracts. Our competitors are numerous and may have greater financial and technological resources than we do. Contracts are traditionally awarded on the basis of competitive bids or direct negotiations with customers. The competitive environment has intensified as mergers among E&P companies have reduced the number of available customers and may further increase if E&P company bankruptcies further reduce the number of available customers or our existing and potential customers may develop their own service businesses. The fact that certain oilfield services equipment is mobile and can be moved from one market to another in response to market conditions heightens the competition in the industry. In addition, any increase in the supply of hydraulic fracturing fleets could have a material adverse impact on market prices. This increased supply could also require higher capital investment to keep our services competitive.

Some of our competitors may have greater financial, technical, marketing and personnel resources than we do. The larger size of many of our competitors provides them with cost advantages as a result of their economies of scale and their ability to obtain volume discounts and purchase raw materials at lower prices. As a result, such competitors may have stronger bargaining power with their suppliers and have an advantage over us in pricing as well as securing a sufficient supply of raw materials during times of shortage. Many of our competitors also have better brand name recognition, stronger presence in certain geographic markets, more established distribution networks, larger customer bases, more in-depth knowledge of the target markets, and the ability to provide a much broader array of services. Some of our competitors may also be able to devote greater resources to the R&D, promotion and sale of their services and products and better withstand the evolving industry standards and changes in market conditions as compared to us. Our operations may be adversely affected if our competitors introduce new products or services with better features, performance, prices or other characteristics than our products and services or expand into service areas where we operate. Our operations may also be adversely affected if our competitors are able to respond more quickly to new or emerging technologies and services and changes in customer requirements. Our future success and profitability will partly depend upon our ability to keep pace with our customers' demands for awarding contracts.

The competitive pressures described herein, and any others we may not currently be aware of, could reduce our market share or require us to reduce the price of our services and products, particularly during industry downturns, either of which could harm our business, financial condition and results of operations. Significant increases in overall market capacity have also caused active price competition and led to lower pricing and utilization levels for our services and products. Any significant future increase in overall market capacity for completion, intervention and production services may adversely affect our business, financial condition and results of operations.

Seasonal and adverse weather conditions adversely affect demand for services and operations.

Weather has a significant impact on demand as consumption of energy is seasonal, and any variation from normal weather patterns, such as cooler or warmer summers and winters, can have a significant impact on demand. Adverse weather conditions, including rain, tropical storms, hurricanes, tornadoes and severe cold weather, have in the past and may in the future interrupt or curtail operations, our customers' operations,

cause supply disruptions and result in a loss of revenue and damage to our equipment and facilities, which may or may not be insured. Specifically, we typically have experienced a pause by our customers around the holiday season in the fourth quarter, which may be compounded as our customers exhaust their annual capital spending budgets towards year end. Additionally, our operations are directly affected by weather conditions, which can severely disrupt the normal operation of our business and adversely impact our financial condition and results of operations. During the winter months (first and fourth quarters) and periods of heavy snow, ice or rain, particularly in the northeastern U.S., Colorado, North Dakota and Wyoming, our customers may delay operations or we may not be able to operate or move our equipment between locations. Also, during the spring thaw, which normally starts in late March and continues through June, some areas impose transportation restrictions to prevent damage. In addition, throughout the year heavy rains adversely affect activity levels, as dirt access roads can become impassible in wet conditions and well locations become inaccessible.

Risks Relating to Financial Considerations

We have operated at a loss, and there is no assurance of our profitability in the future.

We have experienced periods of low demand for our services and have incurred operating losses. As discussed above, lower commodity prices and the effects of the COVID-19 pandemic resulted in a global recession with numerous E&P and oilfield services companies filing bankruptcy and a significant decline in demand and prices for our services in the fiscal year ended December 31, 2021. Although there have been improvements in profitability, we still had a net loss during the most recent period. We serve customers who are involved in drilling for and production of oil and natural gas. Demand for services in the oil and natural gas industry is cyclical, experienced a significant downturn in 2020 due to COVID-19 and has experienced additional significant downturns in recent years, which are currently significantly affecting, and have in recent years significantly affected, the performance of our business. Additional adverse developments affecting this industry could have a material adverse effect on our business, financial condition and results of operations. We may not be able to sufficiently reduce our costs or increase our revenues to achieve profitability and generate positive operating income. We may incur further operating losses and experience negative operating cash flow, which may be significant.

We may need to obtain additional capital or financing to fund expansion of our asset base, which could increase our financial leverage, or we may not be able to finance our capital needs.

In order to expand our asset base, we may need to make significant capital expenditures. If we do not make sufficient or effective capital expenditures, we will be unable to organically expand our business operations.

We intend to fund our future capital expenditures primarily with cash flows from operating activities and existing cash balances. To the extent our cash and cash flows from operating activities are not sufficient, we could borrow under our ABL Facility. Availability under the ABL Facility is determined primarily by a borrowing base formula calculated based on a percentage of our accounts receivable and inventory. As of December 31, 2022, availability under the ABL Facility was $44.4.

If our cash flows, existing cash balances, and borrowings under our ABL Facility are insufficient to fund future capital expenditures, we may consider additional financing or refinancing alternatives. The terms of the indenture that governs our 11.5% senior secured notes due 2025 (the “Senior Notes”), the credit agreement that governs the ABL Facility, and the agreements that will govern any future debt and equity instruments may restrict us from adopting some of these alternatives. If debt and equity capital or alternative financing plans are not available on favorable terms or at all, we would be required to either get the necessary consents to amend the terms of our debt to allow us to pursue additional financing alternatives or curtail our capital spending, and our ability to sustain or improve our profits may be adversely affected. Our ability to refinance or restructure our debt will depend on the condition of the capital markets and our financial condition at such time, among other things.

Our assets require capital for maintenance, upgrades and refurbishment, and we may require capital expenditures for new equipment.

Our equipment requires periodic capital investment in maintenance, upgrades and refurbishment to maintain its competitiveness. The costs of components and labor have increased in the past and may increase in the future with increases in demand, which will require us to incur additional costs to upgrade any equipment we may acquire in the future. Our equipment typically does not generate revenue while it is undergoing maintenance, refurbishment or upgrades. Any maintenance, upgrade or refurbishment project for our assets could increase our indebtedness or reduce cash available for other opportunities. Further, such projects may require proportionally greater capital investments as a percentage of total asset value, which may make such projects difficult to finance on acceptable terms. To the extent we are unable to fund such projects, we may have less equipment available for service or our equipment may not be attractive to potential or current customers. Moreover, if challenging business conditions in the energy sector occur for a prolonged period, we may be unable to make capital investments. Additionally, competition or advances in technology within our

industry may require us to update our products and services. Such demands on our capital or reductions in demand and the increase in cost to maintain labor necessary for such maintenance and improvement, in each case, could have a material adverse effect on our business, financial condition and results of operations.

We have substantial indebtedness, and efforts to refinance our indebtedness may or may not be successful, which could adversely impact our business, financial condition and results of operations.

We have substantial indebtedness. As of December 31, 2022, we had total outstanding long-term indebtedness of $283.4 under our ABL Facility and Senior Notes as described in greater detail in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” below. Our ability to pay the principal and interest on our long-term debt and to satisfy our other liabilities will depend on our future operating performance and ability to refinance our debt as it becomes due. Our future operating performance and ability to refinance such indebtedness will be affected by prevailing economic and political conditions, the level of drilling, completion, production and intervention services activity for North American onshore oil and natural gas resources, the continuation of the COVID-19 pandemic, the willingness of capital providers to lend to our industry and other financial and business factors, many of which are beyond our control.

Our ability to refinance our debt will depend on the condition of the public and private debt markets and our financial condition at such time, among other things. Any refinancing of our debt could be at higher interest rates and may require us to comply with covenants, which could further restrict our business operations. A rising interest rate environment could have an adverse impact on the price of our shares, or our ability to issue equity or incur debt to refinance our existing indebtedness, for acquisitions or other purposes. In addition, incurring additional debt in excess of our existing outstanding indebtedness would result in increased interest expense and financial leverage, and issuing common stock may result in dilution to our current stockholders.

Our ABL Facility matures in September 2024 and we intend to work with our existing lenders or other sources of capital to seek to refinance the ABL Facility. If we are unable to refinance the ABL Facility over the next twelve months and uncertainty around our ability to refinance our existing long-term debt still exists, that could result in our auditors issuing a “going concern” or like qualification or exception as early as our audit opinion with respect to the year ending December 31, 2023. The delivery of an audit opinion with such a qualification would result in an event of default under our ABL Facility. If an event of default occurs, the lenders under the ABL Facility would be entitled to accelerate any outstanding indebtedness, terminate all undrawn commitments and enforce liens securing our obligations under the ABL Facility. Further, the acceleration of indebtedness under our ABL Facility could cause an event of default under our Senior Notes, entitling the requisite holders of the Senior Notes to accelerate our indebtedness in respect thereof and enforce liens securing our obligations under the Senior Notes. If our lenders or noteholders accelerate our obligations under the affected debt agreements, we may not have sufficient liquidity to repay all of our outstanding indebtedness then due and payable.

In light of our substantial leverage position, as market conditions warrant and subject to our contractual restrictions, liquidity position and other factors, we have, and may in the future, access the public or private debt and equity markets or seek to recapitalize, refinance or otherwise restructure our capital structure. Some of these alternatives may require the consent of current lenders, stockholders or noteholders, and there is no assurance that we will be able to execute any of these alternatives on acceptable terms or at all. For example, during the year ended December 31, 2022, we entered into debt for equity exchange agreements (the “Exchange Agreements” and each, an “Exchange Agreement”) with certain holders (the “Noteholders”) of our Senior Notes. Pursuant to the Exchange Agreements, the Noteholders exchanged $12.8 in aggregate principal amount of the Company’s outstanding Senior Notes for an aggregate of 777,811 shares of our common stock (the "Exchanges" and each, an “Exchange”).

If we cannot service our debt or repay or refinance our debt as it becomes due, we may be forced to sell assets or take other disadvantageous actions, including (1) reducing financing in the future for working capital, capital expenditures and other general corporate purposes or (2) dedicating an unsustainable level of

our cash flow from operations to the payment of principal and interest on our indebtedness. The lenders or other investors who hold debt that we fail to service or on which we otherwise default could also accelerate amounts due, which could in such an instance potentially trigger a default or acceleration of other debt we may incur.

Our significant level of indebtedness may limit our ability to borrow additional funds or capitalize on acquisition or other business opportunities. The indenture that governs the Senior Notes and the credit agreement that governs the ABL Facility have significant financial and operating restrictions that may have an adverse effect on our business, financial condition and results of operations.

As of December 31, 2022, we had total outstanding long-term indebtedness of $283.4 under our ABL Facility and Senior Notes. Our leverage and the current and future restrictions contained in the agreements governing our indebtedness may reduce our ability to incur additional indebtedness, engage in certain transactions or capitalize on acquisition or other business opportunities. Our indebtedness and other financial obligations and restrictions could have financial consequences. For example, they could:

- increase our vulnerability to adverse economic and industry conditions;
- require us to dedicate a substantial portion of cash from operations to the payment of debt service, thereby reducing the availability of cash to fund working capital, capital expenditures and other general corporate purposes;
- limit our ability to obtain additional financing for working capital, capital expenditures, general corporate purposes or acquisitions;
- place us at a disadvantage compared to our competitors that are less leveraged;
- limit our flexibility in planning for, or reacting to, changes in our business and in our industry; and
- make us vulnerable to increases in interest rates if we borrow under our ABL Facility, as any such borrowings would be made at variable interest rates.

Despite our current level of indebtedness, we may incur more debt in the future, which could further exacerbate the risks described above.

The ABL Facility includes financial, operating and negative covenants that limit our ability to incur indebtedness, to create liens or other encumbrances, to make certain payments and investments, including dividend payments, to engage in transactions with affiliates, to engage in sale/leaseback transactions, to guarantee indebtedness and to sell or otherwise dispose of assets and merge or consolidate with other entities. It also includes a covenant to deliver annual audited financial statements that are not qualified by a “going concern” or like qualification or exception. A failure to comply with the obligations contained in the ABL Facility could result in an event of default, which could permit acceleration of the debt, termination of undrawn commitments and enforcement against any liens securing the debt.

The indenture governing the Senior Notes contains customary affirmative and negative covenants restricting, among other things, the Company’s ability to incur indebtedness and liens, pay dividends or make other distributions, make certain other restricted payments or investments, sell assets, enter into restrictive agreements, enter into transactions with the Company’s affiliates, and merge or consolidate with other entities or sell substantially all of the Company’s assets. The indenture also contains customary events of default including, among other things, the failure to pay interest for 30 days, failure to pay principal when due, failure to observe or perform any other covenants or agreement in the Indenture subject to grace periods, cross-acceleration to indebtedness with an aggregate principal amount in excess of $50.0, material impairment of liens, failure to pay certain material judgments and certain events of bankruptcy.

Agreements governing our future indebtedness could also contain significant financial and operating restrictions. A failure to comply with the obligations contained in any such agreement governing our indebtedness could result in an event of default under such agreement, which could permit acceleration of the related debt, enforcement against any liens securing the related debt and acceleration of debt under other

instruments that may contain cross acceleration or cross default provisions. We may not have, or may not be able to obtain, sufficient funds to make any required accelerated payments.

We may experience future impairment charges.

To conduct our business operations and execute our strategy, we acquire tangible and intangible assets, which affect the amount of future period amortization expense and possible impairment expense that we may incur. The risk of impairment may be heightened for the duration of the current industry conditions, which may persist for a prolonged period. The determination of the value of such intangible assets requires management to make estimates and assumptions that affect our financial statements. As part of our strategy, we may make additional acquisitions, which may result in the addition of duplicative assets. In the event such an acquisition results in the combined assets of our Company and the acquired assets being in excess of any reasonable forecast of future need, the excess portion of the book value of these assets may be judged to be impaired. In accordance with Accounting Standards Codification ("ASC") 360, Property, Plant, and Equipment, we assess potential impairment to long-lived assets (property and equipment and amortized intangible assets) when there is evidence that events or changes in circumstances indicate that the carrying amount of an asset may not be recovered. Our judgment regarding the existence of impairment indicators and future cash flows related to intangible assets is based on operational performance of our acquired businesses, expected changes in the global economy, oil and gas price and industry projections, discount rates and other judgmental factors. We would be required to record any such impairment losses resulting from any such test as a charge to operating results. To perform the annual assessment, we utilize a combination of income and market-based approaches to value the reporting units. The income approach to valuation relies on a discounted cash flow analysis to determine the fair value of each reporting unit, which considers forecasted cash flows discounted at an appropriate discount rate. The annual goodwill impairment test requires us to make a number of assumptions and estimates concerning future levels of revenue growth, operating margins and working capital requirements, which are based upon our long-term strategic plan. The discount rate is an estimate of the overall after-tax rate of return required by a market participant, whose weighted average cost of capital includes both equity and debt, including a risk premium. Any future impairment loss could have a material non-cash adverse impact on our results of operations.

Customer payment delays of outstanding receivables and customer bankruptcies could have a material adverse effect on our liquidity, results of operations, and consolidated financial condition.
We often provide credit to our customers for our services and we are, therefore, subject to the risk of our customers delaying or failing to pay outstanding invoices. Although we monitor individual customer financial viability in granting such credit arrangements and maintain reserves we believe are adequate to cover exposure for doubtful accounts, in weak economic environments, customers' delays and failures to pay often increase due to, among other reasons, a reduction in our customers' cash flow from operations and their access to credit markets. If our customers delay or fail to pay a significant amount of outstanding receivables, it could reduce our availability under our revolving credit facility or otherwise have a material adverse effect on our liquidity, financial condition, results of operations and cash flows.

Some of our customers have entered bankruptcy proceedings in the past, and certain of our customers' businesses face financial challenges that put them at risk of future bankruptcies. Customer bankruptcies could delay or in some cases eliminate our ability to collect accounts receivable that are outstanding at the time the customer enters bankruptcy proceedings. We are also at risk that we may be required to refund amounts collected from a customer during the period immediately prior to that customer's bankruptcy filing, and the amount we ultimately collect from the customer's bankruptcy estate may be significantly less. Customer bankruptcies may also reduce our availability under our revolving credit facility. Although we maintain reserves for potential customer credit losses, customer bankruptcies could result in unanticipated credit losses. As a result, if one or more of our customers enter bankruptcy proceedings, particularly our larger customers or those to whom we have greater credit exposure, it could have a material adverse impact on our liquidity, operating results and financial condition.

On March 9, 2021, the Company filed claims in the District Court of Harris County, Texas against Magellan E&P Holdings, Inc. ("Magellan"), Redmon-Keys Insurance Group, Inc. and certain underwriters at Lloyd's to recover $4.6 owed on invoices duly issued by the Company for services rendered on behalf of the defendants in response to an offshore well blowout near Bob Hall Pier in Corpus Christi, Texas. On March 30, 2021, Magellan filed for bankruptcy pursuant to Chapter 7 of the U.S. bankruptcy code. The bankruptcy proceedings are ongoing. During the fiscal year ended January 31, 2021, the Company reserved the full amount of its invoices totaling $4.6 as a prudent action in light of the Chapter 7 filing.

Risks Relating to Third Parties

Shortages or increases in the costs of the equipment we use in our operations could adversely affect our operations in the future.

We generally do not have specialized tools, trucks or long-term contracts in place that provide for the delivery of equipment, including, but not limited to, replacement parts and other equipment. We could experience delays in the delivery of the equipment that we have ordered and its placement into service due to factors that are beyond our control. Demand by other oilfield services companies and numerous other factors beyond our control could either adversely affect our ability to procure equipment that we have not yet ordered or cause the prices of such equipment to increase. Price increases, delays in delivery and interruptions in supply may require us to increase capital and repair expenditures and incur higher operating costs. Each of these could have a material adverse effect on our business, financial condition and results of operations.

We are dependent on a small number of suppliers for key goods and services that we use in our operations.

We do not have long-term contracts with third-party suppliers of many of the goods and services used in large volumes in our operations, including manufacturers of technical services equipment and fishing tools, chargers and other tools and equipment used in our operations. If demand for goods and services exceeds supply, such as from disruptions to the supply chain or supplier bankruptcies, the availability of certain goods and services used in our industry decreases and the price of such goods and services increases. We are dependent on a small number of suppliers for key goods and services. During the year ended December 31, 2022, based on total purchase cost, our ten largest suppliers of goods and services represented approximately 27% of all such purchases. Our reliance on such suppliers could increase the difficulty of obtaining such goods and services in the event of a disruption to the supply chain or upon a bankruptcy of one or more of these suppliers or upon a shortage in our industry. Price increases, delays in delivery and interruptions in supply may require us to incur higher operating costs. Each of these could have a material adverse effect on our business, financial condition and results of operations.

We rely on a limited number of third parties for sand, proppant and chemicals, and delays in deliveries of such materials, increases in the cost of such materials or our contractual obligations to pay for materials that we ultimately do not require could harm our business, results of operations and financial condition.

We have established relationships with a limited number of suppliers of our raw materials (such as sand, proppant and chemical additives). Should any of our current suppliers be unable to provide the necessary materials or otherwise fail to deliver the materials in a timely manner and in the quantities required, any resulting delays in our ability to provide our services could have a material adverse effect on our ability to compete, business, financial condition and results of operations. While we believe that we will be able to make satisfactory alternative arrangements in the event of any interruption in the supply of these materials and/or products by one of our suppliers, we may not always be able to make alternative arrangements. In addition, certain materials for which we do not currently have long-term supply agreements could experience shortages and significant price increases in the future. Increasing costs of such materials may negatively impact demand for our services or the profitability of our business operations. In the past, our industry faced sporadic proppant shortages associated with hydraulic fracturing operations requiring work stoppages, which

adversely impacted the operating results of several competitors. We may not be able to mitigate any future shortages of materials, including proppant, and our results of operations, prospects and financial condition could be adversely affected. Furthermore, to the extent our contracts require us to purchase more materials, including proppant, than we ultimately require, we may be forced to pay for the excess amount under “take or pay” contract provisions.

An increase in the cost of proppant as a result of increased demand or a decrease in the number of proppant providers as a result of consolidation could increase our cost of an essential raw material in hydraulic stimulation and have a material adverse effect on our business, financial condition and results of operations.

If suppliers are unable to supply us with the products used in our operations in a timely manner, in adequate quantities and/or at a reasonable cost, we may be unable to meet the demands of our customers, which could have a material adverse effect on our business, financial condition and results of operations.

We depend on third-party companies to support our operations through the timely supply of products. Our suppliers may experience capacity constraints that may result in their inability to supply us with products in a timely fashion, with adequate quantities or at a desired price. Factors affecting suppliers can include labor disputes, general economic issues, and changes in raw material and energy costs. Natural disasters such as earthquakes or hurricanes, as well as political instability, global or national health pandemics, epidemics or concerns, such as the COVID-19 pandemic, and terrorist activities, may negatively impact the production or delivery capabilities of our suppliers as well. These factors could lead to increased prices and/or the unfavorable allocation of products by our suppliers, which could reduce our revenues and profit margins and harm our customer relations. Significant disruptions in our supply chain could negatively impact our business, financial condition and results of operations.

Risks Relating to Technology and Intellectual Property

Our inability to develop, obtain, maintain or implement new technology may cause us to become less competitive.

The energy services industry is subject to the introduction of new drilling, completion and well intervention techniques using new technologies, some of which may be subject to patent protection or costly to obtain. As our competitors and others use or develop new technologies in the future, we may be placed at a competitive disadvantage if we fail to keep pace with technological advancements within our industry. If we cannot obtain patents or other protections for the intellectual property rights in our technology, it may not be economical for us to continue to develop systems, services, and technologies to meet evolving industry requirements at prices acceptable to our customers. Furthermore, we may face competitive pressure to implement or acquire certain new technologies at a substantial cost. Some of our competitors are large national and multinational companies that may have greater financial, technical, manufacturing, marketing and personnel resources which may allow them to develop technological advantages and implement new systems, services and technologies before we can. These large national and multinational companies may also have a larger number of manufacturers for their products or ability to manufacture their own products. We may not be able to implement these new technologies on a timely basis or at an acceptable cost, and as our competitors and others use or develop new or comparable technologies in the future, we may lose market share or be placed at a competitive disadvantage. New technology could also make it easier for our oil and natural gas E&P customers to vertically integrate their operations, thereby reducing or eliminating their need for our services. Thus, limits on our ability to effectively use and implement new and emerging technologies may have a material adverse effect on our business, financial condition and results of operations.

We currently rely on a limited number of manufacturers for the production of the proprietary products used in the provision of our products and services. Termination of the manufacturing relationship with any of these manufacturers could affect our ability to provide such products and services to our customers. Although we believe other alternate sources of supply for our proprietary products exist, we would need to establish

relationships with new manufacturers, which could potentially involve significant expense, delay, and potential changes to certain product components. Any protracted curtailment or interruptions of the supply of any of our
key products, whether or not as a result of termination of our manufacturing relationships or patent infringement claims, could have a material adverse effect on our financial condition, business, and results of operations.

Our success may be affected by our ability to use and protect our proprietary technology as well as our ability to enter into license agreements.

Our success may be affected by our development and implementation of new product designs and improvements and by our ability to protect, obtain and maintain intellectual property assets related to these developments. We rely on a combination of patents and trade secret laws to establish and protect our proprietary technology. We have received patents and have filed patent applications with respect to certain aspects of our technology in the U.S. and international jurisdictions, as well as a combination of trade secrets, employee and third-party non-disclosure agreements and other protective measures to protect intellectual property rights pertaining to our products and technologies. We cannot assure you that our competitors or other third parties will not infringe upon, misappropriate, violate or challenge our intellectual property rights in the future. Further, we cannot assure you that our intellectual property rights will deter or prevent competitors from creating similar purpose products for our customers. Any failure to adequately protect or enforce our intellectual property rights could have a material adverse effect to our business, financial condition and results of operations.

Moreover, our rights in our confidential information, trade secrets and confidential know-how cannot prevent third parties from independently developing similar technologies or duplicating such technologies. Publicly available information (e.g., information in issued patents, published patent applications and scientific literature) may be used by third parties to independently develop similar technology, and we cannot provide assurance that this independently developed technology will not be equivalent or superior to our proprietary technology. In addition, while we have patented some of our key technologies, we do not seek patent protection for all of our proprietary technology, even if such technology is patentable. The process of maintaining, monitoring and enforcing patent protection can be long and expensive. There also can be no assurance that patents will be issued from our currently pending or future applications or that, if patents are issued, they will be of sufficient scope or strength to provide meaningful protection or any commercial advantage to us. Further, with respect to exclusive third-party intellectual property arrangements, existing arrangements could be terminated and future arrangements may not be available on commercially acceptable terms, if at all, which could result in a material adverse effect on our financial condition, business, and results of operations.

We may be adversely affected by disputes regarding intellectual property rights and the value of our intellectual property rights is uncertain.

We may become involved in claims, litigation or dispute resolution proceedings from time to time to maintain, protect and enforce our intellectual property rights against potential third-party infringers, which could be costly and time-consuming. Moreover, in these dispute resolution proceedings, a defendant or opposing third party may assert claims, defenses, counterclaims and countersuits that attack the validity and enforceability of our intellectual property rights, and/or allege that that our business, services, or products infringe, impair, misappropriate, dilute or otherwise violate their intellectual property rights. We may not prevail in any such dispute resolution proceedings, and our intellectual property rights may be found invalid or unenforceable, or our products and services may be found to infringe, impair, misappropriate, dilute or otherwise violate the intellectual property rights of others. The results or costs of any such dispute resolution proceedings may have an adverse effect on our business, financial condition and results of operations. Any dispute resolution proceeding concerning intellectual property could be protracted and costly, is inherently unpredictable and could have an adverse effect on our business, financial condition and results of operations, regardless of its outcome.

Additionally, if we discover or a legal authority finds that our technologies infringe intellectual property rights of third parties, we may need to obtain licenses from these parties or substantially re-engineer our technologies in order to avoid infringement. We may not be able to obtain the necessary licenses on acceptable terms, or at all, or be able to re-engineer our technologies successfully. Also, as a part of resolving such disputes, we may need to enter into cross-licenses, which could reduce the value of our intellectual property rights. If our inability to obtain required licenses for certain technologies or products prevents us from using the infringed technologies or products, our business, financial condition and results of operations could be materially adversely impacted.

Our operations rely on an extensive network of information technology resources and a failure to maintain, upgrade and protect such systems could adversely impact our business, financial condition and results of operations. Our operations are subject to cyber security risks that could have a material adverse effect on our business, financial condition and results of operations.

Information technology plays a crucial role in all of our operations. To remain competitive, our hardware, software and related services must properly and efficiently interact with our suppliers' and customers' products, services and technology, record and process our financial transactions accurately, and obtain accurate and timely data and information to enable our analysis of trends and plans and the execution of our strategies. At the same time, cyber incidents have increased in frequency and severity. A cyber incident could be caused by malicious insiders or third parties using sophisticated, targeted methods to circumvent firewalls, encryption, and other cyber security defenses, including hacking, fraud, trickery, or other forms of deception. The U.S. government has issued public warnings that indicate that energy assets might be specific targets of cyber security threats. Our information technology systems, and networks, and those of our vendors, suppliers and other business partners, are subject to possible breaches and other threats that could cause us harm. The implementation of social distancing measures and other limitations on our employees, service providers and other third parties in response to the COVID-19 pandemic have necessitated in certain cases to switching to remote work arrangements on less secure systems and environments. The increase in companies and individuals working remotely has increased the risk of cyberattacks and potential cyber security incidents, both deliberate attacks and unintentional events. Despite our security measures, our information technology systems may become the target of cyberattacks or security breaches (including employee error, malfeasance or other breaches), which could result in the theft or loss of sensitive data, misappropriation of assets, disruption of transactions and reporting functions, our ability to protect confidential information and our financial reporting.

Moreover, we may not be able to anticipate, detect or prevent cyberattacks or security breaches, particularly because the methodologies used by attackers change frequently or may not be recognized until such attack is underway, and because attackers are increasingly using technologies specifically designed to circumvent cyber security measures and avoid detection. In addition, as technologies evolve, and cyberattacks become increasingly sophisticated, we may incur significant costs to modify, upgrade or enhance our security measures to protect against such cyberattacks and we may face difficulties in fully anticipating or implementing adequate security measures or mitigating potential harm. To date, we have not experienced any material losses relating to cyberattacks; however, there can be no assurance that we will not suffer such losses in the future. If our information technology systems for protecting against cyber security risks are inadequate, we could be adversely affected by, among other things, loss or damage of intellectual property, proprietary information, or customer data; interruption of business operations; reputational harm; or additional costs to prevent, respond to, or mitigate cyber security attacks.

We are subject to various laws related to cyber security requirements, which are continuing to develop and evolve at a rapid pace. We may not be able to monitor and react to all legal developments in a timely manner. As legislation continues to develop and cyber incidents continue to evolve, we will likely be required to expend additional resources to continue to modify or enhance our protective measures, or to investigate and remediate any vulnerability to cyber incidents in order to comply with such laws. Likewise, our business involves the collection, use, and processing of personal data of our employees, contractors, suppliers, and service providers, and such collection, use and processing is subject to a changing landscape of data privacy laws, rules and regulations. These data privacy laws are not uniform and as the privacy legal landscape

continues to develop, we will likely be required to expend significant resources to continue to modify or enhance our compliance measures to comply with such laws, rules and regulations. Any failure or perceived failure by us or our third-party service providers to comply with such data privacy laws, rules and regulations, or any security compromise that results in the unauthorized access, improper disclosure, or misappropriation of personal data or other customer data, could result in significant liabilities, negative publicity and reputational harm. Our systems and insurance coverage for cyber incidents, including deliberate attacks, may not be sufficient to cover all of the losses we may experience as a result of such cyberattacks. These risks could have a material adverse effect on our business, financial condition, reputation, and results of operations.

Risks Relating to Government Regulation and Legal Matters

Oilfield anti-indemnity provisions enacted by many states may restrict or prohibit a party's indemnification of us.

We typically enter into agreements with our customers governing the provision of our services, which usually include certain indemnification provisions for losses resulting from operations. These agreements may require each party to indemnify the other against certain claims regardless of the negligence or other fault of the indemnified party; however, many states place limitations on contractual indemnity provisions, particularly agreements that indemnify a party against the consequences of its own negligence. Furthermore, certain states, including Louisiana, New Mexico, Texas and Wyoming, have enacted statutes generally referred to as "oilfield anti-indemnity acts" expressly prohibiting certain indemnity agreements contained in or related to oilfield services agreements. Such oilfield anti-indemnity acts may restrict or void a party's indemnification of us, which could have a material adverse effect on our business, financial condition and results of operations.

Changes in trucking regulations may increase our transportation costs and negatively impact our business, financial condition and results of operations.

We operate trucks and other heavy equipment for the transportation and relocation of our oilfield services equipment and are therefore subject to regulation as a motor carrier by the DOT and analogous state agencies, whose regulations include authorizations to engage in motor carrier operations and regulatory safety. In addition, regulations issued by environmental and highway safety regulators can have an adverse impact on our trucking costs, and therefore, on our results of operations. See Part I, Item 1. "Business – Government Regulation and Environmental, Health and Safety Matters" for more discussion on the DOT and analogous state legal requirements relating to trucking matters. While we cannot predict whether, or in what form, any legislation or regulatory and executive actions that change existing trucking legal requirements will occur, we may incur increased expenses associated with new or changed trucking laws, regulatory and executory actions, or other restrictions, which could negatively impact our business, financial condition and results of operations.

Legal requirements relating to hydraulic fracturing could increase our customers' costs of doing business, limit the areas in which our customers can operate and reduce oil and natural gas production by our customers, which could adversely impact our business, financial condition and results of operations.

We do not directly engage in hydraulic fracturing but provide products and services in support of our customers' fracturing activities. The practice is controversial in certain parts of the country and there remains increased scrutiny and government regulation of the hydraulic fracturing process. Additionally, with concerns about seismic activity resulting from injection of produced wastewaters into underground disposal wells, certain regulators could impose additional requirements related to seismic safety. Our customers' inability to locate or contractually acquire and sustain the receipt of sufficient amounts of water could also adversely impact their operations. See Part I, Item 1. "Business – Government Regulation and Environmental, Health and Safety Matters" for more discussion on these hydraulic fracturing, seismicity and water availability matters. One or more of these developments could decrease completion of our customers' oil and gas wells,

increase our and our customers' compliance costs and reduce demand for our products and services, which could have a material adverse effect on our business, results of operations, and financial condition.

We and our customers are subject to environmental and occupational health and safety laws and regulations that could increase our or our customers' costs of doing business and adversely impact our business, financial condition and results of operations.

Our operations and our customers' operations are subject to stringent federal, Tribal, state and local laws and regulations governing worker health and safety, protection of the environment, including natural resources and certain wildlife, and management, transportation and disposal of wastes, explosives and other materials. See Part I, Item 1. "Business – Government Regulation and Environmental, Health and Safety Matters" for more discussion on these matters. Additional regulatory requirements in one or more of these areas could adversely impact our customers' operations, increase our and our customers' compliance costs and reduce demand for our products and services, any of which could have a material adverse effect on our business, results of operations and financial condition.

Our and our customers' operations are subject to a number of risks arising out of the threat of climate change, energy conservation measures, or initiatives that stimulate demand for alternative forms of energy, which could result in increased operating and capital costs for us and our customers, limit the areas in which oil and gas production may occur and reduce demand for the products and services we provide.

The threat of climate change continues to attract considerable attention in the United States and foreign countries and, as a result, our and our customers' operations are subject to legislative, regulatory, political, litigation and financial risks associated with the production and processing of fossil fuels and emission of GHGs. See Part I, Item 1. "Business – Government Regulation and Environmental, Health and Safety Matters" for more discussion on the risks associated with attention to the threat of climate change and restriction of GHG emissions. New or amended legislation, executive actions, regulations or other regulatory initiatives that impose more stringent oil and gas sector requirements or fees on GHG emissions or restrict the areas in which this sector may produce oil and natural gas or generate GHG emissions could result in increased compliance costs or costs of producing fossil fuels. Additionally, political, financial and litigation risks may result in our or our customers restricting, delaying or canceling operational or production activities, incurring liability for infrastructure damages as a result of climatic changes, restricting access to capital, or impairing the ability to continue to operate in an economic manner, which could reduce demand for our products and services. Fuel conservation measures, alternative fuel requirements and increasing consumer demand for or legislative incentives supporting alternative energy sources (such as wind, solar, geothermal and tidal) could also reduce demand for oil and natural gas. The occurrence of one or more of these developments could have a material adverse effect on our business, financial condition and results of operations.

Increasing attention to environmental, social and governance ("ESG") matters may impact our business.

Increasing attention to climate change, increasing societal expectations on companies to address climate change, and potential consumer use of substitutes to fossil-fuel energy commodities may result in increased costs, reduced demand for our customers' hydrocarbon products and our products and services, reduced profits, increased governmental investigations and private litigation against us, and negative impacts on our stock price and access to capital markets. Increasing attention to climate change and environmental conservation, for example, may result in demand shifts for our customers' hydrocarbon products and additional governmental investigations and private litigation against those customers. To the extent that societal pressures or political or other factors are involved, it is possible that such liability could be imposed without regard to our causation of or contribution to the asserted damage, or to other mitigating factors.

We may be required to assume responsibility for environmental and other liabilities of companies we have acquired or will acquire.

We may incur liabilities in connection with environmental conditions currently unknown to us relating to our existing, prior or future operations or those of predecessor companies whose liabilities we may have assumed or acquired. We also could be subject to third-party and governmental claims with respect to environmental matters, including claims under CERCLA in instances where we are identified as a potentially responsible party. We believe that indemnities provided to us in certain of our pre-existing acquisition agreements may cover certain environmental conditions existing at the time of the acquisition, subject to certain terms, limitations and conditions. However, if these indemnification provisions terminate or if the indemnifying parties do not fulfill their indemnification obligations, we may be subject to liability with respect to the environmental matters that those indemnification provisions address.

We face risks from increasing activism against, and negative investor sentiment towards the oil and gas industry, which may adversely impact our business.

Opposition towards oil and gas drilling and development activity has been growing globally and is particularly pronounced in the United States. Companies in the oil and gas industry have frequently been the target of activist efforts regarding environmental and safety matters as well as business practices but, in recent years, have been facing increasing scrutiny on its ESG practices, which include such areas as sustainability, human rights and environmental social justice. Furthermore, certain segments of the investor community have developed negative sentiment towards investing in the oil and gas industry, with some investors (including certain investment advisers, sovereign wealth funds, pension funds, university endowments and family foundations) having introduced policies to disinvest in the oil and gas sector for stated social and environmental considerations. Commercial and investment banks have also faced pressure to stop financing oil and gas production and related projects. Companies which do not adapt to or comply with investor or stakeholder expectations and standards, which are evolving, or which are perceived to have not responded appropriately to the growing concern for ESG issues, regardless of whether there is a legal requirement to do so, may suffer from reputational damage and the business, financial condition, and/or stock price of such a company could be materially and adversely affected. Increasing attention to climate change, increasing societal expectations on companies to address climate change, and potential consumer use of substitutes to energy commodities may result in increased costs, reduced demand for our customers' hydrocarbon products and our products and services, reduced profits, increased investigations and litigation, and negative impacts on our stock price and access to capital markets.
In addition, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on their approach to ESG matters. Currently, there are no universal standards for such scores or ratings, but the importance of sustainability evaluations is becoming more broadly accepted by investors and shareholders. Such ratings are used by some investors to inform their investment and voting decisions. Additionally, certain investors use these scores to benchmark companies against their peers and, if a company is perceived as lagging, these investors may engage with companies to require improved ESG disclosure or performance. Moreover, certain members of the broader investment community may consider a company's sustainability score as a reputational or other factor in making an investment decision. Consequently, a low sustainability score could result in exclusion of our stock from consideration by certain investment funds, engagement by investors seeking to improve such scores and a negative perception of our operations by certain investors. These organizations can also place pressure on companies to set sustainability targets, including targets to reduce GHG emissions which could adversely impact demand for our services or result in increased costs for ourselves or our customers.

Restrictions, delays or cancellations imposed by governmental authorities in issuing permits or leases for our or our customers' operations could impair our business.

We and our customers are required to obtain permits from one or more governmental agencies in order to perform certain activities. Such permits are typically required by state agencies but can also be required by federal and local governmental agencies. Moreover, some of our customers' drilling and completion activities may take place on federal land or Tribal lands, requiring leases and other approvals from the federal government or Tribes to conduct such drilling and completion activities. The requirements for such permits

vary depending on the type of operations, including the location where our customers' drilling and completion activities will be conducted. As with all governmental permitting processes, there is a degree of uncertainty as to whether a permit will be granted, the time it will take for a permit to be issued and the conditions that may be imposed in connection with the granting of the permit. Certain regulatory authorities have delayed or suspended the issuance of permits while the potential environmental impacts associated with issuing such permits can be studied and appropriate mitigation measures evaluated. Also, in some cases, federal agencies have sought to cancel proposed leases for federal lands and refused or delayed required approvals. Permitting or lease delays, an inability to obtain or renew permits or leases, or revocation of our or our customers' current permits could cause a loss of revenue and could materially and adversely affect our business, financial condition and results of operations. See Part I, Item 1. "Business – Government Regulation and Environmental, Health and Safety Matters" for more discussion on permitting and leasing matters, including actions under the Biden Administration that may adversely affect oil and natural gas leasing and permitting activities. Consequently, our customers' operations in certain areas of the United States may be interrupted or suspended for varying lengths of time, resulting in reduced demand for our products and services and a corresponding loss of revenue to us as well as adversely affecting our results of operations in support of those customers.

Silica-related legal requirements, including compliance with OSHA regulations relating to respirable crystalline silica or litigation, could have a material adverse effect on our business, financial condition, results of operation and reputation.

We are subject to laws and regulations relating to human exposure to crystalline silica. See Part I, Item 1. "Business – Government Regulation and Environmental, Health and Safety Matters" for more discussion on exposure to crystalline silica and other occupational health and safety matters. If we are unable to satisfy these exposure requirements, or are not able to do so in a manner that is cost effective or attractive to our customers, availability or demand for our products and services could be significantly affected and we can provide no assurance that we will be able to comply with any future laws and regulations relating to exposure to crystalline silica that are adopted, or that the costs of complying with such future laws and regulations would not have a material adverse effect on our operating results by requiring us to modify or cease our operations. Moreover, the actual or perceived health risks of handling hydraulic fracturing sand could materially and adversely affect hydraulic fracturing service providers, including us, through reduced use of hydraulic fracturing sand, the threat of product liability or employee or third-party lawsuits, increased scrutiny by federal, state and local regulatory authorities of us and our E&P customers or reduced financing sources available to the hydraulic fracturing industry.

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 our business, results of operations and financial conditions.

Our operations include the licensing, storage and handling of explosive materials that are subject to regulation by the ATF and analogous state agencies. Despite our use of specialized facilities to store and handle dangerous materials and our performance of employee training programs, the storage and handling of explosive materials could result in explosive incidents that temporarily shut down or otherwise disrupt our or our customers' operations or could cause restrictions, delays or cancellations in the delivery of our products and services. It is possible that such incidents could result in death or significant injuries to employees and other persons. Material property damage to us, our customers and third parties arising from an explosion or resulting fire could also occur. Any explosion could expose us to adverse publicity and liability for damages and injuries or cause production restrictions, delays or cancellations, any of which occurrences could have a material adverse effect on our operating results, financial condition and cash flows. Moreover, failure to comply with applicable requirements or the occurrence of an explosive incident may also result in the loss of our ATF or analogous state license to store and handle explosives, which would have a material adverse effect on our business, results of operations and financial conditions.

The ESA and comparable laws intended to protect certain species of wildlife govern our and our oil and natural gas exploration and production customers' operations, which constraints could have an

adverse impact on our ability to expand some of our existing operations or limit our customers' ability to develop new oil and natural gas wells.

The federal ESA and comparable state laws were established to protect endangered and threatened species. Under the ESA, if a species is listed as threatened or endangered, restrictions may be imposed on activities adversely affecting that species habitat. Similar protections are offered to migratory birds under MBTA. See Part I, Item 1. "Business – Government Regulation and Environmental, Health and Safety Matters" for more discussion on the impact of wildlife laws. Customer oil and natural gas operations may be adversely affected by seasonal or permanent restrictions on drilling activities designed to protect various wildlife, which may limit their ability to operate in protected areas. Permanent restrictions imposed to protect endangered and threatened species could prohibit drilling in certain areas or require the implementation of expensive mitigation measures. Moreover, the FWS may make determinations on the listing of numerous species as endangered or threatened under the ESA, which listings could cause our customers to incur additional costs, become subject to operating restrictions or bans, and limit future development activity in affected areas, which could reduce demand for our products and services to those customers.

We may be subject to claims for personal injury and property damage or other litigation, which could materially adversely affect our business, financial condition and results of operations.

Our services are subject to inherent risks that can cause personal injury or loss of life, damage to or destruction of property, equipment or the environment or the suspension of our operations. As the wells we service continue to become more complex, our exposure to such inherent risks becomes greater as downhole risks increase exponentially with an increase in complexity and lateral length. Litigation arising from operations where our facilities are located, or our services are provided, may cause us to be named as a defendant in lawsuits asserting potentially large claims including claims for exemplary damages. For example, transportation of heavy equipment creates the potential for our trucks to become involved in roadway accidents, which in turn could result in personal injury or property damages lawsuits being filed against us.

Generally, our oil and natural gas E&P customers agree to indemnify us against claims arising from their employees' personal injury or death to the extent that, in the case of our well site services, their employees are injured or their properties are damaged by such operations, unless, in most instances, resulting from our gross negligence or willful misconduct. Similarly, we generally agree to indemnify our E&P customers for liabilities arising from personal injury to or death of any of our employees, unless, in most instances, resulting from gross negligence or willful misconduct of the E&P customer. In addition, our E&P customers generally agree to indemnify us for loss or destruction of customer-owned property or equipment and in turn, we agree to indemnify our customers for loss or destruction of property or equipment we own. Losses due to catastrophic events, such as blowouts, are generally the responsibility of the E&P customer. However, despite this general allocation of risk, we might not succeed in enforcing such contractual allocation, might incur an unforeseen liability falling outside the scope of such allocation or may be required to enter into a service agreement with terms that vary from the above allocations of risk. As a result, we may incur substantial losses which could materially and adversely affect our business, financial condition and results of operations.

Although either we or our affiliates expect to maintain insurance at a level that we believe is consistent with that of similarly situated companies in our industry, we cannot guarantee that this insurance will be adequate to cover all liabilities. Further, insurance may not be generally available in the future or, if available, insurance premiums may make such insurance commercially unjustifiable.

Risks Relating to Our Common Stock

Future sales of our common stock in the public market could reduce our stock price, and any additional capital raised by us through the sale of equity or convertible securities may dilute your ownership interest.

We may sell shares of common stock in the future. We may also issue additional shares of common stock, including as employee compensation or as consideration in one or more acquisitions or other business

combination transactions. As of December 31, 2022, we had outstanding approximately 13.5 million shares of our common stock. We also have registered 1,277,051 shares of common stock reserved for issuance under our Long-Term Incentive Plan ("LTIP"), and 340,000 registered shares of common stock are reserved for issuance under our Employee Stock Purchase Plan. Of those shares initially registered and reserved for issuance, as of December 31, 2022, approximately 1,170,398 restricted shares of common stock were granted in connection with equity awards to management, directors and employees and approximately 106,653 shares remain available for future issuance. An amendment to the LTIP was approved by stockholders on February 12, 2021 to increase the total number of shares reserved for issuance by 632,051 shares.

During the year ended December 31, 2022, we entered into debt for equity exchange agreements with certain holders of our Senior Notes. Pursuant to the Exchange Agreements, the noteholders exchanged $12.8 in aggregate principal amount of the Company's outstanding Senior Notes for an aggregate of 777,811 shares of our common stock.
Subject to the satisfaction of vesting conditions and the requirements of Rule 144, the registered restricted shares of our common stock will be available for resale immediately in the public market without restriction. With respect to shares of restricted stock granted to certain members of our management, we have filed a resale prospectus in order to allow such members of our management to freely resell their restricted stock once it has vested. In addition, (i) certain former members of our management are entitled to registration rights with respect to their shares of restricted stock, and (ii) certain former QES stockholders are entitled to registration rights with respect to the shares of common stock they received in the Merger.

We recently entered into a Registration Rights and Lock-Up Agreement with Greene's Holding Corporation in connection with the Greene's Acquisition. Following their receipt of common stock as consideration in the Greene's Acquisition, subject to release from the associated lock-up provisions and the filing of a resale registration statement or satisfaction of the requirements of Rule 144, the seller may seek to sell the common stock delivered to them. These sales (or the perception that these sales may occur), coupled with the increase in the outstanding number of shares of common stock, may affect the market for, and the market price of, our common stock in an adverse manner.

On June 14, 2021, we entered into an Equity Distribution Agreement (the "Equity Distribution Agreement") with Piper Sandler & Co. as sales agent (the "Agent"). Pursuant to the terms of the Equity Distribution Agreement, we may sell from time to time through the Agent (the "Offering") the Company's common stock, par value $0.01 per share, having an aggregate offering price of up to $50.0. During the three and twelve months ended December 31, 2022, the Company sold 976,808 and 2,803,007 shares of Common Stock, respectively, in exchange for gross proceeds of approximately $15.0 and $25.1, respectively, and paid legal and administrative fees of $0.1 and $0.3, respectively.

Any common stock offered and sold in the Offering will be issued pursuant to our shelf registration statement on Form S-3 (Registration No. 333-256149) filed with the SEC on May 14, 2021 and declared effective on June 11, 2021 (the "Registration Statement"), the prospectus supplement relating to the Offering filed with the SEC on June 14, 2021 and any applicable additional prospectus supplements related to the Offering that form a part of the Registration Statement. Sales of common stock under the Equity Distribution Agreement may be made in any transactions that are deemed to be "at the market offerings" as defined in Rule 415 under the Securities Act of 1933, as amended (the "Securities Act").

We cannot predict the size of future issuances of our common stock or securities convertible into common stock or the effect, if any, that future issuances and sales of shares of our common stock will have on the market price of our common stock. Sales of substantial amounts of our common stock (including shares issued in connection with an acquisition or shares held by stockholders with registration rights), or the perception that such sales could occur, may adversely affect prevailing market prices of our common stock. Sales of or other transactions relating to shares of our common stock by our significant stockholders, directors, officers or employees could cause a perception in the marketplace that adverse events or trends

have occurred or may be occurring at our company or that it is otherwise an advantageous time to sell shares of our common stock.

We cannot assure you that we will pay dividends on our common stock, and our indebtedness could limit our ability to pay dividends on our common stock.

We do not currently intend to pay dividends. Our dividend policy will be established by our Board based on our financial condition, results of operations and capital requirements, as well as applicable law, regulatory constraints, industry practice and other business considerations that our Board considers relevant. In addition, the terms of the agreements governing our debt limit, and the terms of the agreements governing any future debt may limit or prohibit, the payments of dividends. We cannot assure you that we will pay dividends in the future or continue to pay any dividends if we do commence the payment of dividends.

Additionally, our indebtedness could have important consequences for holders of our common stock. If we cannot generate sufficient cash flow from operations to meet our debt payment obligations, then our Board's ability to declare dividends on our common stock will be impaired and we may be required to attempt to restructure or refinance our debt, raise additional capital or take other actions such as selling assets, reducing or delaying capital expenditures or reducing any proposed dividends. We cannot assure you that we will be able to effect any such actions or do so on satisfactory terms, if at all, or that such actions would be permitted by the terms of our debt or our other credit and contractual arrangements.

Certain provisions contained in our amended and restated certificate of incorporation and amended and restated bylaws, and certain provisions of Delaware law may prevent or delay an acquisition of our company or other strategic transactions, which could decrease the trading price of our common stock.

Our amended and restated certificate of incorporation and amended and restated bylaws contain, and Delaware law contains, provisions that are intended to deter coercive takeover practices and inadequate takeover bids and to encourage prospective acquirers to negotiate with our Board rather than to attempt a hostile takeover. Some of these provisions include:

- prohibiting cumulative voting by our stockholders on all matters;
- establishing advance notice provisions for stockholder proposals and nominations for elections to the board of directors to be acted upon at meetings of stockholders;
- a classified Board of Directors;
- granting our Board the ability to authorize undesignated preferred stock; and
- expressly authorizing our Board to adopt, alter or repeal our bylaws.

In addition, because we have not chosen to be exempt from Section 203 of the Delaware General Corporation Law (the "DGCL"), this provision could also delay or effectively prevent a change of control that some stockholders may favor. In general, Section 203 provides that, subject to limited exceptions, persons that, together with their affiliates and associates, acquire ownership of 15% or more of the outstanding voting stock of a Delaware corporation shall not engage in any "business combination" with that corporation or its subsidiaries, including any merger or various other transactions, for a three-year period following the date on which that person became the owner of 15% or more of the corporation's outstanding voting stock.

We believe these provisions will protect our stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with our Board and by providing our Board with more time to assess any acquisition proposal. These provisions are not intended to make us immune from takeovers. However, these provisions will apply even if the offer may be considered beneficial by some stockholders and could delay or effectively prevent an acquisition that our Board determines is not in the best interests of our company and our stockholders. These provisions may also prevent or discourage attempts to remove and replace incumbent directors.

Our amended and restated bylaws designate courts in the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a different judicial forum for intra-corporate disputes with us or our directors, officers, employees or agents.

Our amended and restated bylaws provide that, unless we otherwise consent in writing to selection of an alternative forum, the Court of Chancery in the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware) will be the sole and exclusive forum for any derivative action or proceeding brought on behalf of KLX Energy Services, any action asserting a claim of breach of a fiduciary duty owed by any director, officer, employee or agent of KLX Energy Services to KLX Energy Services or KLX Energy Services' stockholders, any action asserting a claim arising pursuant to any provision of the DGCL, KLX Energy Services' certificate of incorporation or the bylaws, or any action asserting a claim governed by the internal affairs doctrine. This provision may limit a stockholder's ability to bring a claim in a different judicial forum, including one that it may find favorable or convenient for intra-corporate disputes with us or our directors, officers, employees or agents, which may discourage such lawsuits. Alternatively, if a court were to find this provision of our amended and restated bylaws inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions.

Utilizing the reduced disclosure requirements applicable to "emerging growth companies" may make our common stock less attractive to investors.

We qualify as an "emerging growth company" and are therefore eligible to utilize certain reduced reporting and other requirements that are otherwise applicable generally to public companies. For as long as we are an emerging growth company, which may be up to five full fiscal years, unlike other public companies, we will not be required to, among other things: (i) provide an auditor's attestation report on management's assessment of the effectiveness of our system of internal control over financial reporting pursuant to Section 404(b) of Sarbanes-Oxley; (ii) comply with any new requirements adopted by the Public Company Accounting Oversight Board ("PCAOB") requiring a supplement to the auditor's report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer; (iii) provide certain disclosures regarding executive compensation required of larger public companies; or (iv) hold nonbinding advisory votes on executive compensation. We will remain in an emerging growth company for up to five years, although we would cease to be an emerging growth company if we have more than $1,235 in annual revenue, have more than $700 in market value of our common stock held by non-affiliates or issue more than $1,000 of non-convertible debt over a three-year period.

We intend to utilize certain of the reduced reporting requirements and exemptions, including the longer phase-in periods for the adoption of new or revised financial accounting standards, until we are no longer an emerging growth company. If we were to subsequently elect instead to comply with these public company effective dates, such election would be irrevocable.

We cannot predict if investors will find our common stock less attractive if we elect to rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our common stock price may be more volatile.

We will lose emerging growth company status no later than December 31, 2023, and the loss of such status may require us to incur significant additional costs as we transition to complying with the various reporting requirements applicable to other public companies that are not emerging growth companies.

If securities or industry analysts do not publish research reports or publish unfavorable research about our business, the price and trading volume of our common stock could decline.

The trading market for our common stock depends in part on the research reports that securities or industry analysts publish about us or our business. If one or more of the analysts who covers us downgrades our securities, the price of our securities would likely decline. If one or more of these analysts ceases to cover us

or fails to publish regular reports on us, interest in the purchase of our securities could decrease, which could cause the price of our common stock and its trading volume to decline.

General Risks

We may be unable to attract or retain personnel who are key to our operations.

Our success, among other things, is dependent on our ability to attract, develop and retain highly qualified senior management and other key personnel. Competition for key personnel is intense, and our ability to attract and retain key personnel is dependent on a number of factors, including prevailing market conditions and compensation packages offered by companies competing for the same talent. The inability to hire, develop and retain these key employees may adversely affect our business, financial condition and results of operations.

Many key responsibilities within our business have been assigned to a small number of employees. The loss of their services could adversely affect our business. In particular, the loss of the services of one or more members of our management team, including our Chief Executive Officer, Chief Financial Officer, Chief Compliance Officer, Chief Accounting Officer and certain of our Vice Presidents, could disrupt our operations. We do not maintain “key person” life insurance policies on any of our employees. As a result, we are not insured against any losses resulting from the death of our key employees.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We currently lease our corporate headquarters, which is located at 3040 Post Oak Boulevard, 15th Floor, Houston, Texas 77056. We currently own or lease the following additional material facilities:

	Leased or Owned	Expiration of Lease
Rocky Mountains		
Casper, WY	Lease	7/31/2025
Dickinson, ND	Lease	6/30/2024
Dickinson, ND	Lease	6/30/2024
Gillette, WY	Lease	11/30/2026
Gillette, WY	Own	N/A
Johnstown, CO	Own	N/A
LaSalle, CO	Lease	11/30/2027
Mills, WY	Lease	10/31/2026
Nunn, CO	Lease	10/1/2025
Platteville, CO	Own	N/A
Riverton, WY	Own	N/A
Rock Springs, WY	Lease	5/31/2024
Williston, ND	Own	N/A
Williston, ND	Own	N/A
Southwest		
Cresson, TX	Own	N/A
Hobbs, NM	Lease	7/31/2026
Midland, TX	Lease	9/30/2027
Midland, TX	Lease	8/31/2023
Midland, TX	Lease	9/30/2023
Odessa, TX	Lease	6/30/2028
Pleasanton, TX	Lease	6/30/2027
Rosharon, TX	Lease	3/31/2026
Victoria, TX	Own	N/A
Willis, TX	Own	N/A
Northeast/Mid-Con		
Bossier City, LA	Lease	5/31/2024
Bossier City, LA	Lease	12/31/2024
Bridgeport, WV	Lease	8/31/2024
Bridgeport, WV	Lease	8/31/2024
Elk City, OK	Own	N/A
Longview, TX	Own	N/A
Oklahoma City, OK	Lease	12/13/2026
Oklahoma City, OK	Lease	6/30/2026
Towanda, PA	Lease	Month-to-Month
Tioga, PA	Lease	Month-to-Month
Union City, OK	Own	N/A

We believe that our facilities are adequate for our current operations and allow us to efficiently serve our customers. We do not believe that any single facility is material to our operations and, if necessary, we could obtain a replacement facility.

ITEM 3. LEGAL PROCEEDINGS (U.S. dollars in millions)

The Company is at times either a plaintiff or a defendant in various legal actions arising in the normal course of business, the outcomes of which, in the opinion of management, neither individually nor in the aggregate are likely to result in a material adverse effect on the Company's consolidated financial statements, except as noted herein.

On March 9, 2021, the Company filed claims in the District Court of Harris County, Texas against Magellan E&P Holdings, Inc. ("Magellan"), Redmon-Keys Insurance Group, Inc. and certain underwriters at Lloyd's to recover $4.6 owed on invoices duly issued by the Company for services rendered on behalf of the defendants in response to an offshore well blowout near Bob Hall Pier in Corpus Christi, Texas. On March 30, 2021, Magellan filed for bankruptcy pursuant to Chapter 7 of the U.S. bankruptcy code. The bankruptcy proceedings are ongoing. During the fiscal year ended January 31, 2021, the Company reserved the full amount of its invoices totaling $4.6 as a prudent action in light of the Chapter 7 filing.

See Note 9. "Commitments, Contingencies and Off-Balance Sheet Arrangements" to our audited consolidated financial statements included elsewhere in this Form 10-K.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock is quoted on the Nasdaq Global Select Market under the symbol "KLXE".

On March 3, 2023, the last reported sale price of our common stock as reported by Nasdaq was $14.46 per share. As of such date, based on information provided to us by Computershare, our transfer agent, we had 704 registered holders, and because many of these shares are held by brokers and other institutions on behalf of the beneficial holders, we are unable to estimate the number of beneficial stockholders represented by these holders of record.

Dividend Policy

We do not currently intend to pay dividends. Our Board will establish our dividend policy based on our financial condition, results of operations and capital requirements, as well as applicable law, regulatory constraints, industry practice and other business considerations that our Board considers relevant. The terms of our debt agreements contain restrictions on our ability to pay dividends. The terms of agreements governing debt that we may incur in the future may also limit or prohibit dividend payments. Accordingly, we cannot assure you that we will either pay dividends in the future or continue to pay any dividend that we may commence in the future.

Recent Sales of Unregistered Equity Securities

None in the three months ended December 31, 2022, other than previously reported on Current Report Form 8-K.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table presents the total number of shares of our common stock that we repurchased during the three months ended December 31, 2022:

Period	Total number of shares purchased[1]	Average price paid per share[2]	Total number of shares purchased as part of publicly announced plans or programs[3]	Approximate dollar value of shares that may yet be purchased under the plans or programs
October 1, 2022 - October 31, 2022	0	$ —	—	$ 48,859,603
November 1, 2022 - November 30, 2022	0	$ —	—	$ 48,859,603
December 1, 2022 - December 31, 2022	17	$ 12.95	—	$ 48,859,603
Total	17		—	

Solely related to shares purchased from employees in connection with the settlement of income tax and related benefit withholding obligations arising from vesting of restricted stock grants under the Company's Long-Term Incentive Plan.

[2] The average price paid per share of common stock repurchased under the share repurchase program includes commissions paid to the brokers.

[3] In August 2019, our board of directors authorized a share repurchase program for the repurchase of outstanding shares of the Company's common stock having an aggregate purchase price up to $50.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (U.S. dollars in millions, except per unit data)

You should read the following discussion of our results of operations and financial condition together with our audited consolidated financial statements and accompanying notes included elsewhere in this Annual Report as well as the discussion in "Item 1. Business." This discussion contains forward-looking statements that involve risks and uncertainties. The forward-looking statements are not historical facts, but rather are based on our current expectations, estimates, assumptions and projections about our industry, business and future financial results. Our actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including those we discuss in "Item 1A. Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements."

The following discussion and analysis addresses the results of our operations for the twelve months ended December 31, 2022, as compared to the eleven months ended December 31, 2021. In addition, the discussion and analysis addresses our liquidity, financial condition and other matters for these periods.

Company History

KLX Energy Services was initially formed from the combination of seven private oilfield service companies acquired during 2013 and 2014. Each of the acquired businesses was regional in nature and brought one or two specific service capabilities to KLX Energy Services. Once the acquisitions were completed, we undertook a comprehensive integration of these businesses to align our services, our people and our assets across all the geographic regions where we maintain a presence. In November 2018, we expanded our completion and intervention service offerings through the acquisition of Motley Services, LLC ("Motley"), a premier provider of large diameter coiled tubing services, further enhancing our completions business. We successfully completed the integration of the Motley business during Fiscal 2018. On March 15, 2019, the Company acquired Tecton Energy Services ("Tecton"), a leading provider of flowback, drill-out and production testing services, operating primarily in the greater Rocky Mountains. In March 2019, the Company acquired Red Bone Services LLC ("Red Bone"), a premier provider of oilfield services primarily in the Mid-Continent, providing fishing, non-hydraulic fracturing high pressure pumping, thru-tubing and certain other services. We successfully completed the integration of the Tecton and Red Bone businesses during Fiscal 2019. We acquired QES during the second quarter of 2020 and, by doing so, helped establish KLXE as an industry leading provider of asset-light oilfield solutions across the full well lifecycle to the major onshore oil and gas producing regions of the United States.

On July 26, 2020, the Company's Board approved a 1-for-5 reverse stock split to stockholders that became effective at 12:01 a.m. on July 28, 2020 (the "Reverse Stock Split"). On July 28, 2020, we successfully completed the all-stock Merger with QES.

The Merger of KLXE and QES provided increased scale to serve a blue-chip customer base across the onshore oil and gas basins in the United States. The Merger combined two strong company cultures comprised of highly talented teams with shared commitments to safety, performance, customer service and profitability. The combination leveraged two of the largest fleets of coiled tubing and wireline assets, with KLXE becoming a leading provider of large diameter coiled tubing and wireline services and one of the largest independent providers of directional drilling to the U.S. market. After closing the Merger, the Company integrated personnel, facilities, processes and systems across all functional areas of the organization.

We focused on generating additional cost savings from the Merger and to date have realized such savings through eliminating KLXE's legacy corporate headquarters in Wellington, Florida, rationalizing associated corporate functions to Houston, and capturing operational synergies in the areas of personnel, facilities and rolling stock. The Merger also enhanced the Company's ability to effect further industry consolidation. Looking ahead, the Company continues to pursue strategic, accretive consolidation opportunities that further strengthen the Company's competitive positioning and capital structure and drive efficiencies, accelerate growth and create long-term stockholder value.

Greene’s Acquisition

On March 8, 2023, the Company completed the acquisition of all of the equity interests of Greene’s Energy Group, LLC (“Greene’s”), including $1.7 million in cash remaining at Greene's (the “Greene’s Acquisition”), pursuant to that certain purchase and sale agreement dated March 8, 2023, between the Company and Greene’s Holding Corporation (the “Purchase Agreement”). Greene's is a provider of wellhead protection, flowback and well testing services. The total consideration for the Greene’s Acquisition under the Purchase Agreement consisted of the issuance of approximately 2.4 million shares of the Company's common stock, par value $0.01 per share, subject to customary post-closing adjustments, representing 14.7% of the fully diluted common stock of the Company with an implied enterprise value of approximately $30.3 million based on a 30-day volume weighted average price as of March 7, 2023 less acquired cash.

Company Overview

We serve many of the leading companies engaged in the exploration and development of onshore conventional and unconventional oil and natural gas reserves in the United States. Our customers are primarily large independent and major oil and gas companies. We currently support these customer operations from over 50 service facilities located in the key major shale basins. We operate in three segments on a geographic basis, including the Southwest Region (the Permian Basin, Eagle Ford Shale and the Gulf Coast as well as in industrial and petrochemical facilities), the Rocky Mountains Region (the Bakken, Williston, DJ, Uinta, Powder River, Piceance and Niobrara basins) and the Northeast/Mid-Con Region (the Marcellus and Utica Shale as well as the Mid-Continent STACK and SCOOP and Haynesville Shale). Our revenues, operating earnings and identifiable assets are primarily attributable to these three reportable geographic segments. While we manage our business based upon these geographic groupings, our assets and our technical personnel are deployed on a dynamic basis across all of our service facilities to optimize utilization and profitability.

These expansive operating areas provide us with access to a number of nearby unconventional crude oil and natural gas basins, both with existing customers expanding their production footprint and third parties acquiring new acreage. Our proximity to existing and prospective customer activities allows us to anticipate or respond quickly to such customers’ needs and efficiently deploy our assets. We believe that our strategic geographic positioning will benefit us as activity increases in our core operating areas. Our broad geographic footprint provides us with exposure to the ongoing recovery in drilling, completion, production and intervention related service activity and will allow us to opportunistically pursue new business in basins with the most active drilling environments.

We work with our customers to provide engineered solutions across the lifecycle of the well by streamlining operations, reducing non-productive time and developing cost effective solutions and customized tools for our customers’ most challenging service needs, including their most technically complex extended reach horizontal wells. We believe future revenue growth opportunities will continue to be driven by increases in the number of new customers served and the breadth of services we offer to existing and prospective customers.

We offer a variety of targeted services that are differentiated by the technical competence and experience of our field service engineers and their deployment of a broad portfolio of specialized tools and proprietary equipment. Our innovative and adaptive approach to proprietary tool design has been employed by our in-house R&D organization and, in selected instances, by our technology partners to develop tools covered by 30 patents and 8 pending patent applications, which we believe differentiates us from our regional competitors and also allows us to deliver more focused service and better outcomes in our specialized services than larger national competitors that do not discretely dedicate their resources to the services we provide.

We utilize contract manufacturers to produce our products, which, in many cases, our engineers have developed from input and requests from our customers and customer-facing managers, thereby maintaining the integrity of our intellectual property while avoiding manufacturing startup and maintenance costs. This approach leverages our technical strengths, as well as those of our technology partners. These services and related products are modest in cost to the customer relative to other well construction expenditures but have a high cost of failure and are, therefore, mission critical to our customers’ outcomes. We believe our customers

have come to depend on our decades of field experience to execute on some of the most challenging problems they face. We believe we are well positioned as a company to service customers when they are drilling and completing complex wells, and remediating both newer and older legacy wells.

We invest in innovative technology and equipment designed for modern production techniques that increase efficiencies and production for our customers. North American unconventional onshore wells are increasingly characterized by extended lateral lengths, tighter spacing between hydraulic fracturing stages, increased cluster density and heightened proppant loads. Drilling and completion activities for wells in unconventional resource plays are extremely complex, and downhole challenges and operating costs increase as the complexity and lateral length of these wells increase. For these reasons, E&P companies with complex wells increasingly prefer service providers with the scale and resources to deliver best-in-class solutions that evolve in real-time with the technology used for extraction. We believe we offer best-in-class service execution at the wellsite and innovative downhole technologies, positioning us to benefit from our ability to service the most technically complex wells where the potential for increased operating leverage is high due to the large number of stages per well.

We endeavor to create a next generation oilfield services company in terms of management controls, processes and operating metrics, and have driven these processes down through the operating management structure in every region, which we believe differentiates us from many of our competitors. This allows us to offer our customers in all of our geographic regions discrete, comprehensive and differentiated services that leverage both the technical expertise of our skilled engineers and our in-house R&D team.

Depreciation and Amortization

During the quarter ended October 31, 2021, as a result of increased usage from improving drilling activity levels and changes in the manner and conditions in which various types of our small tools are used, we updated the estimated useful lives of such tools to one to three years, resulting in approximately $2.4 of incremental yearly depreciation on a prospective basis.

Fiscal Year End Change

On September 3, 2021, the Board of the Company adopted the Fourth Amended and Restated Bylaws of the Company, effective as of such date, to change the Company’s fiscal year-end from January 31 to December 31, effective beginning with the year ended December 31, 2021. As a result, the Company’s prior fiscal year 2021 was shortened from 12 months to 11 months and ended on December 31, 2021. The Company has undertaken this change in an effort to normalize our fiscal year-end and improve comparability with our peers.

Recent Trends and Outlook

Demand for services in the oil and natural gas industry is cyclical and subject to sudden and significant volatility. WTI's average daily price per barrel increased by approximately $25.49, or 36.7%, to $94.90 per Bbl during the twelve months ended December 31, 2022, compared to the eleven months ended December 31, 2021's average daily price per barrel of $69.41. As of December 31, 2022, U.S. rig count had reached 779, an increase of 32.9% since December 31, 2021.

Despite the market headwinds experienced in the fiscal year ended December 31, 2021, the Company remained focused on building a leaner and more profitable set of service offerings, which allowed us to make meaningful positive impacts to our revenue, operating margins, cash flows and Adjusted EBITDA. During the twelve months ended December 31, 2022, the oil & gas industry has been increasing drilling and production activity, which is also reflected in the higher demand for our services.

Looking ahead to the year ending December 31, 2023, as economic activity continues to increase and commodity prices remain strong but volatile, we anticipate that our customers will continue to cautiously increase capital and operating expense spending. So far in the year ending December 31, 2023, WTI prices have remained flat, as increased demand for oil and gas products is balanced against expectations of an

upcoming recession. As of February 3, 2023, U.S. rig count was 759, a decrease of (2.6%) since December 31, 2022.

How We Generate Revenue and the Costs of Conducting Our Business

Our business strategy seeks to generate attractive returns on capital by providing differentiated services and prudently applying our cash flow to select targeted opportunities, with the potential to deliver high returns that we believe offer superior margins over the long-term and short payback periods. Our services generally require equipment that is less expensive to maintain and is operated by a smaller staff than many other oilfield service providers. As part of our returns-focused approach to capital spending, we are focused on efficiently utilizing capital to develop new products. We support our existing asset base with targeted investments in R&D, which we believe allows us to maintain a technical advantage over our competitors providing similar services using standard equipment.

Demand for services in the oil and natural gas industry is cyclical and subject to sudden and significant volatility. We remain focused on serving the needs of our customers by providing a broad portfolio of product service lines across all major basins, while preserving a solid balance sheet, maintaining sufficient operating liquidity and prudently managing our capital expenditures.

We believe we have strong management systems in place, which will allow us to manage our operating resources and associated expenses relative to market conditions. Historically, we believe our services generated margins superior to our competitors based upon the differential quality of our performance, and that these margins would contribute to future cash flow generation. The required investment in our business includes both working capital (principally for accounts receivable, inventory and accounts payable growth tied to increasing activity) and capital expenditures for both maintenance of existing assets and ultimately growth when economic returns justify the spending. Our required maintenance capital expenditures tend to be lower than other oilfield service providers due to the generally asset-light nature of our services, the lower average age of our assets and our ability to charge back a portion of asset maintenance to customers for a number of our assets.

Results of Operations

Twelve Months Ended December 31, 2022 Compared to Eleven Months Ended December 31, 2021

Revenue. The following table provides revenues by segment and product line for the periods indicated:

	Year Ended December 31, 2022	Eleven-month Transition Period Ended December 31, 2021	% Change
Revenue:			
Rocky Mountains	$ 229.0	$ 118.2	93.7 %
Southwest	255.2	160.9	58.6 %
Northeast/Mid-Con	297.4	157.0	89.4 %
Total revenue	$ 781.6	$ 436.1	79.2 %

	Year Ended December 31, 2022	Eleven-month Transition Period Ended December 31, 2021	% Change
Revenue:			
Drilling	$ 218.7	$ 123.2	77.5 %
Completion	393.3	210.3	87.0 %
Production	94.2	59.7	57.8 %
Intervention	75.4	42.9	75.8 %
Total revenue	$ 781.6	$ 436.1	79.2 %

For the twelve months ended December 31, 2022, revenues of $781.6 increased by $345.5 or 79.2% as compared with the eleven months ended December 31, 2021. The overall increase in revenues reflects the recovery in economic activity and increase in WTI prices during the year, leading to increased demand for our services and a positive pricing environment, as well as one additional month of revenues. Increased weighted average price contributed to approximately 49% of the $345.5 increase, and increased weighted average volume contributed to the remaining approximately 51%. On a segment basis, Rocky Mountains segment revenue increased by $110.8 or 93.7%. Increased weighted average price contributed to approximately 32% of the dollar increase, and increased weighted average volume contributed to approximately 68%. Southwest segment revenue increased by $94.3 or 58.6%. Increased weighted average price contributed to approximately 51% of the dollar increase, and increased weighted average volume contributed to the remaining approximately 49%. Northeast/Mid-Con segment revenue increased by $140.4 or 89.4%. Increased weighted average price contributed to approximately 61% of the dollar increase, and increased weighted average volume contributed to the remaining 39%.

Cost of sales. For the twelve months ended December 31, 2022, cost of sales was $621.3, or 79.5% of sales, as compared to $389.9, or 89.4% of sales, in the eleven months ended December 31, 2021. The increase in dollar amount was primarily due to increased activity and to a lesser degree, increased pricing due to inflation. The decrease in cost of sales as a percentage of revenues was generally consistent across our segments. The two largest components of cost of sales are labor and repair & maintenance. Although cost of sales as a percentage of revenues decreased, labor costs per employee increased by 26.9% as compared with the eleven months ended December 31, 2021. Repair & maintenance costs as a percentage of revenues increased by 9.3% as compared to the eleven months ended December 31, 2021.

Selling, general and administrative expenses ("SG&A"). SG&A expenses during the twelve months ended December 31, 2022, were $70.4, or 9.0% of revenues, as compared with $54.6, or 12.5% of revenues, in the eleven months ended December 31, 2021. SG&A increased by $15.8 due to increased labor costs and professional fees. SG&A as a percentage of revenues decreased primarily due to better leverage of fixed costs against higher revenues in the current period. R&D costs during the twelve months ended December 31, 2022 were $0.6, as compared to $0.6 in the eleven months ended December 31, 2021,

reflecting our continued focus on maintaining an in-house R&D function while scaling costs to adjust to current levels of customer demand.

Operating income (loss). The following is a summary of operating income (loss) by segment:

	Year Ended December 31, 2022	Eleven-month Transition Period Ended December 31, 2021	% Change
Operating income (loss):			
Rocky Mountains	$ 27.3	$ (13.4)	303.7 %
Southwest	14.5	(15.4)	194.2 %
Northeast/Mid-Con	39.1	(8.7)	549.4 %
Corporate and other	(48.4)	(26.6)	(82.0)%
Total operating income (loss)[(1)]	$ 32.5	$ (64.1)	150.7 %

[(1)] Includes reduction to bargain purchase gain of $0.5 during the eleven months ended December 31, 2021.

For the twelve months ended December 31, 2022, operating income was $32.5, as compared to operating loss of $64.1 in the eleven months ended December 31, 2021, largely driven by an improvement in revenues due to increased activity. For the twelve months ended December 31, 2022 and the eleven months ended December 31, 2021, there were $0.0 and $0.8 in impairments of long-lived assets, respectively.

For the twelve months ended December 31, 2022, each of our segments demonstrated significant improvement in operating income (loss) compared to the eleven months ended December 31, 2021, driven by the increase in pricing and utilization outpacing increases in operating costs and labor in the twelve months ended December 31, 2022. Rocky Mountains segment operating income (loss) improved by $40.7 or 303.7% from a loss of $(13.4) in the eleven months ended December 31, 2021 to income of $27.3 in the twelve months ended December 31, 2022. Southwest segment operating income (loss) improved by $29.9 or 194.2% from a loss of $(15.4) in the eleven months ended December 31, 2021 to income of $14.5 in the twelve months ended December 31, 2022. Northeast/Mid-Con segment operating income (loss) improved by $47.8 or 549.4% from a loss of $(8.7) in the eleven months ended December 31, 2021 to income of $39.1 in the twelve months ended December 31, 2022. The 82.0% increase in operating loss in our Corporate and other segment in the twelve months ended December 31, 2022 was primarily driven by higher professional service fees and incentive bonus costs.

Income tax expense. Income tax expense was $0.6 for the twelve months ended December 31, 2022, as compared to income tax expense of $0.3 in the eleven months ended December 31, 2021, and was comprised primarily of state and local taxes. The Company did not recognize a tax benefit on its year-to-date losses because it has a valuation allowance against its deferred tax balances.

Net loss. Net loss for the twelve months ended December 31, 2022 was $3.1, as compared to net loss of $93.8 in the eleven months ended December 31, 2021, primarily due to increased pricing and improved margins for our services.

Liquidity and Capital Resources

Overview

We require capital to fund ongoing operations, including maintenance expenditures on our existing fleet and equipment, organic growth initiatives, debt service obligations, investments and acquisitions. Our primary sources of liquidity to date have been capital contributions from our equity and note holders, borrowings under the Company’s ABL Facility and cash flows from operations. At December 31, 2022, we had $57.4 of cash and cash equivalents and $44.4 available on the ABL Facility.

We have taken several actions to continue to improve our liquidity position, including closing our Florida legacy corporate headquarters and relocating all key functions to Houston, elimination of redundancies and

duplicative functions throughout our operations following the merger with QES, equity issuances under our ATM program, debt for equity exchanges that have reduced interest burden and monetized non-core and obsolete assets. We actively manage our capital spending and are focused primarily on required maintenance spending. Additionally, increasing oil prices have resulted in an increase in demand for our services and an improvement in our operating cash flow, which became positive in the third and fourth quarters of 2022. We believe based on our current forecasts, our cash on hand, the ABL Facility availability, together with our cash flows, will provide us with the ability to fund our operations, including planned capital expenditures, for at least the next twelve months.

We have substantial indebtedness. As of December 31, 2022, we had total outstanding long-term indebtedness of $283.4 under our ABL Facility and Senior Notes as described in greater detail under "— ABL Facility" and "—Senior Notes" below. Our ability to pay the principal and interest on our long-term debt and to satisfy our other liabilities will depend on our future operating performance and ability to refinance our debt as it becomes due. Our future operating performance and ability to refinance such indebtedness will be affected by prevailing economic and political conditions, the level of drilling, completion, production and intervention services activity for North American onshore oil and natural gas resources, the continuation of the COVID-19 pandemic, the willingness of capital providers to lend to our industry and other financial and business factors, many of which are beyond our control.

Our ability to refinance our debt will depend on the condition of the public and private debt markets and our financial condition at such time, among other things. Any refinancing of our debt could be at higher interest rates and may require us to comply with covenants, which could further restrict our business operations. A rising interest rate environment could have an adverse impact on the price of our shares, or our ability to issue equity or incur debt to refinance our existing indebtedness, for acquisitions or other purposes. In addition, incurring additional debt in excess of our existing outstanding indebtedness would result in increased interest expense and financial leverage, and issuing common stock may result in dilution to our current stockholders.

Our ABL Facility matures in September 2024 and we intend to work with our existing lenders or other sources of capital to refinance the ABL Facility. If we are unable to refinance the ABL Facility over the next twelve months and uncertainty around our ability to refinance our existing long-term debt still exists, that could result in our auditors issuing a "going concern" or like qualification or exception as early as our audit opinion with respect to the year ending December 31, 2023. The delivery of an audit opinion with such a qualification would result in an event of default under our ABL Facility. If an event of default occurs, the lenders under the ABL Facility would be entitled to accelerate any outstanding indebtedness, terminate all undrawn commitments and enforce liens securing our obligations under the ABL Facility. Further, the acceleration of indebtedness under our ABL Facility could cause an event of default under our Senior Notes, entitling the requisite holders of the Senior Notes to accelerate our indebtedness in respect thereof and enforce liens securing our obligations under the Senior Notes. If our lenders or noteholders accelerate our obligations under the affected debt agreements, we may not have sufficient liquidity to repay all of our outstanding indebtedness then due and payable.

In light of our substantial leverage position, as market conditions warrant and subject to our contractual restrictions, liquidity position and other factors, we may access the public or private debt and equity markets or seek to recapitalize, refinance or otherwise restructure our capital structure. Some of these alternatives may require the consent of current lenders, stockholders or noteholders, and there is no assurance that we will be able to execute any of these alternatives on acceptable terms or at all.

ABL Facility

We entered into a $100.0 ABL Facility on August 10, 2018. The ABL Facility became effective on September 14, 2018 and is scheduled to mature in September 2024. Borrowings under the ABL Facility bear interest at a rate equal to Term SOFR (as defined in the ABL Facility) plus the applicable margin (as defined). The ABL Facility is tied to a borrowing base formula and has no maintenance financial covenants as long as the minimum level of borrowing availability is maintained. The ABL Facility is secured by, among other things,

a first priority lien on the Company's accounts receivable and inventory and contains customary conditions precedent to borrowing and affirmative and negative covenants. $50.0 was outstanding under the ABL Facility as of December 31, 2022. The effective interest rate under the ABL Facility was approximately 7.42% on December 31, 2022.

On September 22, 2022, the Company entered into a Third Amendment to the ABL Facility, with certain of its subsidiaries party thereto, as guarantors, with JPMorgan Chase Bank, N.A., as administrative agent and an issuing lender, and the other lenders and issuing lenders party thereto from time to time (the "Amendment").

The Amendment, among other things, (i) extends the maturity date of the ABL Facility by a year from September 14, 2023 to September 15, 2024, (ii) increases the applicable margin by 0.50%, (iii) replaces LIBOR as the benchmark rate with Term SOFR, (iv) provides the Company with the ability to redeem, repurchase, defease or otherwise satisfy its outstanding Senior Notes using proceeds of equity issuances or by converting or exchanging Senior Notes for equity, (v) resets consolidated EBITDA solely for purposes of calculating the springing fixed charge coverage ratio ("FCCR") to be annualized beginning with the fiscal quarter ended as of June 30, 2022 until the fourth fiscal quarter ended thereafter (provided that fixed charges will continue to be calculated on a trailing-twelve month basis), (vi) requires that, after giving effect to any borrowing and the use of proceeds thereof, the Company not have more than $35.0 in excess cash on its balance sheet and (vii) increases the availability trigger for a cash dominion event.

The ABL Facility includes a springing financial covenant which requires the Company's FCCR to be at least 1.0 to 1.0 if availability falls below the greater of $15.0 or 20% of the borrowing base. At all times during the year ended December 31, 2022, availability exceeded this threshold, and the Company was not subject to this financial covenant. As of December 31, 2022, the FCCR was above 1.0 to 1.0. The Company was in full compliance with its credit facility as of December 31, 2022.

The ABL Facility includes financial, operating and negative covenants that limit our ability to incur indebtedness, to create liens or other encumbrances, to make certain payments and investments, including dividend payments, to engage in transactions with affiliates, to engage in sale/leaseback transactions, to guarantee indebtedness and to sell or otherwise dispose of assets and merge or consolidate with other entities. It also includes a covenant to deliver annual audited financial statements that are not qualified by a "going concern" or like qualification or exception. A failure to comply with the obligations contained in the ABL Facility could result in an event of default, which could permit acceleration of the debt, termination of undrawn commitments and enforcement against any liens securing the debt.

Senior Notes

In conjunction with the acquisition of Motley in 2018, we issued $250.0 principal amount of 11.5% senior secured notes due 2025 (the "Senior Notes") offered pursuant to Rule 144A under the Securities Act and to certain non-U.S. persons outside the United States in compliance with Regulation S under the Securities Act. On a net basis, after taking into consideration the debt issuance costs for the Senior Notes, total debt as of December 31, 2022 was $233.4. The Senior Notes bear interest at an annual rate of 11.5%, payable semi-annually in arrears on May 1 and November 1. Accrued interest as of December 31, 2022 was $4.6.

The Indenture contains customary affirmative and negative covenants restricting, among other things, the Company's ability to incur indebtedness and liens, pay dividends or make other distributions, make certain other restricted payments or investments, sell assets, enter into restrictive agreements, enter into transactions with the Company's affiliates, and merge or consolidate with other entities or sell substantially all of the Company's assets.

The Indenture also contains customary events of default including, among other things, the failure to pay interest for 30 days, failure to pay principal when due, failure to observe or perform any other covenants or agreement in the Indenture subject to grace periods, cross-acceleration to indebtedness with an aggregate principal amount in excess of $50.0, material impairment of liens, failure to pay certain material judgments and certain events of bankruptcy.

During the year ended December 31, 2022, we entered into debt for equity exchange agreements (the “Exchange Agreements” and each, an “Exchange Agreement”) with certain holders (the “Noteholders”) of our Senior Notes. Pursuant to the Exchange Agreements, the Noteholders exchanged $12.8 in aggregate principal amount of the Company’s outstanding Senior Notes for an aggregate of 777,811 shares of our common stock (the "Exchanges" and each, an “Exchange”).

The Company’s shares of common stock issued in connection with the Exchanges were not registered under the Securities Act, and were issued to existing holders of the Company’s securities without commission in reliance on the exemption from registration provided by Section 3(a)(9) of the Securities Act.

The Senior Notes exchanged represent approximately 5.1% of the outstanding principal amount of outstanding Senior Notes prior to the Exchanges. Following the Exchanges, approximately $237.3 in aggregate principal amount of Senior Notes remained outstanding.

Capital Expenditures

Our capital expenditures were $35.6 during the twelve months ended December 31, 2022, compared to $11.0 in the eleven months ended December 31, 2021. Based on current industry conditions and our significant investments in capital expenditures over the past several years, we expect to incur between $60.0 and $70.0 in capital expenditures for the year ending December 31, 2023, out of which $45.0 to $50.0 for maintenance capital spending. The nature of our capital expenditures is comprised of a base level of investment required to support our current operations and amounts related to growth and Company initiatives. Capital expenditures for growth and Company initiatives are discretionary. We continually evaluate our capital expenditures, and the amount we ultimately spend will depend on a number of factors, including expected industry activity levels and Company initiatives.

Equity Distribution Agreement

On June 14, 2021, the Company entered into an Equity Distribution Agreement (the “Equity Distribution Agreement”) with Piper Sandler & Co. as sales agent (the “Agent”). Pursuant to the terms of the Equity Distribution Agreement, the Company may sell from time to time through the Agent (the “ATM Offering”) the Company’s common stock, par value $0.01 per share, having an aggregate offering price of up to $50.0 (the “Common Stock”).

Any Common Stock offered and sold in the ATM Offering will be issued pursuant to the Company’s shelf registration statement on Form S-3 (Registration No. 333-256149) filed with the SEC on May 14, 2021 and declared effective on June 11, 2021 (the “Registration Statement”), the prospectus supplement relating to the ATM Offering filed with the SEC on June 14, 2021 and any applicable additional prospectus supplements related to the ATM Offering that form a part of the Registration Statement. Sales of Common Stock under the Equity Distribution Agreement may be made in any transactions that are deemed to be “at the market offerings” as defined in Rule 415 under the Securities Act.

The Equity Distribution Agreement contains customary representations, warranties and agreements by the Company, indemnification obligations of the Company and the Agent, including for liabilities under the Securities Act, other obligations of the parties and termination provisions. Under the terms of the Equity Distribution Agreement, the Company will pay the Agent a commission equal to 3% of the gross sales price of the Common Stock sold.

The Company plans to use the net proceeds from the ATM Offering, after deducting the Agent’s commissions and the Company’s offering expenses, for general corporate purposes, which may include, among other things, paying or refinancing all or a portion of the Company’s then-outstanding indebtedness, and funding acquisitions, capital expenditures and working capital.

During the three and twelve months ended December 31, 2022, the Company sold 976,808 and 2,803,007 shares of Common Stock, respectively, in exchange for gross proceeds of approximately $15.0 and $25.1, respectively, through its at-the-market offering and paid legal and administrative fees of $0.1 and $0.3, respectively. During the two and eleven months ended December 31, 2021, the Company sold 250,289 and 1,380,505 shares of Common Stock, respectively, in exchange for gross proceeds of approximately $1.1 and $6.6, respectively, and paid fees to the sales agent and other legal and accounting fees of $0.1 and $0.8, respectively, to establish the ATM Offering.

Cash Flows

At December 31, 2022, we had $57.4 of cash and cash equivalents. Cash on hand at December 31, 2022 increased by $29.4 during the year then ended, mainly due to $15.7 of cash flows provided by operating activities and $32.4 of cash flows provided by financing activities, partially offset by $18.7 of cash flows used in investing activities. Our liquidity requirements consist of working capital needs, debt service obligations and ongoing capital expenditure requirements. Our primary requirements for working capital are directly related to the activity level of our operations.

This Annual Report includes net working capital, which is a “non-GAAP financial measure” as defined in the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Net working capital is calculated as current assets, excluding cash, less current liabilities, excluding accrued interest, operating lease obligations and finance lease obligations. We believe that net working capital provides useful information to investors because it is an important indicator of the Company's liquidity. Our computations of net working capital may not be comparable to other similarly titled measures of other companies.

The following table sets forth the reconciliation of current assets and current liabilities to net working capital:

	As of	
	December 31, 2022	December 31, 2021
Current assets	$ 254.7	$ 164.7
Less: Cash	57.4	28.0
Net current assets	197.3	136.7
Current liabilities	154.4	122.7
Less: Accrued interest	4.8	5.0
Less: Operating lease obligations	14.2	15.9
Less: Finance lease obligations	10.2	5.6
Net current liabilities	125.2	96.2
Net Working Capital	$ 72.1	$ 40.5

Net working capital as of December 31, 2022 was $72.1, an increase of $31.6 as compared to net working capital of $40.5 as of December 31, 2021. Net working capital is calculated as current assets, excluding cash, less current liabilities, excluding accrued interest, operating lease obligations and finance lease obligations. As of December 31, 2022, total current assets excluding cash increased by $60.6 and total current liabilities excluding accrued interest, operating lease obligations and finance lease obligations increased by $29.0. The increase in current assets was primarily related to accounts receivable-trade, net increase of $51.1, a $6.2 increase in prepaid expenses and other current assets and an increase of $3.3 in inventory. The increase in total current liabilities was due to a $12.1 increase in accounts payable and a $16.9 increase in accrued liabilities.

The following table sets forth our cash flows for the periods presented below:

	Year Ended December 31, 2022	Eleven-month Transition Period Ended December 31, 2021
Net cash provided by (used in) operating activities	$ 15.7	$ (55.6)
Net cash (used in) provided by investing activities	(18.7)	4.5
Net cash provided by financing activities	32.4	32.0
Net change in cash	29.4	(19.1)
Cash balance end of period	$ 57.4	$ 28.0

Net cash provided by (used in) operating activities

Net cash provided by operating activities was $15.7 for the twelve months ended December 31, 2022, as compared to net cash used in operating activities of $55.6 for the eleven months ended December 31, 2021. The increase in operating cash flows was primarily attributable to the increase in revenues across all operating segments and most service and related product lines driven by a broader recovery in industry activity.

Net cash (used in) provided by investing activities

Net cash used in investing activities was $18.7 for the twelve months ended December 31, 2022, as compared to net cash provided by investing activities of $4.5 for the eleven months ended December 31, 2021. The cash used in investing activities for the twelve months ended December 31, 2022 was primarily driven by increased maintenance and growth capital spending to support our growing business operations.

Net cash provided by financing activities

Net cash provided by financing activities was $32.4 for the twelve months ended December 31, 2022, compared to net cash provided by financing activities of $32.0 for the eleven months ended December 31, 2021. During the twelve months ended December 31, 2022, the Company borrowed $20.0 under the ABL facility, sold stock as part of its Equity Distribution Agreement for proceeds of $24.8 and received proceeds from finance lease refinancing of $1.4, which were partially offset by payments on finance lease obligations of $9.7, payment on note payable of $2.1, payments on debt issuance costs of $1.7 and purchase of treasury stock of $0.3.

Off-Balance Sheet Arrangements

Indemnities, Commitments and Guarantees

In the normal course of our business, we make certain indemnities, commitments and guarantees under which we may be required to make payments in relation to certain transactions. These include indemnities to various lessors in connection with facility leases for certain claims arising from such facility or lease and indemnities to other parties to certain acquisition agreements. The duration of these indemnities, commitments and guarantees varies and, in certain cases, is indefinite. Many of these indemnities, commitments and guarantees provide for limitations on the maximum potential future payments we could be obligated to make. However, we are unable to estimate the maximum amount of liability related to our indemnities, commitments and guarantees because such liabilities are contingent upon the occurrence of events that are not reasonably determinable. Our management believes that any liability for these indemnities, commitments and guarantees would not be material to our financial statements. Accordingly, no significant amounts have been accrued for indemnities, commitments and guarantees.

Critical Accounting Estimates

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with Generally Accepted Accounting Principles ("GAAP"). The preparation of our financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Certain accounting policies involve judgments and uncertainties to such an extent that there is a reasonable likelihood that materially different amounts could have been reported under different conditions, or if different assumptions had been used. We evaluate our estimates and assumptions on a regular basis. We base our estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and assumptions used in preparation of our financial statements.

Emerging Growth Company Status

We are an “emerging growth company” and are entitled to take advantage of certain relaxed disclosure requirements. We intend to operate under certain reduced reporting requirements and exemptions, including the longer phase-in periods for the adoption of new or revised financial accounting standards, until we are no longer an emerging growth company. Our election to use the phase-in periods permitted by this election may make it difficult to compare our consolidated financial statements to those of non-emerging growth companies and other emerging growth companies that have opted out of the longer phase-in periods and who will comply with new or revised financial accounting standards. If we were to subsequently elect instead to comply with these public company effective dates, such election would be irrevocable.

Accounts Receivable

We perform ongoing credit evaluations of our customers and adjust credit limits based upon payment history and the customer’s current creditworthiness, as determined by our review of their current credit information. We continuously monitor collections and payments from our customers and maintain an allowance for estimated credit losses based upon our historical experience and any specific customer collection issues that we have identified. The allowance for doubtful accounts at December 31, 2022 and December 31, 2021 was $5.7 and $6.4, respectively.

Goodwill and Intangible Assets, Net

Under Financial Accounting Standards Board (“FASB”) ASC Topic 350, Intangibles—Goodwill and Other, goodwill and indefinite-lived intangible assets are reviewed at least annually for impairment. Acquired intangible assets with definite lives are amortized over their individual useful lives. As of December 31, 2022 and December 31, 2021, there were net intangible assets with definite lives of $2.1 and $2.2, respectively, and Goodwill of nil and nil, respectively.

Leases

The Company adopted Accounting Standards Update (“ASU”) No. 2016-02, Leases ASC Topic 842 effective February 1, 2021. We elected the modified retrospective transition method under ASC Topic 842 and as such information prior to February 1, 2021 has not been restated and continues to be reported under the accounting standards in effect for the period (ASC Topic 840-Leases). We carried forward the historical lease classifications and assessment of initial direct costs, account for lease and non-lease components as a single component, and exclude leases with an initial term of less than 12 months in the lease assets and liabilities. For leases entered into after February 1, 2021, the Company determines if an arrangement is a lease at inception and evaluates identified leases for operating or finance lease treatment. Operating or finance lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. We use our incremental borrowing rate based on the information

available at the commencement date in determining the present value of lease payments. Lease terms may include options to renew; however, we typically cannot determine our intent to renew a lease with reasonable certainty at inception.

Long-Lived Assets

Long-lived assets, such as property and equipment and purchased intangibles subject to amortization, are tested for impairment when there is evidence that events or changes in circumstances indicate that the carrying amount of an asset may not be recovered. An impairment loss is recognized when the undiscounted cash flows expected to be generated by an asset (or group of assets) is less than its carrying amount. Any required impairment loss is measured as the amount by which the asset's carrying value exceeds its fair value and is recorded as a reduction in the carrying value of the related asset and a charge to operating results. For the twelve months ended December 31, 2022 and eleven months ended December 31, 2021, there were $0.0 and $0.8 impairments of long-lived assets.

Revenue Recognition

Revenue is recognized upon the customer obtaining control of promised goods or services, in an amount that reflects the consideration which is expected to be received in exchange for those goods or services. To determine revenue recognition for arrangements within the scope of ASC Topic 606, the following five steps are performed: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Company satisfies a performance obligation. Revenue is recognized in the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied. Service revenues are recorded over time throughout and for the duration of the service period pursuant to a master services agreement ("MSA") combined with a completed field ticket or a work order. Revenues from product sales are recognized when the customer obtains control of the product, which occurs at a point in time, typically upon delivery in accordance with the terms of the field ticket or work order.

Recent Accounting Pronouncements

See Note 2 "Recent Accounting Pronouncements" to our consolidated financial statements for a discussion of recently issued accounting pronouncements. As an "emerging growth company" under the Jumpstart Our Business Startups Act (the "JOBS Act"), we are offered an opportunity to use an extended transition period for the adoption of new or revised financial accounting standards. We operate under the reduced reporting requirements and exemptions, including the longer phase-in periods for the adoption of new or revised financial accounting standards, until we are no longer an emerging growth company. Our election to use the phase-in periods permitted by this election may make it difficult to compare our financial statements to those of non-emerging growth companies and other emerging growth companies that have opted out of the longer phase-in periods under Section 107 of the JOBS Act and who will comply with new or revised financial accounting standards. If we were to subsequently elect instead to comply with these public company effective dates, such election would be irrevocable pursuant to Section 107 of the JOBS Act.

How We Evaluate Our Operations

Key Financial Performance Indicators

We recognize the highly cyclical nature of our business and the need for metrics to (1) best measure the trends in our operations and (2) provide baselines and targets to assess the performance of our managers.

The measures we believe most effective to achieve the above stated goals include:

- *Revenue*

- *Adjusted Earnings before interest, taxes, depreciation and amortization ("EBITDA")*: Adjusted EBITDA is a supplemental non-GAAP financial measure that is used by management and external users of our financial statements, such as industry analysts, investors, lenders and rating agencies. Adjusted EBITDA is not a measure of net earnings or cash flows as determined by GAAP. We define Adjusted EBITDA as net earnings (loss) before interest, taxes, depreciation and amortization, further adjusted for (i) goodwill and/or long-lived asset impairment charges, (ii) stock-based compensation expense, (iii) restructuring charges, (iv) transaction and integration costs related to acquisitions and (v) other expenses or charges to exclude certain items that we believe are not reflective of ongoing performance of our business.

- *Adjusted EBITDA Margin:* Adjusted EBITDA Margin is defined as Adjusted EBITDA, as defined above, as a percentage of revenue.

We believe Adjusted EBITDA is useful because it allows us to supplement the GAAP measures in order to evaluate our operating performance and compare the results of our operations from period to period without regard to our financing methods or capital structure. We exclude the items listed above in arriving at Adjusted EBITDA (Loss) because these amounts can vary substantially from company to company within our industry depending upon accounting methods, book values of assets, capital structures and the method by which the assets were acquired. Adjusted EBITDA should not be considered as an alternative to, or more meaningful than, net (loss) earnings as determined in accordance with GAAP, or as an indicator of our operating performance or liquidity. Certain items excluded from Adjusted EBITDA are significant components in understanding and assessing a company's financial performance, such as a company's cost of capital and tax structure, as well as the historic costs of depreciable assets, none of which are components of Adjusted EBITDA. Our computations of Adjusted EBITDA may not be comparable to other similarly titled measures of other companies.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company, we are not required to provide the information required by Item 305 of Regulation S-K.

Item 8. FINANCIAL STATEMENTS

Index to Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of KLX Energy Services Holdings, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of KLX Energy Services Holdings, Inc. and subsidiaries (the "Company") as of December 31, 2022 and 2021, the related consolidated statements of operations, stockholders' equity, and cash flows, for the year ended December 31, 2022 and the eleven-month period ended December 31, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the year ended December 31, 2022 and the eleven-month period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP

Houston, Texas
March 9, 2023

We have served as the Company's auditor since 2018.

KLX Energy Services Holdings, Inc.
Consolidated Balance Sheets
(In millions of U.S. dollars and shares, except per share data)

	As of December 31	
	2022	**2021**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 57.4	$ 28.0
Accounts receivable–trade, net of allowance of $5.7 and $6.4	154.3	103.2
Inventories, net	25.7	22.4
Prepaid expenses and other current assets	17.3	11.1
Total current assets	254.7	164.7
Property and equipment, net [(1)]	168.1	171.0
Operating lease assets	37.4	47.4
Intangible assets, net	2.1	2.2
Other assets	3.6	2.4
Total assets	$ 465.9	$ 387.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 84.2	$ 72.1
Accrued interest	4.8	5.0
Accrued liabilities	41.0	24.1
Current portion of operating lease liabilities	14.2	15.9
Current portion of finance lease liabilities	10.2	5.6
Total current liabilities	154.4	122.7
Long-term debt	283.4	274.8
Long-term operating lease liabilities	22.8	31.5
Long-term finance lease liabilities	20.3	9.1
Other non-current liabilities	0.8	1.0
Commitments, contingencies and off-balance sheet arrangements (Note 9)		
Stockholders' equity:		
Common stock, $0.01 par value; 110.0 authorized; 14.3 and 10.5 issued	0.1	0.1
Additional paid-in capital	517.3	478.1
Treasury stock, at cost, 0.4 shares and 0.3 shares	(4.6)	(4.3)
Accumulated deficit	(528.6)	(525.3)
Total stockholders' equity	(15.8)	(51.4)
Total liabilities and stockholders' equity	$ 465.9	$ 387.7

[(1)] Includes ROU assets - finance leases, see Note 4 - Property and Equipment, Net and Note 7 - Leases

See accompanying notes to consolidated financial statements.

KLX Energy Services Holdings, Inc.
Consolidated Statements of Operations
(In millions of U.S. dollars, except per share data)

	Year Ended December 31, 2022	Eleven-month Transition Period Ended December 31, 2021
Revenues	$ 781.6	$ 436.1
Costs and expenses:		
Cost of sales	621.3	389.9
Depreciation and amortization	56.8	53.8
Selling, general and administrative	70.4	54.6
Research and development costs	0.6	0.6
Impairment and other charges	—	0.8
Bargain purchase gain	—	0.5
Operating income (loss)	32.5	(64.1)
Non-operating expense:		
Interest expense, net	35.0	29.4
Loss before income tax	(2.5)	(93.5)
Income tax expense	0.6	0.3
Net loss	$ (3.1)	$ (93.8)
Net loss per share-basic	$ (0.27)	$ (10.83)
Net loss per share-diluted	$ (0.27)	$ (10.83)

See accompanying notes to consolidated financial statements.

KLX Energy Services Holdings, Inc.
Consolidated Statements of Stockholders' Equity
Year Ended December 31, 2022 and Eleven-month Transition Period Ended December 31, 2021
(*In millions of U.S. dollars and shares*)

	Common Stock		Additional Paid-in Capital	Treasury Stock	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at January 31, 2021	8.6	$ 0.1	$ 469.1	$ (4.0)	$ (433.1)	$ 32.1
Adjustment to beginning period Retained Earnings as a result of ASC 842 adoption	—	—	—	—	1.6	1.6
Restricted stock, net of forfeitures	0.5	—	3.2	(0.3)	—	2.9
Purchase of treasury stock	—	—	—	—	—	—
Issuance of common stock, net of cost	1.4	—	5.8	—	—	5.8
Net loss	—	—	—	—	(93.8)	(93.8)
Balance at December 31, 2021	10.5	$ 0.1	$ 478.1	$ (4.3)	$ (525.3)	$ (51.4)
Adjustment to beginning period Retained Earnings as a result of ASC 326 adoption	—	—	—	—	(0.2)	(0.2)
Restricted stock, net of forfeitures	0.2	—	3.0	—	—	3.0
Purchase of treasury stock	—	—	—	(0.3)	—	(0.3)
Issuance of common stock, net of cost	3.6	—	36.2	—	—	36.2
Net loss	—	—	—	—	(3.1)	(3.1)
Balance at December 31, 2022	14.3	$ 0.1	$ 517.3	$ (4.6)	$ (528.6)	$ (15.8)

See accompanying notes to consolidated financial statements.

KLX Energy Services Holdings, Inc.
Consolidated Statements of Cash Flows
(In millions of U.S. dollars)

	Year Ended December 31, 2022	Eleven-month Transition Period Ended December 31, 2021
Cash flows from operating activities:		
Net loss	$ (3.1)	$ (93.8)
Adjustments to reconcile net loss to net cash flows from operating activities		
Depreciation and amortization	56.8	53.8
Impairment and other charges	—	0.8
Non-cash compensation	3.0	3.2
Amortization of deferred financing fees	1.6	1.2
Provision for inventory reserve	2.8	0.8
Gain on disposal of property, equipment and other	(13.2)	(7.9)
Bargain purchase gain	—	0.5
Changes in operating assets and liabilities:		
Accounts receivable	(51.0)	(36.6)
Inventories	(6.2)	(2.4)
Prepaid expenses and other current assets and other assets (non-current)	16.4	6.8
Accounts payable	11.7	29.1
Other current and non-current liabilities	(1.9)	(11.6)
Other	(1.2)	0.5
Net cash flows provided by (used in) operating activities	15.7	(55.6)
Cash flows from investing activities:		
Purchases of property and equipment	(35.6)	(11.0)
Proceeds from sale of property and equipment	16.9	15.5
Net cash flows (used in) provided by investing activities	(18.7)	4.5
Cash flows from financing activities:		
Purchase of treasury stock	(0.3)	(0.3)
Borrowings on ABL Facility	20.0	30.0
Proceeds from stock issuance, net of costs	24.8	5.8
Payments on finance lease obligations	(9.7)	(2.6)
Payments of debt issuance costs	(1.7)	—
Proceeds from finance lease refinancing	1.4	—
Change in financed payables	(2.1)	(0.9)
Net cash flows provided by financing activities	32.4	32.0
Net change in cash and cash equivalents	29.4	(19.1)
Cash and cash equivalents, beginning of period	28.0	47.1
Cash and cash equivalents, end of period	$ 57.4	$ 28.0
Supplemental disclosures of cash flow information:		
Cash paid during period for:		
Income taxes paid, net of refunds	$ 0.6	$ 0.3
Interest	33.7	30.5
Supplemental schedule of non-cash activities:		
Change in deposits on capital expenditures	$ (0.2)	$ —
Change in accrued capital expenditures	0.4	5.3

See accompanying notes to consolidated financial statements.

KLX Energy Services Holdings, Inc.
Notes to Consolidated Financial Statements
(U.S. dollars in millions)

NOTE 1 - Description of Business and Significant Accounting Policies

Description of Business

KLX Energy Services Holdings, Inc. (the “Company”, “KLXE” or “KLX Energy Services”) is a growth-oriented provider of diversified oilfield services to leading onshore oil and natural gas exploration and production (“E&P”) companies operating in both conventional and unconventional plays in all of the active major basins throughout the United States. The Company delivers mission critical oilfield services focused on drilling, completion, production and intervention activities for the most technically demanding wells in over 50 service and support facilities located throughout the United States.

The Company offers a complementary suite of proprietary products and specialized services that is supported by technically skilled personnel and a broad portfolio of innovative in-house manufacturing, repair and maintenance capabilities. KLXE’s primary services include coiled tubing, directional drilling, hydraulic fracturing rentals, fishing, pressure control, wireline, rig-assisted snubbing, fluid pumping, flowback, testing and well control services. KLXE’s primary rentals and products include hydraulic fracturing stacks, blow out preventers, tubulars, downhole tools, dissolvable plugs, composite plugs and accommodation units.

On July 24, 2020, KLXE stockholders approved an amendment to the amended and restated certificate of incorporation of KLXE (the “Reverse Stock Split Amendment”) to effect a reverse stock split of KLXE common stock at a ratio within a range of 1-for-5 and 1-for-10 (the “Reverse Stock Split”), as determined by KLXE’s board of directors (the “Board” or "Board of Directors"). The Board subsequently resolved to implement the Reverse Stock Split at a ratio of 1-for-5.

On July 28, 2020, KLX Energy Services, Krypton Intermediate, LLC, an indirect wholly owned subsidiary of KLXE, Krypton Merger Sub, Inc., an indirect wholly owned subsidiary of KLXE (“Merger Sub”), and Quintana Energy Services Inc. (“QES”) completed the previously announced acquisition of QES, by means of a merger of Merger Sub with and into QES, with QES surviving the merger as a subsidiary of KLXE (the “Merger”). On July 28, 2020, immediately prior to the consummation of the Merger, the Reverse Stock Split Amendment became effective and thereby effectuated the 1-for-5 Reverse Stock Split of the Company’s issued and outstanding common stock.

Basis of Presentation

The accompanying consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP”). The consolidated financial statements include all accounts of KLXE and its subsidiaries. All intercompany transactions and account balances have been eliminated upon consolidation.

Following the end of the Company's fiscal year ended January 31, 2020, the Company transitioned to a December 31 fiscal year-end date. As a result, this Form 10-K includes financial information for the eleven-month period from February 1, 2021 to December 31, 2021 (the "Transition Period").

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and related disclosures. Actual results could differ from those estimates.

Revenue Recognition

Revenue is recognized upon the customer obtaining control of promised goods or services, in an amount that reflects the consideration which is expected to be received in exchange for those goods or services. To determine revenue recognition for arrangements within the scope of ASC Topic 606, the following five steps are performed: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Company satisfies a performance obligation. Revenue is recognized in the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied. Service revenues are recorded over time throughout and for the duration of the service period pursuant to a master services agreement ("MSA") combined with a completed field ticket or a work order. Revenues from product sales are recognized when the customer obtains control of the product, which occurs at a point in time, typically upon delivery in accordance with the terms of the field ticket or work order.

Income Taxes

The Company accounts for deferred income taxes through the asset and liability method. Under this method, a deferred tax liability or asset is recognized for the expected future tax consequences resulting from the differences in financial reporting bases and tax bases of assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the years in which the differences are expected to reverse. A valuation allowance is recorded if it is more likely than not that some or all of the deferred tax assets will not be realized. The Company recognizes accrued interest and penalties related to uncertain tax positions, if any, as a component of income tax expense.

Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents consist of cash on hand, and certificates of deposits. The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The Company maintains its cash and cash equivalents in various financial institutions, which at times may exceed federally insured amounts. Management believes that this risk is not significant.

Accounts Receivable, Net

The Company performs ongoing credit evaluations of its customers and adjusts credit limits based upon payment history and the customer's current creditworthiness, as determined by review of their current credit information. The Company continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon historical experience and any specific customer collection issues that have been identified. The allowance for doubtful accounts at December 31, 2022 and December 31, 2021 was $5.7 and $6.4, respectively. For more information on our adoption of Topic 326 *Current Expected Credit Losses*, see Note 2 Recent Accounting Pronouncements.

Activity in our allowance for doubtful accounts during the year ended December 31, 2022 and Transition Period ended December 31, 2021 is set forth in the table below:

Allowance for doubtful accounts	Balance at beginning of period	ASC 326 Adjustment	Charged (credited) to costs and expenses	Deductions [1]	Balance at end of period
December 31, 2022	$ 6.4	$ (0.1)	$ 0.2	$ (0.8)	$ 5.7
December 31, 2021	$ 6.5	$ 0.2	$ 0.3	$ (0.6)	$ 6.4

[1] Accounts receivable balances written off during the period, net of recoveries.

Inventories

Inventories, made up primarily of dissolvable plugs, supplies, finished goods and other consumables used to perform services for customers. The Company values inventories at the lower of cost or net realizable value. Reserves for excess and obsolete inventory were approximately $4.4 and $2.7 as of year ended December 31, 2022 and Transition Period ended December 31, 2021, respectively.

Property and Equipment, Net

Property and equipment are stated at cost and depreciated generally under the straight-line method over their estimated useful lives of one to forty years (or the lesser of the term of the lease for leasehold improvements, as appropriate). During the quarter ended October 31, 2021, as a result of increased usage from improving drilling activity levels and changes in the manner and conditions in which various types of our small tools are used, we updated the estimated useful lives of such tools to one to three years, resulting in approximately $2.4 of incremental yearly depreciation on a prospective basis.

Goodwill and Intangible Assets, Net

Under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 350, Intangibles—Goodwill and Other, goodwill and indefinite-lived intangible assets are reviewed at least annually for impairment. Acquired intangible assets with definite lives are amortized over their individual useful lives. As of December 31, 2022 and December 31, 2021, there were net intangible assets with definite lives of $2.1 and $2.2, respectively, and Goodwill of nil and nil, respectively. As of December 31, 2022 and December 31, 2021, intangible assets had gross carrying amount of $5.9 and $5.7 and accumulated amortization of $3.8 and $3.5, respectively, with amortization expense for the twelve months and eleven months then ended of $0.3 and $0.3, respectively.

Leases

The Company adopted Accounting Standards Update ("ASU") No. 2016-02, Leases ASC Topic 842 effective February 1, 2021. We elected the practical expedients for all asset classes to carry forward the historical lease classifications and assessment of initial direct costs, account for lease and non-lease components as a single component, and exclude leases with an initial term of less than twelve months in the lease assets and liabilities. For leases entered into after February 1, 2021, the Company determines if an arrangement is a lease at inception and evaluates identified leases for operating or finance lease treatment. Operating or finance lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. Since the rate implicit in the lease is not readily determinable, we use our incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. Lease terms may include options to renew; however, we typically cannot determine our intent to renew a lease with reasonable certainty at inception.

Long-Lived Assets

Long-lived assets, such as property and equipment and purchased intangibles subject to amortization, are tested for impairment when there is evidence that events or changes in circumstances indicate that the carrying amount of an asset may not be recovered. An impairment loss is recognized when the undiscounted cash flows expected to be generated by an asset (or group of assets) is less than its carrying amount. Any required impairment loss is measured as the amount by which the asset's carrying value exceeds its fair value and is recorded as a reduction in the carrying value of the related asset and a charge to operating results. For the year ended December 31, 2022 and Transition Period ended December 31, 2021, there were $0.0 and $0.8 in impairments of long lived assets, respectively.

Debt Issuance Costs

The Company capitalizes certain third-party fees directly related to the issuance of debt and amortizes these costs over the life of the debt using the effective interest method. Debt issuance costs related to the Company's $100.0 senior secured asset-based lending facility are presented net of amortization as a non-current asset. Debt issuance costs related to the Company's $237.3 principal amount of 11.5% senior secured notes due 2025 are presented net of amortization as an offset to the liability. Amortized debt issuance costs are included in interest expense and totaled $1.6 and $0.9 for the year ended December 31, 2022 and Transition Period ended December 31, 2021, respectively.

Common Stock Equivalents

The Company has potential common stock equivalents related to its outstanding restricted stock awards and restricted stock units. These potential common stock equivalents are not included in diluted loss per share for any period presented in which there is a net loss because the effect would have been anti-dilutive.

Stock-Based Compensation

The Company accounts for share-based compensation arrangements in accordance with the provisions of FASB ASC 718, whereby share-based compensation cost is measured on the date of grant, based on the calculated fair value of the award and recognized as selling, general and administrative expenses in the consolidated statement of operations over the requisite service period. Compensation cost recognized during the year ended December 31, 2022 and Transition Period ended December 31, 2021 primarily related to grants of restricted stock and restricted stock units granted or approved by the Company's Compensation Committee. See "Note 11 - Stock-Based Compensation" for additional information related to stock-based compensation.

Concentration of Risk

The Company provides products and services to energy industry customers who focus on developing and producing oil and gas onshore in North America. The Company's management performs ongoing credit evaluations on the financial condition of all of its customers and maintains allowances for uncollectible accounts receivable based on expected collectability. Credit losses have historically been within management's expectations and the provisions established.

Significant customers change from year to year depending on the level of E&P activity and the use of the Company's services. During the year ended December 31, 2022 and Transition Period ended December 31, 2021, no single customer accounted for more than 5% of the Company's revenues.

NOTE 2 - Recent Accounting Pronouncements

Recently Adopted Accounting Standard Updates

In December 2019, FASB issued ASU 2019-12, *Income Taxes ("Topic 740"): Simplifying the Accounting for Income Taxes*. This ASU is intended to simplify aspects of income tax approach for intraperiod tax allocations when there is a loss from continuing operations and income or a gain from other items, and to provide a general methodology for calculating income taxes in an interim period when a year-to-date loss exceeds the anticipated loss for the year. Topic 740 also provides guidance to simplify how an entity recognizes a franchise tax (or similar tax) that is partially based on income as an income-based tax and account for any incremental amount incurred as a non-income-based tax, and evaluations of when step ups in the tax basis of goodwill should be considered part of a business combination. Companies should also reflect the effect of an enacted change in tax laws or rates in the annual effective tax rate computation in the interim period that includes the enactment date. The guidance is effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Company early adopted Topic 740 in the first quarter of 2022. This adoption did not have a material impact on the Company's condensed consolidated financial statements.

In March 2020, FASB issued ASU 2020-04, *Reference Rate Reform ("Topic 848"): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This ASU provides optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting and, particularly, the risk of cessation of the London Interbank Offered Rate ("LIBOR"). The amendments in this ASU are elective and apply to all entities, subject to meeting certain criteria, that have contracts, hedging relationships, and transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The expedients and exceptions provided by the amendments in this ASU are effective for all entities, if elected, through December 31, 2022. In September 2022, we entered into a Third Amendment to our ABL Facility (as defined below), which, among other things, replaced LIBOR as the benchmark rate with CME Term Secured Overnight Financing Rate ("Term SOFR") as administered by CME Group Benchmark Administration, Ltd. See Note 6 for further discussion regarding our ABL Facility. In connection with the Amendment, we adopted the above standard in the third quarter of 2022 and have elected the optional expedients for contracts under the scope of Topic 470, Debt. We have concluded that the modification to the ABL Facility is not substantial. This adoption did not have a material impact on the Company's condensed consolidated financial statements.

The Company adopted ASU No 2016-13, *Current Expected Credit Losses* (*"*Topic 326*"*) on December 31, 2022 on a modified retrospective basis with a cumulative-effect adjustment of $0.2 included in the opening balance of retained earnings. This ASU replaces the current loss model for financial assets measured at amortized cost with an expected credit loss model, which for the Company applies mainly to accounts receivable-trade. The Company is exposed to credit losses primarily from providing oilfield services. The Company's expected credit loss allowance for accounts receivable is based on historical collection experience as well as current and future economic and market conditions as assessed over a reasonable forecast period. Due to the short-term nature of such receivables, the estimated amount of accounts receivable that may not be collected is based on aging of the accounts receivable balances. Receivables that have a higher risk profile are included in an at risk pool, where they are reserved for based on the expected credit loss for that asset on an individual basis. Balances are written off when determined to be uncollectable and recoveries of amounts previously written off are recorded when collected.

NOTE 3 - Inventories, net

Inventories consisted of the following:

	December 31, 2022	December 31, 2021
Spare parts	$ 17.9	$ 14.7
Plugs	6.3	6.0
Consumables	3.2	2.4
Other	2.7	2.0
Subtotal	30.1	25.1
Less: Inventory reserve	(4.4)	(2.7)
Total inventories, net	$ 25.7	$ 22.4

Inventories are made up primarily of spare parts, composite and dissolvable plugs, consumables (including thru tubing accessory tools, chemicals and cement) and other (including fluid ends) used to perform services for customers. The Company values inventories at the lower of cost or net realizable value. Inventory reserves were approximately $4.4 and $2.7 as of December 31, 2022 and December 31, 2021, respectively.

Activity in the reserve for inventory accounts during the year ended December 31, 2022 and Transition Period ended December 31, 2021 is set forth in the table below:

Reserve for inventory	Balance at beginning of period	Charged to costs and expenses	Deductions [1]	Balance at end of period
December 31, 2022	$ 2.7	$ 2.9	$ (1.2)	$ 4.4
December 31, 2021	$ 2.4	$ 2.2	$ (1.9)	$ 2.7

[1] Reserve for inventory balances written off during the period, net of recoveries.

NOTE 4 - Property and Equipment, Net

Property and equipment consisted of the following:

	Useful Life (Years)	December 31, 2022	December 31, 2021
Land, buildings and improvements	1 — 40	$ 33.1	$ 38.9
Machinery	1 — 20	216.2	211.4
Equipment and furniture	1 — 15	194.5	179.9
ROU assets - finance leases	1 — 20	39.9	16.5
Total property and equipment		483.7	446.7
Less: Accumulated depreciation		(320.8)	(280.1)
Add: Construction in progress		5.2	4.4
Total property and equipment, net		$ 168.1	$ 171.0

Depreciation of assets is computed using the straight-line method over the lesser of the estimated useful lives of the respective assets or the lease term, if shorter. Depreciation expense related to non-leased assets was $49.2 and $49.5 for the year ended December 31, 2022 and Transition Period ended December 31, 2021, respectively. Finance lease amortization expense was $7.3 and $3.4 for the year ended December 31, 2022 and Transition Period ended December 31, 2021. During the quarter ended October 31, 2021, as a result of increased usage from improving drilling activity levels and changes in the manner and conditions in which various types of our small tools are used, we updated the estimated useful lives of such tools to one to three years, resulting in approximately $2.4 of incremental yearly depreciation on a prospective basis.

Assets Held for Sale

As of December 31, 2022 and December 31, 2021, the Company’s consolidated balance sheet includes assets classified as held for sale of $4.9 and $1.9, respectively. As of December 31, 2022, the assets held for sale are reported within prepaid expenses and other current assets on the consolidated balance sheet and

represent the value of two facilities, land and select equipment. These assets are being actively marketed for sale as of December 31, 2022 and are recorded at the lower of their carrying value or fair value less costs to sell.

NOTE 5 - Accrued Liabilities

Accrued liabilities consisted of the following:

	December 31, 2022	December 31, 2021
Accrued salaries, vacation and related benefits	$ 16.3	$ 13.9
Accrued property taxes	2.3	2.8
Accrued taxes other than property	4.7	3.0
Accrued lease termination costs	—	0.1
Accrued incentive compensation	12.2	1.5
Other accrued liabilities	5.5	2.8
Total accrued liabilities	$ 41.0	$ 24.1

NOTE 6 - Long-Term Debt

Outstanding long-term debt consisted of the following:

	December 31, 2022	December 31, 2021
Senior Secured Notes	$ 237.3	$ 250.0
ABL Facility	50.0	30.0
Total principal outstanding	287.3	280.0
Less: Unamortized debt issuance costs	(3.9)	(5.2)
Total debt	$ 283.4	$ 274.8

As of December 31, 2022, long-term debt included $237.3 principal amount of 11.5% senior secured notes due 2025 (the “Senior Notes”) offered pursuant to Rule 144A under the Securities Act of 1933 (as amended, the “Securities Act”) and to certain non-U.S. persons outside the United States in compliance with Regulation S under the Securities Act. On a net basis, after taking into consideration the debt issuance costs for the Senior Notes, long-term debt related to the Senior Notes as of December 31, 2022 was $233.4. The Senior Notes bear interest at an annual rate of 11.5%, payable semi-annually in arrears on May 1 and November 1. Interest expense related to the Senior Notes amounted to $28.6 and $28.6 for the year ended December 31, 2022 and Transition Period ended December 31, 2021, respectively. Accrued interest related to the Senior Notes as of December 31, 2022 and December 31, 2021 was $4.6 and $4.8, respectively.

During the year ended December 31, 2022, we entered into debt for equity exchange agreements (the “Exchange Agreements” and each, an “Exchange Agreement”) with certain holders (the “Noteholders”) of our Senior Notes. Pursuant to the Exchange Agreements, the Noteholders exchanged $12.8 in aggregate principal amount of the Company’s outstanding Senior Notes for an aggregate of 777,811 shares of our common stock (the "Exchanges" and each, an “Exchange”).

The Company’s shares of common stock issued in connection with the Exchanges were not registered under the Securities Act, and were issued to existing holders of the Company’s securities without commission in reliance on the exemption from registration provided by Section 3(a)(9) of the Securities Act.

The Senior Notes exchanged represent approximately 5.1% of the outstanding principal amount of outstanding Senior Notes prior to the Exchanges. Following the Exchanges, approximately $237.3 in aggregate principal amount of Senior Notes remained outstanding.

As of December 31, 2022, the Company also had a $100.0 asset-based revolving credit facility pursuant to a senior secured credit agreement dated August 10, 2018 (the “ABL Facility”). The ABL Facility became effective on September 14, 2018 and matures in September 2024. On October 22, 2018, the ABL Facility was

amended primarily to permit the Company to issue the Senior Notes and acquire Motley and the definition of the required ratio (as defined in the ABL Facility) was also amended as a result of the Senior Notes issuance.

On September 22, 2022, the Company entered into a Third Amendment to the ABL Facility, with certain of its subsidiaries party thereto, as guarantors, with JPMorgan Chase Bank, N.A., as administrative agent and an issuing lender, and the other lenders and issuing lenders party thereto from time to time (the "Amendment").

The Amendment, among other things, (i) extends the maturity date of the ABL Facility by a year from September 14, 2023 to September 15, 2024, (ii) increases the applicable margin by 0.50%, (iii) replaces LIBOR as the benchmark rate with Term SOFR, (iv) provides the Company with the ability to redeem, repurchase, defease or otherwise satisfy its outstanding Senior Notes using proceeds of equity issuances or by converting or exchanging Senior Notes for equity, (v) resets consolidated EBITDA solely for purposes of calculating the springing fixed charge coverage ratio ("FCCR") to be annualized beginning with the fiscal quarter ended as of June 30, 2022 until the fourth fiscal quarter ended thereafter (provided that fixed charges will continue to be calculated on a trailing-twelve month basis), (vi) requires that, after giving effect to any borrowing and the use of proceeds thereof, the Company not have more than $35.0 in excess cash on its balance sheet and (vii) increases the availability trigger for a cash dominion event.

Unamortized deferred costs for the ABL Facility of $1.7 and $0.4 were recorded in other non-current assets as of December 31, 2022 and December 31, 2021, respectively.

Borrowings outstanding under the ABL Facility were $50.0 and $30.0 as of December 31, 2022 and December 31, 2021, respectively, and bear interest at a rate equal to Term SOFR plus the applicable margin (as defined in the ABL Facility). The effective interest rate under the ABL Facility was approximately 7.42% on December 31, 2022. Interest expense amounted to $2.6 for the year ended December 31, 2022. Accrued interest under the ABL Facility was $0.2 as of December 31, 2022.

The ABL Facility is tied to a borrowing base formula and has no maintenance financial covenants as long as the minimum level of borrowing availability is maintained. The ABL Facility is secured by, among other things, a first priority lien on the Company's accounts receivable and inventory and contains customary conditions precedent to borrowing and affirmative and negative covenants.

The ABL Facility includes a springing financial covenant which requires the Company's FCCR to be at least 1.0 to 1.0 if availability falls below the greater of $15.0 or 20% of the borrowing base. At all times during the year ended December 31, 2022, availability exceeded this threshold, and the Company was not subject to this financial covenant. As of December 31, 2022, the FCCR was above 1.0 to 1.0. The Company was in full compliance with its credit facility as of December 31, 2022.

We have funds available of $44.4 based on the December 2022 borrowing base certificate.

The Company uses standby letters of credit to facilitate commercial transactions with third parties and to secure our performance to certain vendors. Total letters of credit outstanding under the ABL Facility were $5.6 at December 31, 2022. To the extent liabilities are incurred as a result of the activities covered by the letters of credit, such liabilities are included on the accompanying consolidated balance sheets.

Maturities of long-term debt are as follows:

Years ending December 31,	Amount
2023	$ —
2024	50.0
2025	237.3
2026	—
2027	—
Thereafter	—
Total maturities of long-term debt	$ 287.3

NOTE 7 - Leases

The Company, as part of its normal business operations, leases certain equipment, vehicles, manufacturing facilities, and office space under various operating and finance leases. We determine if an arrangement is or contains a lease at the lease inception date by evaluating whether the arrangement conveys the right to use an identified asset and whether the Company obtains substantially all of the economic benefits and has the ability to direct the use of the underlying asset. Leases with an initial term of twelve months or less meet the definition of a short-term lease and are not recorded on the balance sheet.

At the lease commencement date, the Company recognized a lease liability and an ROU asset representing its right to use the underlying asset over the lease term. The initial measurement of the lease liability is calculated on the basis of the present value of the remaining lease payments and the ROU asset is measured on the basis of this liability, adjusted by prepaid and accrued rent, lease incentives, and initial direct costs. The subsequent measurement of a lease is dependent on whether the lease is classified as an operating lease or a finance lease. Operating lease cost is recognized on a straight-line basis over the lease term, with the cost presented as a component of the Selling, general and administrative expenses line item in the Consolidated Statement of Operations. Finance lease cost is comprised of a separate interest component and amortization component and is presented as a component of the Interest expense, net and Depreciation and amortization line items, respectively, in the Consolidated Statement of Operations.

Certain of our leases require other payments such as costs related to service components, real estate taxes, common area maintenance, and insurance. These costs are generally variable in nature and based on the actual costs incurred and required by the lease. As the Company has elected to not separate lease and nonlease components for all classes of underlying asset, all variable costs associated with the lease are expensed in the period incurred and presented and disclosed as variable lease costs. The Company's lease agreements do not contain any material residual value guarantees or material restrictive financial covenants.

Our leases have remaining lease terms of one year to eight years, some of which include options to extend the leases for up to five years, and some of which include options to terminate the leases within one year. Options to extend a lease term are considered within the lease term when the lessee is reasonably certain to exercise the option while termination options are considered within the lease term when they are reasonably certain not to be exercised.

Topic ASC 842 requires that a lessee use the rate implicit in the lease when measuring the lease liability and ROU asset, when available. Alternatively, the Company is permitted to use its incremental borrowing rate which is defined as the rate of interest that the Company would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment. Since the rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate when measuring its leases. We estimate our incremental borrowing rate to discount the lease payments at the lease commencement date based on credit adjusted interest rates available to us over the lease term.

The Company does not have any material leases that have not yet commenced that would create significant rights and obligations, nor does it have any leases with related parties. Additionally, the Company's leases do not impose any restrictions or covenants on us. Short-term lease expense is not material for the Company.

The components of lease expense were as follows:

	December 31, 2022	December 31, 2021
Operating lease fixed cost	$ 18.3	$ 9.2
Finance lease fixed cost	7.3	3.4
Interest on lease liabilities	1.4	0.5
Lease variable cost	3.1	4.9
Total lease cost	$ 30.1	$ 18.0

Supplemental cash flow information related to leases was as follows:

	December 31, 2022	December 31, 2021
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	$ 18.3	$ 19.9
Operating cash flows for finance leases	1.4	2.6
Financing cash flows for finance leases	9.7	0.5
ROU assets obtained in exchange for lease obligations:		
Operating leases[(1)]	$ 7.0	$ 1.3
Finance leases	25.6	2.6

[(1)] Amount for Transition Period ended December 31, 2021 excludes the impact of adopting ASC 842.

Supplemental balance sheet information related to leases was as follows:

	December 31, 2022	December 31, 2021
Operating Leases		
Operating lease assets	$ 37.4	$ 47.4
Current portion of operating lease liabilities	$ 14.2	$ 15.9
Long-term operating lease liabilities	22.8	31.5
Total operating lease liabilities	$ 37.0	$ 47.4
Finance leases		
Property and equipment, net	$ 29.4	$ 12.5
Total finance lease assets	$ 29.4	$ 12.5
Current portion of finance lease liabilities	$ 10.2	$ 5.6
Long-term finance lease liabilities	20.3	9.1
Total finance lease liabilities	$ 30.5	$ 14.7
Weighted Average Remaining Lease Term		
Operating leases *(in years)*	3.0	3.4
Finance leases *(in years)*	3.1	2.2
Weighted Average Discount Rate		
Operating leases	5.6 %	5.0 %
Finance leases	8.3 %	6.0 %

Maturities of lease liabilities were as follows:

Years ending December 31,	Operating Leases	Finance Leases
2023	$ 15.8	$ 12.3
2024	13.7	11.3
2025	5.1	7.8
2026	3.5	2.6
2027	1.8	0.6
Thereafter	0.3	—
Total lease payments	40.2	34.6
Less: imputed interest	(3.2)	(4.1)
Total	$ 37.0	$ 30.5

NOTE 8 - Fair Value Information

All financial instruments are carried at amounts that approximate estimated fair value. The fair value is the price at which an asset could be exchanged in a current transaction between knowledgeable, willing parties. Assets measured at fair value are categorized based upon the lowest level of significant input to the valuations.

Level 1 – quoted prices in active markets for identical assets and liabilities.

Level 2 – quoted prices for identical assets and liabilities in markets that are not active or observable inputs other than quoted prices in active markets for identical assets and liabilities.

Level 3 – unobservable inputs in which there is little or no market data available, which require the reporting entity to develop its own assumptions.

The carrying amounts of cash and cash equivalents, accounts receivable-trade and accounts payable represent their respective fair values due to their short-term nature. There was $50.0 debt outstanding under the ABL Facility as of December 31, 2022. The fair value of the ABL Facility approximates its carrying value as of December 31, 2022.

The following tables present the placement in the fair value hierarchy of the Senior Notes, based on market prices for publicly traded debt, as of December 31, 2022 and December 31, 2021:

		Fair value measurements at reporting date using		
	December 31, 2022	Level 1	Level 2	Level 3
Senior Secured Notes, 11.5 Percent Due 2025	$ 213.5	$ —	$ 213.5	$ —
Total Senior Secured Notes	$ 213.5	$ —	$ 213.5	$ —

		Fair value measurements at reporting date using		
	December 31, 2021	Level 1	Level 2	Level 3
Senior Secured Notes, 11.5 Percent Due 2025	$ 136.3	$ —	$ 136.3	$ —
Total Senior Secured Notes	$ 136.3	$ —	$ 136.3	$ —

The following tables present the placement in the fair value hierarchy of Assets Held for Sale, as disclosed in Note 4, based on sales contracts and comparative price quotes, as of December 31, 2022 and December 31, 2021:

		Fair value measurements at reporting date using		
	December 31, 2022	Level 1	Level 2	Level 3
Assets Held for Sale	$ 2.3	$ —	$ 2.3	$ —
Total Assets Held for Sale	$ 2.3	$ —	$ 2.3	$ —

	December 31, 2021	Fair value measurements at reporting date using Level 1	Level 2	Level 3
Assets Held for Sale	$ 1.9	$ —	$ 1.9	$ —
Total Assets Held for Sale	$ 1.9	$ —	$ 1.9	$ —

During the twelve months ended December 31, 2022, the before-tax loss (gain) related to Assets Held for Sale was $(0.3). During the eleven months ended December 31, 2021, the before-tax loss related to Assets Held for Sale was $1.0.

NOTE 9 - Commitments, Contingencies and Off-Balance-Sheet Arrangements

Environmental Regulations & Liabilities

The Company is subject to various federal, state and local environmental laws and regulations that establish standards and requirements for the protection of the environment. The Company continues to monitor the status of these laws and regulations. However, the Company cannot predict the future impact of such laws and regulations, as well as standards and requirements, on its business, which are subject to change and can have retroactive effectiveness. Currently, the Company has not been fined, cited or notified of any environmental violations or liabilities that would have a material adverse effect on its consolidated financial statement position, results of operations, liquidity or capital resources. However, management does recognize that by the very nature of its business, material costs could be incurred in the future to maintain compliance. The amount of such future expenditures is not determinable due to several factors, including the unknown magnitude of possible regulation or liabilities, the unknown timing and extent of the corrective actions that may be required, the determination of the Company's liability in proportion to other responsible parties and the extent to which such expenditures are recoverable from insurance or indemnification.

Litigation

The Company is at times either a plaintiff or a defendant in various legal actions arising in the normal course of business, the outcomes of which, in the opinion of management, neither individually nor in the aggregate are likely to result in a material adverse effect on the Company's consolidated financial statements, except as noted herein.

On March 9, 2021, the Company filed claims in the District Court of Harris County, Texas against Magellan E&P Holdings, Inc. ("Magellan"), Redmon-Keys Insurance Group, Inc. and certain underwriters at Lloyd's to recover $4.6 owed on invoices duly issued by the Company for services rendered on behalf of the defendants in response to an offshore well blowout near Bob Hall Pier in Corpus Christi, Texas. Magellan filed for bankruptcy pursuant to Chapter 7 of the U.S. bankruptcy code. The bankruptcy proceedings are ongoing. During the fiscal year ended January 31, 2021, the Company reserved the full amount of its invoices totaling $4.6 as a prudent action in light of the Chapter 7 filing.

Indemnities, Commitments and Guarantees

During its ordinary course of business, the Company has made certain indemnities, commitments and guarantees under which it may be required to make payments in relation to certain transactions. These indemnities include indemnities to various lessors in connection with facility leases for certain claims arising from such facility or lease, as well as indemnities to other parties to certain acquisition agreements. The duration of these indemnities, commitments and guarantees varies and, in certain cases, is indefinite. Many of these indemnities, commitments and guarantees provide for limitations on the maximum potential future payments the Company could be obligated to make. However, the Company is unable to estimate the maximum amount of liability related to its indemnities, commitments and guarantees because such liabilities

are contingent upon the occurrence of events that are not reasonably determinable. Management believes that any liability for these indemnities, commitments and guarantees would not be material to the accompanying consolidated financial statements. Accordingly, no significant amounts have been accrued for indemnities, commitments and guarantees.

NOTE 10 - Employee Retirement Plans

The Company sponsors a qualified, defined contribution savings and investment plan, covering substantially all employees. The KLX Energy Services Holdings, Inc. Retirement Plan ("KLX 401(k) Plan") was established pursuant to Section 401(k) of the Internal Revenue Code. Under the terms of this plan, covered employees may contribute up to 100% of their annual compensation, limited to certain statutory maximum contributions. Participants would vest in discretionary matching contributions in an amount equal to 50% of the first 6% of an employee's eligible compensation that is contributed to the 401(k) Plan based on a 3-year vesting schedule. Note that in the second quarter of 2021, the Company suspended the 401(k) Plan match, in the fourth quarter of 2021 reinstated it at a rate of 50% for the first 4%, and in the fourth quarter of 2022 fully reinstated it at the rate of 50% of the first 6%. Total expense for the Plan was $2.7 and $0.7 for the year ended December 31, 2022 and Transition Period ended December 31, 2021, respectively.

NOTE 11 - Stock-Based Compensation

Equity Distribution Agreement

On June 14, 2021, the Company entered into an Equity Distribution Agreement (the "Equity Distribution Agreement") with Piper Sandler & Co. as sales agent (the "Agent"). Pursuant to the terms of the Equity Distribution Agreement, the Company may sell from time to time through the Agent (the "Offering") the Company's common stock, par value $0.01 per share, having an aggregate offering price of up to $50.0 (the "Common Stock").

Any Common Stock offered and sold in the Offering will be issued pursuant to the Company's shelf registration statement on Form S-3 (Registration No. 333-256149) filed with the SEC on May 14, 2021 and declared effective on June 11, 2021 (the "Registration Statement"), the prospectus supplement relating to the Offering filed with the SEC on June 14, 2021 and any applicable additional prospectus supplements related to the Offering that form a part of the Registration Statement. Sales of Common Stock under the Equity Distribution Agreement may be made in any transactions that are deemed to be "at the market offerings" as defined in Rule 415 under the Securities Act.

The Equity Distribution Agreement contains customary representations, warranties and agreements by the Company, indemnification obligations of the Company and the Agent, including for liabilities under the Securities Act, other obligations of the parties and termination provisions. Under the terms of the Equity Distribution Agreement, the Company will pay the Agent a commission equal to 3.0% of the gross sales price of the Common Stock sold.

The Company plans to use the net proceeds from the Offering, after deducting the Agent's commissions and the Company's offering expenses, for general corporate purposes, which may include, among other things, paying or refinancing all or a portion of the Company's then-outstanding indebtedness, and funding acquisitions, capital expenditures and working capital.

During the three and twelve months ended December 31, 2022, the Company sold 976,808 and 2,803,007 shares of Common Stock, respectively, in exchange for gross proceeds of approximately $15.0 and $25.1, respectively, through its at-the-market offering and paid legal and administrative fees of $0.1 and $0.3, respectively. During the two and eleven months ended December 31, 2021, the Company sold 250,289 and 1,380,505 shares of Common Stock, respectively, in exchange for gross proceeds of approximately $1.1 and $6.6, respectively, and paid fees to the sales agent and other legal and accounting fees of $0.1 and $0.8, respectively, to establish the ATM Offering.

The Company has a Long-Term Incentive Plan ("LTIP") under which the compensation committee of the Board (the "Compensation Committee") has the authority to grant stock options, stock appreciation rights, restricted stock, restricted stock units or other forms of equity-based or equity-related awards. Compensation cost for the LTIP grants is generally recorded on a straight-line basis over the vesting term of the shares based on the grant date value using the closing trading price.

On February 12, 2021, the stockholders of KLXE approved the KLX Energy Services Holdings, Inc. Long-Term Incentive Plan (Amended and Restated as of December 2, 2020) (the "Amended and Restated LTIP"), which, among other things, increased the total number of shares of Company Common Stock, par value $0.01 per share, and reserved for issuance under the Amended and Restated LTIP by 632,051 shares. A description of the Amended and Restated LTIP is included in the Company's proxy statement, filed with the SEC on January 11, 2021.

Stock-based compensation cost recognized during the year ended December 31, 2022 and Transition Period ended December 31, 2021 related to grants of restricted stock granted by or approved by the Compensation Committee. Stock-based compensation was $3.0 and $3.2 for the year ended December 31, 2022 and the Transition Period ended December 31, 2021, respectively. Unrecognized compensation cost related to restricted stock awards made by the Company was $4.2 at December 31, 2022 and $6.8 at December 31, 2021.

The Company also has a qualified Employee Stock Purchase Plan, the terms of which allow for qualified employees (as defined in the ESPP) to participate in the purchase of designated shares of the Company's common stock at a price equal to 85% of the closing price on the last business day of each semi-annual stock purchase period. The fair value of the employee purchase rights represents the difference between the closing price of the Company's shares on the date of purchase and the purchase price of the shares. In addition, the Company agreed with QES to temporarily suspend the ESPP due to the Merger. As a result, compensation cost was nil for both the year ended December 31, 2022 and the Transition Period ended December 31, 2021. As of December 31, 2022, the ESPP plan has been terminated.

The following table summarizes shares of restricted stock awards that were granted, vested, forfeited and outstanding.

	Year Ended December 31, 2022			Transition Period Ended December 31, 2021		
	Number of Shares (in thousands)	Weighted Average Grant Date Fair Value per Share	Weighted Average Remaining vesting Period (in years)	Number of Shares (in thousands)	Weighted Average Grant Date Fair Value per Share	Weighted Average Remaining vesting Period (in years)
Outstanding, beginning of period	540	$ 14.95	2.5	248	$ 20.14	1.61
Shares granted	196	6.88		444	14.97	
Shares vested	(217)	14.97		(106)	22.17	
Shares forfeited	(8)	15.82		(46)	27.85	
Outstanding, end of period	511	$ 11.86	2.0	540	$ 14.95	2.50

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NOTE 12 - Income Taxes

Income tax expense consisted of the following:

	Year Ended December 31, 2022	Transition Period Ended December 31, 2021
Current:		
Federal	$ —	$ —
State	0.6	0.3
Total current income tax expense	$ 0.6	$ 0.3
Deferred:		
Federal	$ —	$ —
State	—	—
Total deferred income tax expense (benefit)	—	—
Total income tax expense	$ 0.6	$ 0.3

A reconciliation of income tax expense using the federal statutory income tax rate to the actual income tax consists of the following:

	Year Ended December 31, 2022	Transition Period Ended December 31, 2021
Income tax provision computed at the statutory federal rate	$ (0.5)	$ (19.6)
State income taxes, net of federal tax benefit	4.4	(2.8)
Change in valuation allowance	(5.1)	22.0
Non-taxable/non-deductible items	0.1	—
Stock based compensation	0.4	0.3
Non-deductible meals and entertainment	0.4	0.4
Officer compensation	0.9	—
Total income tax expense	$ 0.6	$ 0.3

Income tax expense was $0.6 for the year ended December 31, 2022, relating to the Texas franchise tax, which reflects an effective tax rate of approximately (24.0)%. The Company did not recognize a tax benefit on its year-to-date losses due to the full valuation allowance recorded against its net deferred tax assets. The prior year income tax expense of $0.3 related to the Texas franchise tax.

The tax effects of temporary differences and carryforwards that give rise to deferred income tax assets and liabilities consisted of the following:

	Year Ended December 31, 2022	Transition Period Ended December 31, 2021
Deferred tax assets:		
Accrued liabilities	$ 6.5	$ 5.4
Intangible assets	90.6	110.7
Net operating loss carryforward	152.5	153.4
Operating lease liabilities	8.7	11.5
Inventory capitalization	0.8	0.7
Interest expense limitation	14.3	7.1
	273.4	288.8
Deferred tax liabilities:		
Bargain purchase gain	$ (9.4)	$ (9.6)
Operating lease assets	(8.3)	(10.7)
Other	(0.7)	(1.3)
Depreciation	(5.1)	(9.6)
	(23.5)	(31.2)
Net deferred tax asset before valuation allowance	$ 249.9	$ 257.6
Valuation allowance	(249.8)	(257.5)
Net deferred tax asset	$ 0.1	$ 0.1

Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized. In assessing the need for a valuation allowance, the Company looked to the future reversal of existing taxable temporary differences, taxable income in carryback years and the feasibility of tax planning strategies and estimated future taxable income. The need for a valuation allowance can be affected by changes to tax laws, changes to statutory tax rates and changes to future taxable income estimates.

The Company's cumulative loss position was significant negative evidence in assessing the need for a valuation allowance on its deferred tax assets. As of December 31, 2022, the Company determined that it could not sustain a conclusion that it was more likely than not that it would realize any of its deferred tax assets as a result of historical losses, the difficulty of forecasting future taxable income, and other factors. Given the weight of objectively verifiable historical losses from the Company's operations, it has recorded a full valuation allowance on its deferred tax assets, exclusive of $0.1 relating to the Texas franchise tax to which the Company expects to fully realize. The Company intends to maintain a full valuation allowance until sufficient positive evidence exists to support its reversal. As of December 31, 2022 and December 31, 2021, the Company recorded valuation allowances of $249.8 and $257.5, respectively. The change in the valuation allowance from December 31, 2021 was a decrease of $7.7, which is comprised of $5.1 current year activity and $2.6 from other activity. The decrease in the Company's valuation allowance was primarily attributable to the improvement in operating results and changes to statutory tax rates.

Internal Revenue Code (“IRC”) Section 382 provides an annual limitation with respect to the ability of a corporation to utilize its tax attributes, as well as certain built-in-losses, against future U.S. taxable income in the event of a change in ownership. The Company had an ownership change during 2020 and the Company's annual limitation of tax-effected federal net operating loss utilization under Section 382, is approximately $0.1. In addition, on July 28, 2020, the Company completed the all stock merger with QES, in which QES became a wholly owned subsidiary of the Company, triggering an ownership change under IRC Section 382. The ownership change resulted in an annual limitation of tax-effected federal net operating loss utilization of approximately $0.1 under Section 382 on QES tax attributes generated prior to the ownership change date, which begin to expire in 2029.

The Company had tax-effected U.S. federal net operating loss carryforwards of $140.0 and $137.5, for the year ended December 31, 2022 and for the Transition period ended December 31, 2021, respectively. Of these net operating losses, $106.5 is subject to an IRC Section 382 limitation. The Company also had tax-

effected state net operating loss carryforwards of $12.5 for the year ended December 31, 2022, and $15.9 for the Transition Period ended December 31, 2021, which begin to expire for tax years ending in 2024.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based not only on the technical merits of the tax position based on tax law, but also the past administrative practices and precedents of the taxing authority. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution. The Company had no unrecognized tax benefits for the year ended December 31, 2022 and Transition Period ended December 31, 2021.

The Company is subject to taxation in the United States and various states. Tax years that remain subject to examinations by major tax jurisdictions are generally open for tax years ending in 2019 and after.

NOTE 13 - Segment Reporting

The Company is organized on a geographic basis. The Company's reportable segments, which are also its operating segments, are comprised of the Southwest Region (the Permian Basin and the Eagle Ford Shale), the Rocky Mountains Region (the Bakken, Williston, DJ, Uinta, Powder River, Piceance and Niobrara basins) and the Northeast/Mid-Con Region (the Marcellus and Utica Shale as well as the Mid-Continent STACK and SCOOP and Haynesville Shale). The segments regularly report their results of operations and make requests for capital expenditures and acquisition funding to the CODM. As a result, Company has three reportable segments.

The following table presents revenues and operating (loss) earnings by reportable segment:

	Year Ended December 31, 2022	Transition Period Ended December 31, 2021
Revenues		
Rocky Mountains	$ 229.0	$ 118.2
Southwest	255.2	160.9
Northeast/Mid-Con	297.4	157.0
Total revenues	781.6	436.1
Operating income (loss)		
Rocky Mountains	27.3	(13.4)
Southwest	14.5	(15.4)
Northeast/Mid-Con	39.1	(8.7)
Corporate and other [1]	(48.4)	(26.6)
Total operating income (loss)	32.5	(64.1)
Interest expense, net	35.0	29.4
Loss before income tax	$ (2.5)	$ (93.5)

[1] Includes reduction to bargain purchase gain of $0.5 during the Transition Period ended December 31, 2021.

The following table presents revenues by service offering by reportable segment:

	Year Ended December 31, 2022				Transition Period Ended December 31, 2021			
	Rocky Mountains	Southwest	Northeast /Mid-Con	Total	Rocky Mountains	Southwest	Northeast /Mid-Con	Total
Drilling	$ 26.0	$ 115.1	$ 77.6	$ 218.7	$ 9.5	$ 67.2	$ 46.6	$ 123.3
Completion	125.7	88.6	179.0	393.3	64.0	58.7	87.7	210.4
Production	50.5	26.9	16.8	94.2	29.3	20.1	10.2	59.6
Intervention	26.8	24.6	24.0	75.4	15.4	14.9	12.5	42.8
Total revenues	$ 229.0	$ 255.2	$ 297.4	$ 781.6	$ 118.2	$ 160.9	$ 157.0	$ 436.1

The following table presents total assets by segment:

	December 31, 2022	December 31, 2021
Rocky Mountains	$ 133.0	$ 127.7
Southwest	152.2	134.4
Northeast/Mid-Con	123.3	97.6
Total	408.5	359.7
Corporate and other	57.4	28.0
Total assets	$ 465.9	$ 387.7

The following table presents capital expenditures by reportable segment:

	Year Ended December 31, 2022	Transition Period Ended December 31, 2021
Rocky Mountains	$ 10.0	$ 2.4
Southwest	10.4	3.6
Northeast/Mid-Con	15.2	4.5
Corporate and other	—	0.5
Total capital expenditures	$ 35.6	$ 11.0

NOTE 14 - Net Loss Per Common Share

Basic net loss per common share is computed using the weighted average common shares outstanding during the period. Diluted net loss per common share is computed by using the weighted average common shares outstanding, excluding unvested restricted shares when their inclusion would be anti-dilutive. For the year ended December 31, 2022 and Transition Period ended December 31, 2021, we excluded 0.3 and 0.0 million shares of the Company's common stock, respectively. The computations of basic and diluted net loss per share for the year ended December 31, 2022 and Transition Period ended December 31, 2021 are as follows:

	Year Ended December 31, 2022	Transition Period Ended December 31, 2021
Net loss	$ (3.1)	$ (93.8)
(Shares in millions)		
Basic weighted average common shares	11.3	8.7
Effect of dilutive securities - dilutive securities	—	—
Diluted weighted average common shares	11.3	8.7
Basic net loss per common share	$ (0.27)	$ (10.83)
Diluted net loss per common share	$ (0.27)	$ (10.83)

NOTE 15 - Subsequent Events

On March 8, 2023, the Company completed the acquisition of all of the equity interests of Greene's Energy Group, LLC ("Greene's"), including $1.7 million in cash remaining with Greene's (the "Greene's Acquisition"), pursuant to that certain purchase and sale agreement dated March 8, 2023, between the Company and Greene's Holding Corporation (the "Purchase Agreement"). The total consideration for the Greene's Acquisition under the Purchase Agreement consisted of the issuance of approximately 2.4 million shares of the Company's common stock, par value $0.01 per share, subject to customary post-closing adjustments, representing 14.7% of the fully diluted common stock of the Company with an implied enterprise value of approximately $30.3 million based on a 30-day volume weighted average price as of March 7, 2023 less acquired cash.

The acquisition will be accounted for as a business combination under ASC 805, which requires assets acquired and liabilities assumed to be measured at their acquisition date fair value. Provisional fair value measurement will be made in the first quarter of 2023 for acquired assets and assumed liabilities, and adjustments to those measurements may be made in subsequent periods, up to one year from the acquisition date as information necessary to complete the analysis is obtained.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We have established disclosure controls and procedures that are designed to ensure that the information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, or persons performing similar functions (who are our Chief Executive Officer and Chief Financial Officer, respectively) as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognized that disclosure controls and procedures can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met.

In connection with the preparation of this Annual Report on Form 10-K for the year ended December 31, 2022, we carried out an evaluation, under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness, as of December 31, 2022, of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2022.

Changes in Internal Control over Financial Reporting

There were no changes to our internal control over financial reporting identified in management’s evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the quarter ended December 31, 2022 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

MANAGEMENT’S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting is a process designed by, or under the supervision of, the Company’s principal executive and principal financial officers, and effected by the Company’s Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company’s financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management, including our principal executive officer and principal financial officers, assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2022. In making the assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework (2013). Based on its assessment, management believes that, as of December 31, 2022, the Company's internal control over financial reporting is effective.

ITEM 9B. OTHER INFORMATION

Purchase and Sale Agreement

On March 8, 2023, the Company completed the acquisition of all of the equity interests of Greene's Energy Group, LLC ("Greene's"), including $1.7 million in cash remaining with Greene's (the "Greene's Acquisition"), pursuant to that certain purchase and sale agreement dated March 8, 2023, between Greene's Holding Corporation, the direct parent of Greene's ("Seller"), and the Company (the "Purchase Agreement"). The total consideration for the Greene's Acquisition under the Purchase Agreement consisted of the issuance of approximately 2.4 million shares of the Company's common stock, par value $0.01 per share (the "Stock Consideration"), subject to customary post-closing adjustments, representing 14.7% of the fully diluted common stock of the Company with an implied enterprise value of approximately $30.3 million based on a 30-day volume weighted average price as of March 7, 2023 less acquired cash.

Registration Rights and Lock-Up Agreement

In connection with the Greene's Acquisition, the Company entered into a Registration Rights and Lock-Up Agreement, dated as of March 8, 2023, with the Seller (the "Greene's Registration Rights Agreement"), pursuant to which the Company must file a shelf registration statement upon the request of the Seller and certain of its affiliates to register the shares comprising the Stock Consideration. The Seller and certain of its affiliates will also have the right to demand that the Company undertake an underwritten offering of shares comprising the Stock Consideration so long as the minimum market price of the shares to be included in the offering is $30.0 million, subject to certain other limitations. In addition, the Seller and certain of its affiliates will have certain "piggyback" rights if the Company or certain other holders of the Company's common stock undertake an underwritten offering, subject to customary cutbacks.

Pursuant to the terms of the Greene's Registration Rights Agreement, Seller agreed, subject to certain customary exceptions, not to, directly or indirectly, sell, offer or agree to sell, or otherwise transfer, or loan or pledge, through swap or hedging transactions, or grant any option to purchase, make any short sale or otherwise dispose of 66 2/3% of the shares comprising the Stock Consideration for specified periods of time ranging from six to twelve months following the closing of the Greene's Acquisition, as described in the Greene's Registration Rights Agreement.

Unregistered Sales of Equity Securities

The shares comprising the Stock Consideration issued in the Greene's Acquisition have not been registered under the Securities Act, in reliance upon an exemption from registration provided by Section 4(a)(2) of the Securities Act for transactions by an issuer not involving any public offering. The Company's reliance upon Section 4(a)(2) of the Securities Act was based upon the following factors: (a) the issuance of the shares was an isolated private transaction by the Company that did not involve a public offering; (b) there was only one recipient and (c) representations from Greene's to support such exemption, including with respect to Greene's status as an "accredited investor" (as that term is defined in Rule 501(a) of Regulation D promulgated under Section 4(a)(2) of the Securities Act).

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Our Executive Officers

The following table sets forth information regarding our executive officers.

Officer	Age	Biography
Christopher J. Baker, President, Chief Executive Officer and Director	50	Christopher J. Baker became the President and Chief Executive Officer of KLXE upon completion of the Merger in July 2020. Mr. Baker became a Director of KLXE in November 2022. Additionally, since the completion of the Merger in July 2020, Mr. Baker has served as: (i) President, Treasurer and Director of Krypton Intermediate, LLC, Krypton Holdco, LLC, and KLX Energy Services Inc.; (ii) President and Director of KLX Energy Services LLC; and (ii) Vice President of KLX Directional Drilling LLC and Centerline Trucking LLC. Previously, Mr. Baker served as President and Chief Executive Officer and as a member of the board of directors of QES from August 2019 through July 2020. Mr. Baker previously served as Executive Vice President and Chief Operating Officer of QES from its formation in 2017 until August 2019 and has served in the same role at Quintana Energy Services LP ("QES LP") from November 2014 to July 2020. Mr. Baker previously served as Managing Director-Oilfield Services of the Quintana private equity funds, where he was responsible for sourcing, evaluating and executing oilfield service investments, as well as overseeing the growth of and managing and monitoring the activities of Quintana's oilfield service portfolio companies beginning in 2008. Prior to joining Quintana, Mr. Baker served as an Associate with Citigroup Global Markets Inc.'s ("Citi") Corporate and Investment Bank where he conducted corporate finance and valuation activities focused on structuring non-investment grade debt transactions in the energy sector. Prior to his time at Citi, Mr. Baker was Vice President of Operations for Theta II Enterprises, Inc. where he focused on project management of complex subsea and inland marine pipeline construction projects. Mr. Baker attended Louisiana State University, where he earned a B.S. in Mechanical Engineering, and Rice University, where he earned an M.B.A.
Max L. Bouthillette, Executive Vice President, General Counsel, Chief Compliance Officer and Secretary	54	Max L. Bouthillette became the Executive Vice President, General Counsel, Chief Compliance Officer and Secretary of KLXE upon completion of the Merger in July 2020. Additionally, since the completion of the Merger in July 2020, Mr. Bouthillette has served as: (i) Vice President, Secretary and Director (or Manager, as applicable) of Krypton Intermediate, LLC, Krypton Holdco, LLC, KLX Energy Services LLC and KLX Energy Services Inc.; and (ii) Vice President and Secretary of KLX Directional Drilling LLC and Centerline Trucking LLC. Previously, Mr. Bouthillette served as Executive Vice President, General Counsel, Chief Compliance Officer and Corporate Secretary of QES since its formation in 2017 through July 2020. Mr. Bouthillette served on QES LP's board of directors from April 2016 until July 2017 and Mr. Bouthillette served as QES LP's Executive Vice President, General Counsel, Chief Compliance Officer and Secretary from July 2017 until February 2018. Prior to joining QES, Mr. Bouthillette was with Archer Limited, one of the QES principal stockholders, where he served as Executive Vice President and General Counsel from 2010 to 2017, as President of Archer's operations in South and North America since 2016 and as a Director of several of its affiliates. Mr. Bouthillette has more than 24 years of legal experience for oilfield services companies, and previously served as Chief Compliance Officer and Deputy General Counsel for BJ Services from 2006 to 2010, as a partner with Baker Hostetler LLP from 2004 to 2006 and with Schlumberger in North America (Litigation Counsel), Asia (OFS Counsel) and Europe (General Counsel Products) from 1998 to 2003. Mr. Bouthillette holds a B.B.A in Accounting from Texas A&M University and a Juris Doctor from the University of Houston Law Center.

Keefer M. Lehner, Executive Vice President and Chief Financial Officer	37	Keefer M. Lehner became the Executive Vice President and Chief Financial Officer of KLXE upon completion of the Merger in July 2020. Additionally, since the completion of the Merger in July 2020, Mr. Lehner has served as: (i) Vice President and Director of Krypton Intermediate, LLC, Krypton Holdco, LLC, KLX Energy Services LLC and KLX Energy Services Inc; and (ii) Vice President of KLX Directional Drilling LLC and Centerline Trucking LLC. Previously, Mr. Lehner served as Executive Vice President and Chief Financial Officer of QES since its formation in 2017 through July 2020. Mr. Lehner served in that same role at QES LP from January 2017 to July 2020 and previously served as the Vice President, Finance and Corporate Development of QES LP's general partner from November 2014 to July 2020. Mr. Lehner previously served in various positions at the Quintana private equity funds ("Quintana"), including Vice President, from 2010 to 2014, where he was responsible for sourcing, evaluating and executing investments, as well as managing and monitoring the activities of Quintana's portfolio companies. During his tenure at Quintana, Mr. Lehner monitored and advised the growth of the predecessors to QES. Prior to joining Quintana in 2010, Mr. Lehner worked in the investment banking division of Simmons & Company International, where he focused on mergers, acquisitions and capital raises for public and private clients engaged in all facets of the energy industry. Mr. Lehner attended Villanova University, where he earned a B.S.B.A. in Finance.

Our Board of Directors

The following table sets forth information regarding our directors.

Director	Age	Biography
John T. Collins	76	John T. Collins has been a Director of KLXE since September 2018 and served as the non-Executive Chairman of the Board upon the completion of the Merger in July 2020 until June 2021. Previously, Mr. Collins served as the Chairman of the Board from May 2020 to July 2020. He served on the board of directors of KLX Inc. from December 2014 until its sale to The Boeing Company in October 2018. From 1986 to 1992, Mr. Collins served as the President and Chief Executive Officer of Quebecor Printing (USA) Inc., which was formed in 1986 by a merger with Semline Inc., where he had served in various positions since 1968, including since 1973 as President. During his term, Mr. Collins guided Quebecor Printing (USA) Inc. through several large acquisitions and situated the company to become one of the leaders in the industry. From 1992 to 2017, Mr. Collins was the Chairman and Chief Executive Officer of The Collins Group, Inc., a manager of a private securities portfolio and minority interest holder in several privately held companies. Mr. Collins currently serves on the board of directors for Federated Funds, Inc., and has done so since 2011, and he has also served on the board of directors for several public companies, including Bank of America Corp. and FleetBoston Financial. In addition, Mr. Collins has served as Chairman of the Board of Trustees of his alma mater, Bentley University. Our Board benefits from Mr. Collins's many years of experience in the management, acquisition and development of several companies.

Gunnar Eliassen	37	Gunnar Eliassen became a Director of KLXE upon the completion of the Merger in July 2020. Previously, Mr. Eliassen served on the QES Board since the company's formation in 2017 through July 2020. Mr. Eliassen served on the board of directors of the general partner of QES LP from January 2017 until July 2020. Mr. Eliassen serves on the board of directors of and has been employed by Seatankers Services (UK) LLP, an affiliated company of Geveran Investment Limited and its affiliates ("Geveran"), since 2016, where he is responsible for overseeing and managing various public and private investments. Mr. Eliassen is also currently a director and restructuring steering committee member of Seadrill Limited and a director at Seadrill Partners LLC. Mr. Eliassen's past experience includes his role as Partner at Pareto Securities (New York), where he worked from 2011 to 2015 and was responsible for execution of public and private capital markets transactions with emphasis on the energy sector. Mr. Eliassen received a Master in Finance from the Norwegian School of Economics. Our Board benefits from Mr. Eliassen's extensive experience with public and private investments, including investments in the oil and natural gas industry.
Thomas P. McCaffrey	68	Thomas P. McCaffrey has served as a member of the Board since May 2020. Mr. McCaffrey served as Chairman of the Integration Committee of the Board upon completion of the Merger until the Committee was disbanded in December 2020. From May 1, 2020 until July 28, 2020, Mr. McCaffrey served as President and Director of KLX RE Holdings LLC. Mr. McCaffrey previously served as President, Chief Executive Officer and Chief Financial Officer of KLXE, from April 30, 2020 through the completion of the Merger. Previously, Mr. McCaffrey served as Senior Vice President and Chief Financial Officer of KLXE from September 2018 until April 30, 2020. Prior to that, Mr. McCaffrey served as President and Chief Operating Officer of KLX Inc. from December 2014 until its sale to The Boeing Company in October 2018 and as Senior Vice President and Chief Financial Officer of B/E Aerospace from May 1993 until December 2014. Prior to joining B/E Aerospace, Mr. McCaffrey practiced as a Certified Public Accountant for 17 years with a large international accounting firm and a regional accounting firm based in California. Since 2016, Mr. McCaffrey has served as a member of the Board of Trustees of Palm Beach Atlantic University and served as a member of various committees and is currently Chairman of its Audit Committee and as a member of several of its committees. Our Board benefits from Mr. McCaffrey's extensive leadership experience, thorough knowledge of the Company's business and industry, and strategic planning experience.
Corbin J. Robertson, Jr.	75	Corbin J. Robertson, Jr. became a Director upon the completion of the Merger in July 2020. Previously, Mr. Robertson served as Chairman of the QES Board since the company's formation in 2017 through July 2020. Mr. Robertson has served as Chairman of the board of directors of the general partner of QES LP since the board was established. Mr. Robertson has also served as Chief Executive Officer and Chairman of the board of directors of GP Natural Resource Partners LLC since 2002. He has served as the Chief Executive Officer and Chairman of the board of directors of the general partners of Western Pocahontas Properties Limited Partnership since 1986, Great Northern Properties Limited Partnership since 1992, Quintana Minerals Corporation since 1978 and as Chairman of the board of directors of New Gauley Coal Corporation since 1986. He also serves as a Principal with Quintana Capital Group, L.P. ("Quintana"), Chairman of the board of the Cullen Trust for Higher Education and on the boards of the American Petroleum Institute, the National Petroleum Council, Baylor College of Medicine and the World Health and Golf Association. In 2006, Mr. Robertson was inducted into the Texas Business Hall of Fame. Mr. Robertson attended the University of Texas at Austin where he earned a B.B.A. from the Business Honors Program. Our Board benefits from Mr. Robertson's extensive industry experience, his extensive experience with oil and gas investments and his board service for several companies in the oil and natural gas industry.

Dag Skindlo	54	Dag Skindlo has been a Director since the completion of the Merger in July 2020. Previously, Mr. Skindlo served on the QES Board since its formation in 2017 and served on the board of directors of the general partner of QES LP since April 2016. Mr. Skindlo has served as member of the board of directors and as the Chief Executive Officer for Archer Limited, one of our Principal Stockholders, since March 2020, and he previously served as a director and the Chief Financial Officer of Archer Limited from April 2016 until March 2020. Mr. Skindlo is a business-oriented executive with 25 years of oil and natural gas industry experience. Mr. Skindlo joined Schlumberger in 1992 where he held various financial and operational positions. Mr. Skindlo then joined the Aker Group of companies in 2005, where his experience from Aker Kvaerner, Aker Solutions and Kvaerner includes both global CFO roles and Managing Director roles for several large industrial business divisions. Prior to joining Archer Well Company Inc. in 2016, Mr. Skindlo was with private equity group HitecVision, where he served as CEO for Aquamarine Subsea. Mr. Skindlo earned a Master of Science in Economics and Business Administration from the Norwegian School of Economics and Business Administration (NHH). We believe Mr. Skindlo is qualified to continue serve on the Board due to his vast business experience, having founded and served as a director and as an officer of multiple companies, both private and public, and his service on the boards of numerous non-profit organizations.
John T. Whates, Esq.	75	John T. Whates, Esq. has served as a member of the Board since September 2018. He served on the board of directors of KLX Inc. from December 2014 until its sale to The Boeing Company in October 2018. Mr. Whates has been an independent tax advisor and involved in venture capital and private investing since 2005. He is a member of the board of directors of Dynamic Healthcare Systems, Inc., was a member of the board of directors of Rockwell Collins from April 2017 until February 2018 and was the Chairman of the Compensation Committee of B/E Aerospace until its sale to Rockwell Collins in April 2017. From 1994 to 2011, Mr. Whates was a tax and financial advisor to B/E Aerospace, providing business and tax advice on essentially all of its significant strategic acquisitions. Previously, Mr. Whates was a tax partner in several of the largest public accounting firms, most recently leading the High Technology Group Tax Practice of Deloitte LLP in Orange County, California. He has extensive experience working with aerospace and other public companies in the fields of tax, equity financing and mergers and acquisitions. Mr. Whates is an attorney licensed to practice in California and was an Adjunct Professor of Taxation at Golden Gate University. Our Board benefits from Mr. Whates's extensive experience, multi-dimensional educational background, and thorough knowledge of the Company's business and industry.

Code of Business Conduct

Our Board has adopted a code of business conduct that applies to all our directors, officers and employees worldwide, including our principal executive officer, principal financial officer, controller, treasurer and all other employees performing a similar function. We maintain a copy of our code of business conduct, including any amendments thereto and any waivers applicable to any of our directors and officers, on our website at www.klxenergy.com.

The remaining information required by this item is incorporated by reference to our definitive proxy statement for our 2023 Annual Meeting of Stockholders pursuant to Regulation 14A under the Exchange Act, which we expect to file with the SEC within 120 days after the close of the year ended December 31, 2022.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference to our definitive proxy statement for our 2023 Annual Meeting of Stockholders pursuant to Regulation 14A under the Exchange Act, which we expect to file with the SEC within 120 days after the close of the year ended December 31, 2022.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated by reference to our definitive proxy statement for our 2023 Annual Meeting of Stockholders pursuant to Regulation 14A under the Exchange Act, which we expect to file with the SEC within 120 days after the close of the year ended December 31, 2022.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference to our definitive proxy statement for our 2023 Annual Meeting of Stockholders pursuant to Regulation 14A under the Exchange Act, which we expect to file with the SEC within 120 days after the close of the year ended December 31, 2022.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Our independent registered public accounting firm is Deloitte & Touche LLP, Houston, Texas, PCAOB ID No 34.
The information required by this item is incorporated by reference to our definitive proxy statement for our 2023 Annual Meeting of Stockholders pursuant to Regulation 14A under the Exchange Act, which we expect to file with the SEC within 120 days after the close of the year ended December 31, 2022.

PART IV

ITEM 15. EXHIBITS

1.1	Equity Distribution Agreement, dated June 14, 2021, by and between the Company and Piper Sandler & Co. (incorporated by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K (File No. 001-38609) filed with the SEC on June 14, 2021).
2.1*¥	Purchase and Sale Agreement, dated as of March 8, 2023, between the Company and Greene's Holding Corporation.
2.2	Agreement and Plan of Merger, dated May 3, 2020, by and among KLX Energy Services Holdings, Inc., Quintana Energy Services Inc., Krypton Intermediate LLC and Krypton Merger Sub Inc. (incorporated by reference to Exhibit 2.1 of Company's Current Report on Form 8-K, filed on May 4, 2020, File No. 001-38609).
2.3	Distribution Agreement, dated as of July 13, 2018, by and among KLX Inc., KLX Energy Services Holdings, Inc. and KLX Energy Services LLC (incorporated by reference to Exhibit 2.1 to KLX Inc.'s Current Report on Form 8-K (File No. 001-36610) filed with the SEC on July 17, 2018).
2.4	Employee Matters Agreement, dated as of July 13, 2018, by and among KLX Inc., KLX Energy Services Holdings, Inc. and KLX Energy Services LLC (incorporated by reference to Exhibit 2.2 to KLX Inc.'s Current Report on Form 8-K (File No. 001-36610) filed with the SEC on July 17, 2018).
2.5	IP Matters Agreement, dated as of July 13, 2018, by and among KLX Inc. and KLX Energy Services Holdings, Inc. (incorporated by reference to Exhibit 2.3 to KLX Inc.'s Current Report on Form 8-K (File No. 001-36610) filed with the SEC on July 17, 2018).

3.1	Amended and Restated Certificate of Incorporation of KLX Energy Services Holdings, Inc. (incorporated by reference to Exhibit 3.1 of the Company's Quarterly Report on Form 10-Q, filed on September 8, 2020, File No. 001-38609).
3.2	Fourth Amended and Restated Bylaws of KLX Energy Services Holdings, Inc. (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K, filed on September 9, 2021, File No. 001-38609).
4.1	Indenture, dated October 31, 2018, among KLX Energy Services Holdings, Inc., as the issuer, KLX Energy Services LLC, KLX RE Holdings LLC and Wilmington Trust, National Association, as trustee and collateral agent (incorporated by reference to the Company's Current Report on Form 8-K, filed on November 1, 2018, File No. 001-38609).
4.1.1	First Supplemental Indenture, dated November 16, 2018, among KLX Energy Services Holdings, Inc., as the issuer, the Guaranteeing Subsidiaries named therein and Wilmington Trust, National Association, as trustee and collateral agent (incorporated by reference to the Company's Annual Report on Form 10-K, filed on March 21, 2019, File No. 001-38609).
4.1.2	Second Supplemental Indenture, dated May 13, 2019, among KLX Energy Services Holdings, Inc., as the issuer, the Guaranteeing Subsidiaries named therein and Wilmington Trust, National Association, as trustee and collateral agent (incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q, filed on August 22, 2019, File No. 001-38609).
4.1.3	Third Supplemental Indenture, dated August 25, 2020, among KLX Energy Services Holdings, Inc., as the issuer, the Guaranteeing Subsidiaries named therein and Wilmington Trust, National Association, as trustee and collateral agent (incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q, filed on June 11, 2021, File No. 001-38609)..
4.2	Form of 11.500% Senior Secured Notes due 2025 (included in Exhibit 4.1).
4.3	Description of Securities registered pursuant to Section 12 of the Exchange Act (incorporated by reference to Exhibit 4.3 of the Company's Annual Report on Form 10-K, filed on April 28, 2021, File No. 001-38609).
10.1	Credit Agreement, dated as of August 10, 2018, by and among KLX Energy Services Holdings, Inc., the several Lenders and JPMorgan Chase Bank, N.A. as Administrative Agent and Collateral Agent (incorporated by reference to Exhibit 10.10 to Amendment No. 1 to the Company's Registration Statement on Form 10, filed on August 15, 2018, File No. 001-38609).
10.1.1	First Amendment, dated as of October 22, 2018, to Credit Agreement, dated as of August 10, 2018, by and among KLX Energy Services Holdings, Inc., the Subsidiary Guarantors party thereto, the several Lenders and JPMorgan Chase Bank, N.A. as Administrative Agent and Collateral Agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on October 22, 2018, File No. 001-38609).
10.1.2	Second Amendment, dated as of June 10, 2019, to Credit Agreement, dated as of August 10, 2018, by and among KLX Energy Services Holdings, Inc., the Subsidiary Guarantors party thereto, the several Lenders and JPMorgan Chase Bank, N.A. as Administrative Agent and Collateral Agent (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed on August 22, 2019, File No. 001-38609).
10.1.3	Third Amendment, dated as of September 22, 2022, to Credit Agreement, dated as of August 10, 2018, by and among KLX Energy Services Holdings, Inc., the Subsidiary Guarantors party thereto, the several Lenders and JPMorgan Chase Bank, N.A. as Administrative Agent and Collateral Agent (incorporated by reference to Exhibit 10.1 of KLX Energy Services Holdings, Inc.'s Current Report on Form 8-K, filed on September 28, 2022, File No. 001-38609).
10.2†	KLX Energy Services Holdings, Inc. Long-Term Incentive Plan (Amended and Restated as of December 2, 2020) (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on February 16, 2021, File No. 001-38609).
10.3†	Form of KLX Energy Services Holdings, Inc. Long-Term Incentive Plan Restricted Stock Award Agreement (incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form S-8, filed on September 13, 2018, File No. 333-227321).

10.4†	Form of KLX Energy Services Holdings, Inc. Long-Term Incentive Plan Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-8, filed on September 13, 2018, File No. 333-227321).
10.5†	KLX Energy Services Holdings, Inc. Employee Stock Purchase Plan (incorporated by reference to Exhibit 4.4 to the Company's Registration Statement on Form S-8, filed on September 13, 2018, File No. 333-227321).
10.6†	Amendment No. 1 to the KLX Energy Services Holdings, Inc. Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.8 of KLXE Energy Services Holdings, Inc.'s Current Report on Form 8-K, filed on July 28, 2020, File No. 001-38609).
10.7†	KLX Energy Services Holdings, Inc. Non-Employee Directors Stock and Deferred Compensation Plan (incorporated by reference to Exhibit 4.5 to the Company's Registration Statement on Form S-8, filed on September 13, 2018, File No. 333-227321).
10.8†	KLX Energy Services Holdings, Inc. 2018 Deferred Compensation Plan (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-8, filed on September 13, 2018, File No. 333-227327).
10.9†	Medical Care Reimbursement Plan for Executives of KLX Energy Services Holdings, Inc. (incorporated by reference to Exhibit 10.11 to the Company's Current Report on Form 8-K, filed on September 19, 2018, File No. 001-38609).
10.10†	KLX Energy Services Holdings, Inc. Executive Retiree Medical and Dental Plan (incorporated by reference to Exhibit 10.12 to the Company's Current Report on Form 8-K, filed on September 19, 2018, File No. 001-38609).
10.11	Guaranty, dated September 14, 2018, of KLX Energy Services LLC and KLX RE Holdings LLC (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed on September 19, 2018, File No. 001-38609).
10.12†	Separation and Mutual Release, dated as of April 19, 2020, between Amin J. Khoury and KLX Energy Services Holdings, Inc. (incorporated by reference to Exhibit 10.15 to the Company's Registration Statement on Form S-4, filed on June 2, 2020, File No. 333-238870).
10.13†	Amended and Restated Consulting Agreement, dated of as of April 19, 2020, between Amin J. Khoury and KLX Energy Services Holdings, Inc. (incorporated by reference to Exhibit 10.16 to the Company's Registration Statement on Form S-4, filed on June 2, 2020, File No. 333-238870).
10.14†	Separation and General Release Agreement, dated as of April 11, 2020, between Gary J. Roberts and KLX Energy Services Holdings, Inc. (incorporated by reference to Exhibit 10.18 to the Company's Registration Statement on Form S-4, filed on June 2, 2020, (File No. 333-238870).
10.15†	Letter Agreement, dated as of April 27, 2020, between KLX Energy Services Holdings, Inc. and John T. Collins (incorporated by reference to Exhibit 10.14 to the Company's Registration Statement on Form S-4, filed on June 2, 2020, File No. 333-238870).
10.16†	Executive Employment Agreement, dated as of May 3, 2020, between Christopher J. Baker and KLX Energy Services Holdings, Inc. (incorporated by reference to Exhibit 10.2 of KLXE Energy Services Holdings, Inc.'s Current Report on Form 8-K, filed on July 28, 2020, File No. 001-38609).
10.17†	Executive Employment Agreement, dated as of May 3, 2020, between Max L. Bouthillette and KLX Energy Services Holdings, Inc. (incorporated by reference to Exhibit 10.3 of KLXE Energy Services Holdings, Inc.'s Current Report on Form 8-K, filed on July 28, 2020, File No. 001-38609).
10.18†	Executive Employment Agreement, dated as of May 3, 2020, between Keefer M. Lehner and KLX Energy Services Holdings, Inc. (incorporated by reference to Exhibit 10.4 of KLXE Energy Services Holdings, Inc.'s Current Report on Form 8-K, filed on July 28, 2020, File No. 001-38609).
10.19†	Separation Agreement and Mutual Release, dated as of July 28, 2020, by and between KLX Energy Services Holdings, Inc. and Thomas P. McCaffrey (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K, filed on July 28, 2020, File No. 001-38609).

10.20†	Letter Agreement, dated as of July 28, 2020, between John T. Collins and KLX Energy Services Holdings, Inc. (incorporated by reference to Exhibit 10.1 of KLXE Energy Services Holdings, Inc.'s Current Report on Form 8-K, filed on July 28, 2020, File No. 001-38609).
10.21†	Separation Agreement and Mutual Release, dated as of July 28, 2020, by and between KLX Energy Services Holdings, Inc. and Heather Floyd (incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K (File No. 001-38609) filed with the SEC on July 28, 2020).
10.22†	Independent Contractor Services Agreement, dated as of July 28, 2020, by and between KLX Energy Services LLC and Heather Floyd (incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K (File No. 001-38609) filed with the SEC on July 28, 2020).
10.23*¥	Registration Rights Agreement and Lock-Up Agreement, dated March 8, 2023, between KLX Energy Services Holdings, Inc. and Greene's Holding Corporation.
10.24	Registration Rights Agreement, dated May 3, 2020, by and among KLX Energy Services Holdings, Inc., Archer Holdco LLC, Geveran Investments Limited, Famatown Finance Limited Robertson QES Investment LLC, Quintana Energy Partners—QES Holdings LLC, Quintana Energy Fund – TE, L.P. and Quintana Energy Fund – FI, L.P. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on May 4, 2020, File No. 001-38609).
10.25	Registration Rights Agreement, dated September 14, 2018, between KLX Energy Services Holdings, Inc. and Amin J. Khoury (incorporated by reference to Exhibit 10.15 to the Company's Current Report on Form 8-K, filed on September 19, 2018, File No. 001-38609).
10.26	Registration Rights Agreement, dated September 14, 2018, between KLX Energy Services Holdings, Inc. and Thomas P. McCaffrey (incorporated by reference to Exhibit 10.16 to the Company's Current Report on Form 8-K, filed on September 19, 2018, File No. 001-38609).
10.27†	Quintana Energy Services Inc. 2018 Long Term Incentive Plan (incorporated by reference to Exhibit 10.1 of Quintana Energy Services Inc.'s Current Report on Form 8-K, filed on February 14, 2018, File No. 001-38383).
10.28†	Quintana Energy Services Inc. Amended and Restated Long-Term Incentive Plan (incorporated by reference to Exhibit 10.2 of Quintana Energy Services Inc.'s Current Report on Form 8-K, filed on February 14, 2018, File No. 001-383830).
10.29†	Form of Performance Share Unit Agreement (Executive Officers - 2018 Form) under the Quintana Energy Services Inc. 2018 Long-Term Incentive Plan (Incorporated by reference to Exhibit 10.27 of Quintana Energy Services Inc.'s Annual Report on Form 10-K filed on March 6, 2020).
10.30†	Form of Performance Share Unit Agreement (Employees - 2018 Form) under the Quintana Energy Services Inc. 2018 Long-Term Incentive Plan (Incorporated by reference to Exhibit 10.28 of Quintana Energy Services Inc.'s Annual Report on Form 10-K filed on March 6, 2020).
10.31†	Form of Performance Share Unit Agreement (Executive Officers - 2019 Form) under the Quintana Energy Services Inc. 2018 Long-Term Incentive Plan (Incorporated by reference to Exhibit 10.29 of Quintana Energy Services Inc.'s Annual Report on Form 10-K filed on March 6, 2020).
10.32†	Form of Performance Share Unit Agreement (Employees-2019 Form) under the Quintana Energy Services 2019 Long-Term Incentive Plan (Incorporated by reference to Exhibit 10.30 of Quintana Energy Services Inc.'s Annual Report on Form 10-K filed on March 6, 2020).
10.33†	Form of Restricted Stock Unit Agreement (Executive Officers) under the Quintana Energy Services Inc. 2018 Long-Term Incentive Plan (Incorporated by reference to Exhibit 10.31 of Quintana Energy Services Inc.'s Annual Report on Form 10-K filed on March 6, 2020).
10.34†	Form of Restricted Stock Unit Agreement (Employees) under the Quintana Energy Services Inc. 2018 Long-Term Incentive Plan (Incorporated by reference to Exhibit 10.32 of Quintana Energy Services Inc.'s Annual Report on Form 10-K filed on March 6, 2020).
10.35†	Form of Restricted Stock Unit Agreement (Executive Officers) under the KLX Energy Services Holdings, Inc. Long-Term Incentive Plan.

21.1*	List of subsidiaries of KLX Energy Services Holdings, Inc.
23.1*	Consent of Independent Registered Public Accounting Firm – Deloitte & Touche LLP.
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.
** Furnished herewith.
† Management contract or compensatory plan or arrangement
¥ Certain schedules and exhibits to this agreement have been omitted in accordance with Item 601(a)(5) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished to the SEC on request.

ITEM 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

KLX ENERGY SERVICES HOLDINGS, INC.

By: /s/ Christopher J. Baker
Christopher J. Baker
President, Chief Executive Officer and Director
Date: March 9, 2023

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 9, 2023.

Signature	
/s/ Christopher J. Baker Christopher J. Baker	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ Keefer M. Lehner Keefer M. Lehner	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ Geoffrey C. Stanford Geoffrey C. Stanford	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)
/s/ Dag Skindlo Dag Skindlo	Chairman of the Board of Directors
/s/ John T. Whates John T. Whates	Director and Chairman of the Audit Committee
/s/ Gunnar Eliassen Gunnar Eliassen	Director and Chairman of the Nominating and Corporate Governance Committee
/s/ Corbin J. Robertson, Jr. Corbin J. Robertson, Jr.	Director and Chairman of the Compensation Committee
/s/ John T. Collins John T. Collins	Director
/s/ Thomas P. McCaffrey Thomas P. McCaffrey	Director

Exhibit 2.1

PURCHASE AND SALE AGREEMENT

by and among

KLX ENERGY SERVICES HOLDINGS, INC.

as Buyer,

and

GREENE'S HOLDING CORPORATION

as Seller

dated

March 8, 2023

TABLE OF CONTENTS

Schedules

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (this "***Agreement***") is entered into as of March 8, 2023, by and among KLX Energy Services Holdings, Inc., a Delaware corporation ("***Buyer***"), and Greene's Holding Corporation, a Delaware corporation ("***Seller***"). The parties to this Agreement are each referred to individually as a "***Party***" and are collectively referred to as the "***Parties***."

RECITALS

WHEREAS, Seller owns all of the issued and outstanding equity interests (the "***Equity Interests***") of Greene's Energy Group, LLC, a Texas limited liability company (the "***Company***"); and

WHEREAS, Seller wishes to sell to Buyer, and Buyer wishes to purchase from Seller, all of the Equity Interests, subject to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises, agreements and covenants contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and in reliance upon the mutual representations and warranties set forth in this Agreement, the Parties agree as follows:

AGREEMENTS

ARTICLE I
DEFINITIONS; CONSTRUCTION

1.1 **Certain Definitions**. Capitalized terms used in this Agreement but not defined in the body of this Agreement have the meanings ascribed to them in Exhibit A. Capitalized terms defined in the body of this Agreement are listed in Exhibit A by location of the definition of such terms in the body of this Agreement.

1.2 **Construction**. In this Agreement, unless a clear contrary intention appears: (a) the singular includes the plural and vice versa; (b) reference to a Person includes such Person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity; (c) reference to any gender includes each other gender; (d) references to any Exhibit, Schedule, Section, Article, subsection and other subdivision refer to the corresponding Exhibits, Schedules, Sections, Articles, subsections and other subdivisions of this Agreement unless expressly provided otherwise; (e) references in any Section or Article or definition to any clause means such clause of such Section, Article or definition; (f) "hereunder," "hereof," "hereto" and words of similar import are references to this Agreement as a whole and not to any particular provision of this Agreement; (g) the word "or" is not exclusive, and the word "including" (in its various forms) means "including without limitation"; (h) the phrases "provided," "delivered," "made available," or "furnished" when used herein, mean that the information or materials referred to have been physically or electronically delivered to the applicable parties or the applicable party's outside counsel (including information or materials that have been posted to an on-line "virtual data room" maintained by SmartRoom and established by or on behalf of one of the parties) in each case, at least two Business Days prior to the Closing Date; (i) each accounting term not otherwise defined in this Agreement has the meaning commonly applied to it in accordance with GAAP; (j) except as otherwise set forth herein, references to "days" are to calendar days; (k) all references to "United States" and "U.S." refer to the United States of America; (l) all references to money refer to the lawful currency of

the United States; (m) if any period of time or other deadline ends on a day that is not a Business Day, then such period or deadline shall be extended to the next Business Day; (n) any reference to any time herein are references to central standard time; and (o) when calculating any period of time, such period shall not include the first day but shall include the last day (i.e. if a period is five days from January 1st, then such period shall begin on January 2nd and end on January 6th). The Table of Contents and the Article and Section titles and headings in this Agreement are inserted for convenience of reference only and are not intended to be a part of, or to affect the meaning or interpretation of, this Agreement.

ARTICLE II
PURCHASE PRICE; CLOSING

2.1 **Purchase and Sale of Equity Interests**. Upon the terms and subject to the conditions contained herein, on the Closing Date:

(a) Seller agrees to sell, assign and transfer to a direct or indirect wholly-owned Subsidiary of Buyer ("***Buyer's Subsidiary Party***"), free and clear of all Liens (other than restrictions on transfer set forth in the Organizational Documents of the Company and under applicable securities laws), all Equity Interests owned by Seller, and Buyer agrees to cause such Subsidiary to purchase the Equity Interests from Seller.

(b) Buyer shall cause to be issued to Seller in book entry form (i) the number of shares of Buyer Common Stock comprising the Estimated Stock Consideration, which is 2,402,852 shares of Buyer Common Stock, *minus* (ii) 250,000 shares of Buyer Common Stock (the "***Closing Adjustment Shares***"), all of which shares shall contain or be subject to (A) the standard private placement legend applied to shares of Buyer Common Stock that are issued pursuant to an exemption from the SEC's registration requirements (the "***Private Placement Legend***") and (B) the Restrictive Legend, in each case, on the books and records of the Transfer Agent.

(c) Buyer shall cause to be issued to Seller in book entry form the Closing Adjustment Shares, which Closing Adjustment Shares shall contain (i) the Private Placement Legend, (ii) the Restrictive Legend and (iii) the Contract Legend identifying such shares as "Closing Adjustment Shares," in each case, on the books and records of the Transfer Agent.

2.2 **Payment of Transaction Costs**. No later than 60 days after the Closing Date, Seller will pay or cause to be paid (or otherwise schedule for payment) by wire transfer of immediately available funds, through payroll or by any other means, as applicable, all Transaction Costs.

2.3 **Closing**. The closing of the transactions contemplated by this Agreement (the "***Closing***") shall take place at the offices of Vinson & Elkins L.L.P., 845 Texas Avenue, Suite 4700, Houston, Texas 77002, or remotely via the electronic exchange of documents and signatures, at 8:00 a.m., local time, on the date of this Agreement (the "***Closing Date***").

2.4 **Seller's Other Deliverables**. At the Closing, Seller shall deliver or cause to be delivered to Buyer:

(a) Assignment Agreements. An assignment of the Equity Interests (the "***Assignment Agreement***"), duly executed by Seller;

(b) Company Officer's Certificate. A certificate, dated the Closing Date, signed by an authorized officer of the Company and attaching certified copies of the current Organizational Documents of the Company;

(c) Seller Officer's Certificate. A certificate, dated the Closing Date, signed by an authorized officer of Seller and attaching certified copies of the current Organizational Documents of Seller and resolutions of the governing body of Seller authorizing Seller to consummate the Transactions;

(d) Approvals and Consents. Copies of all permits, consents or approvals of third Persons, including Governmental Authorities, set forth on Schedule 2.4(d), in each case, in form and content reasonably acceptable to Buyer;

(e) Public Certificates. A copy of (i) a certificate of existence and good standing of the Company issued by the appropriate public officials of each state in which the Company is organized and (ii) a certificate of foreign qualification and good standing of the Company from the appropriate public officials of each of the states listed on Schedule 5.2, each dated as of a recent date;

(f) Registration Rights and Lock-Up Agreement. A registration rights and lock-up agreement, in substantially the form attached hereto as Exhibit B (the "***Registration Rights and Lock-Up Agreement***"), duly executed by Seller;

(g) Employment Agreements. Individual employment agreements between Buyer and each Key Employee, in substantially the form attached hereto as Exhibit C (each, an "***Employment Agreement***"), duly executed by the Key Employee party thereto;

(h) Restrictive Covenant Agreements. Individual restrictive covenant agreements between Buyer and certain other Persons agreed to by Buyer and Seller (each, a "***Restrictive Covenant Agreement***"), duly executed by the party thereto.

(i) Transaction Costs Documentation. Payoff letters or final invoices in respect of Transaction Costs;

(j) Short-Term Incentive Plan. Evidence of the termination of the Company's 2022 Short-Term Annual Incentive Plan;

(k) Long-Term Incentive Plan. Evidence that all amounts due prior to the Closing or that become due in connection with the Closing under the Greene's Holding Corporation 2020 Long-Term Incentive Plan have been paid or are scheduled to be paid by Seller;

(l) Non-Foreign Status Certification. A valid and duly executed IRS Form W-9 of Seller, dated no more than 30 days prior to the Closing Date;

(m) Resignations. Evidence of the resignation or removal of each of the officers, directors, managers and other Persons holding similar titles of the Company;

(n) Escrow Agreement. The Escrow Agreement, duly executed by Seller; and

(o) Other Documents. All other documents reasonably requested by Buyer to be delivered by Seller in connection with the consummation of the Transactions.

2.5 **Buyer's Other Deliveries**. At the Closing, Buyer shall deliver or cause to be delivered to Seller:

(a) Assignment Agreements. Counterpart of the Assignment Agreement, duly executed by Buyer's Subsidiary Party;

(b) Buyer Officer's Certificate. A certificate, dated as of the Closing Date, signed by an authorized officer of Buyer and attaching certified copies of the Organizational Documents of Buyer and resolutions of the governing body of Buyer authorizing Buyer to consummate the Transactions;

(c) Buyer's Subsidiary Party Officer's Certificate. A certificate, dated as of the Closing Date, signed by an authorized officer of Buyer's Subsidiary Party and attaching certified copies of the Organizational Documents of Buyer's Subsidiary Party and resolutions of the governing body of Buyer's Subsidiary Party authorizing Buyer's Subsidiary Party to consummate the Transactions;

(d) Registration Rights and Lock-Up Agreement. The Registration Rights and Lock-Up Agreement, duly executed by Buyer;

(e) Employment Agreements. The Employment Agreements, each duly executed by Buyer or its applicable Affiliate;

(f) Restrictive Covenant Agreements. The Restrictive Covenant Agreements, each duly executed by Buyer.

(g) Approvals and Consents. Copies of all consents or approvals of third Persons, including Governmental Authorities, set forth on Schedule 2.5(g), in form and content reasonably acceptable to Seller;

(h) Public Certificates. A certificate of existence and good standing for Buyer and Buyer's Subsidiary Party issued by the Secretary of State of the State of Delaware and dated as of a recent date;

(i) Escrow Agreement. The Escrow Agreement, duly executed by Buyer and the Escrow Agent; and

(j) Other Documents. All other documents reasonably requested by Seller to be delivered by Buyer in connection with the consummation of the Transactions.

2.6 **Escrow Account**.

(a) At the Closing, Seller shall transfer the Escrow Amount in immediately available funds to the Escrow Account to be held by the Escrow Agent pursuant to the terms of this Agreement and the Escrow Agreement.

(b) Interest accruing from time to time on the amount standing to the credit of the Escrow Account shall be added to the Escrow Amount and shall form part of the Escrow Amount for the purposes of this Agreement.

(c) Buyer and Seller shall share the costs for the Escrow Agent and the Escrow Account equally.

(d) Buyer and Seller shall cause joint written instructions to be delivered to the Escrow Agent as follows:

(i) in accordance with Section 8.8;

(ii) within five Business Days following presentment by Seller to Buyer of reasonable evidence of any amount to be paid to any third party or any reasonable and documented out-of-pocket costs incurred by Seller in connection therewith, in each case, with respect to (A) the Specified Litigation Proceedings (but excluding any costs incurred in connection with Specified Litigation Proceedings for which Seller is a plaintiff or claimant), (B) the Specified Tax Proceedings, (C) any other Excluded Liabilities or (D) any reimbursement obligation of Seller pursuant to Section 7.13(e) (the expenses and costs referred to in the immediately preceding clauses (A) through (D), collectively, the "***Qualified Expenses***"), instructing the Escrow Agent to release to Seller an amount equal to the applicable Qualified Expenses from the Escrow Balance; provided, however, in no event shall Seller be entitled to duplicative payment for the same Qualified Expenses;

(iii) within five Business Days following presentment by Buyer to Seller of reasonable evidence of any amount to be paid to any third party or any reasonable and documented out-of-pocket costs incurred by Buyer in connection therewith, in each case, to remediate the Specified Remediation Matters, which costs and expenses shall not exceed $50,000 in the aggregate, instructing the Escrow Agent to release to Buyer an amount equal to such costs and expenses from the Escrow Balance; provided, however, that Buyer must present to Seller evidence of such costs and expenses prior to the date that is the 12-month anniversary of the Closing Date and in no event shall Buyer be entitled to duplicative payment for the same costs and expenses; provided, further, that recovery from the Escrow Account of third party payments and reasonable and out-of-pocket costs incurred by Buyer in connection therewith in accordance with this Section 2.6(d)(iii) shall be Buyer's sole and exclusive remedy against Seller for any Losses resulting from or arising out of, or otherwise in connection with, the Specified Remediation Matters; and

(iv) on the Escrow Release Date, instructing the Escrow Agent to release to Seller the Escrow Balance.

2.7 **Withholding**. Buyer and its Affiliates shall be entitled to deduct and withhold from any amounts otherwise payable or deliverable pursuant to this Agreement (and Seller and its Affiliates shall indemnify, defend and hold harmless Buyer and its Affiliates against) such amounts as Buyer reasonably determines may be required to be deducted or withheld therefrom under applicable Legal Requirements. To the extent such amounts are so deducted or withheld and timely paid over to the appropriate Governmental Authority, such amounts shall be treated for all purposes as having been paid to the Person to whom such amounts would otherwise have been paid absent such deduction or withholding.

ARTICLE III
STOCK CONSIDERATION ADJUSTMENT

3.1 **Estimated Stock Consideration**. At least two days prior to the Closing, Seller shall have, in accordance with the terms of this Section 3.1, prepared and delivered to Buyer an estimated closing statement (the "***Estimated Closing Statement***") setting forth good faith estimates of (a) the Net Debt Amount (the "***Estimated Net Debt Amount***"), (b) Net Working Capital (the "***Estimated Net Working Capital***") and (c) the Estimated Stock Consideration derived therefrom. The Estimated Net Working Capital shall have been prepared in accordance with Schedule 3.1. The Estimated Closing Statement (and any determination of the Estimated

Net Debt Amount, Estimated Net Working Capital and Estimated Stock Consideration derived therefrom) shall not take into account the Transactions.

3.2 **Final Stock Consideration Determination**.

(a) For the purpose of confirming the Estimated Stock Consideration, in accordance with Section 3.2(b), Buyer will prepare, or cause to be prepared, (i) an unaudited, consolidated balance sheet of the Company as of the Closing (the "***Final Closing Date Balance Sheet***") and (ii) a final closing statement (together with the Final Closing Date Balance Sheet, the "***Final Closing Statement***") setting forth Buyer's good faith calculation of the (A) Net Debt Amount, (B) Net Working Capital, (C) Transaction Costs to the extent not paid by Seller in accordance with Section 2.2 (any such unpaid Transaction Costs, the "***Unpaid Transaction Costs***"), and (D) Buyer's determination of the Final Stock Consideration derived therefrom, which Final Closing Date Balance Sheet, Net Working Capital and Final Closing Statement will be prepared in accordance with Schedule 3.1.

(b) No later than 60 days after the Closing Date, Buyer will deliver to Seller the Final Closing Statement. If within 45 days after the date of the delivery to Seller of the Final Closing Statement, Seller disagrees with any portion of the Final Closing Statement (the disputed items being the "***Disputed Items***"), then Seller may give written notice (a "***Closing Statement Dispute Notice***") to Buyer within such 45-day period, which Closing Statement Dispute Notice will set forth the Disputed Items; in reasonable detail (to the extent such detail is available) Seller's basis for disagreement with the Final Closing Statement; Seller's proposed resolution of the Disputed Items (including Seller's determination of Net Debt Amount, Net Working Capital, Unpaid Transaction Costs and the Final Stock Consideration derived therefrom taking into account such proposed resolution of the Disputed Items); and include materials showing in reasonable detail Seller's support for such position. The failure by Seller to provide a Closing Statement Dispute Notice within such 45-day period or the delivery by Seller to Buyer during such 45-day period of a written notice stating that Seller has elected not to deliver a Closing Statement Dispute Notice, will constitute a full and complete acceptance by Seller of the Final Closing Statement as determined by Buyer and such Final Closing Statement will be binding and final for all purposes of this Agreement. If Seller timely delivers a Closing Statement Dispute Notice and Buyer and Seller are unable to resolve any disagreement among them with respect to the Final Closing Statement within 30 days after the delivery of such Closing Statement Dispute Notice by Seller to Buyer, then the dispute may be referred by either Buyer or Seller for determination to a nationally recognized accounting firm not affiliated with Seller or Buyer that is mutually selected by Buyer and Seller. If Buyer and Seller are unable to select a nationally recognized accounting firm within 15 Business Days of the notice by Seller or Buyer to submit the dispute, either Buyer or Seller may thereafter request that the American Arbitration Association (the "***AAA***") make such selection (as applicable, the firm selected by Buyer and Seller or the AAA is referred to as the "***Independent Accountant***"). The Independent Accountant's determination shall be based solely on (1) the definitions and other applicable provisions of this Agreement, and (2) presentations consisting of (x) a single written presentation submitted by each of Seller and Buyer (which the Independent Accountant shall be instructed to distribute to Seller and Buyer upon receipt of both such presentations) and (y) a single written response submitted by each of Seller and Buyer to each such presentation and any interrogatories of the Independent Accountant (which the Independent Accountant shall be instructed to distribute to Seller and Buyer upon receipt of such responses). For the avoidance of doubt, neither Seller nor Buyer shall have any *ex parte* communications with the Independent Accountant relating to this Section 3.2(b) or this Agreement, and the Independent Accountant shall not conduct an independent investigation in respect of its determination. The Independent Accountant will make a written determination as promptly as practicable, but in any event within 30 days after the date on which the dispute is referred to the Independent Accountant (which

determination shall be made regarding each Disputed Item by selecting only the position with respect to such Disputed Item that is claimed by Buyer in the Final Closing Statement or by Seller in the Closing Statement Dispute Notice). If at any time Seller and Buyer resolve their dispute, then notwithstanding the preceding provisions of this Section 3.2(b), the Independent Accountant's involvement promptly will be discontinued and the Final Closing Statement will be revised, if necessary, to reflect such resolution and thereupon will be final and binding for all purposes of this Agreement. The Parties will make readily available to the Independent Accountant all relevant books and records relating to the Final Closing Statement and all other items reasonably requested by the Independent Accountant in connection with resolving the Disputed Items. The costs and expenses of the Independent Accountant will be borne by the Parties in such proportion as is appropriate to reflect the relative benefits received by Seller and Buyer from the resolution of the dispute. For example, if Seller challenges the calculation of the Final Stock Consideration in the Final Closing Statement by an amount of $100,000, but the Independent Accountant determines that Seller has a valid claim for only $40,000, Buyer shall bear 40% of the fees and expenses of the Independent Accountant and Seller shall bear the other 60% of such fees and expenses. The decision of the Independent Accountant will be final and binding for all purposes of this Agreement and the Final Closing Statement will be revised, if necessary, to reflect such decision and thereupon will be final and binding for all purposes of this Agreement.

3.3 **Final Stock Consideration Adjustment Procedures**.

(a) Following the final determination of the Final Closing Statement and the Final Stock Consideration derived therefrom in accordance with Section 3.2(b), if the number of shares of Buyer Common Stock comprising the Estimated Stock Consideration exceeds the number of shares of Buyer Common Stock comprising the Final Stock Consideration (such excess number of shares of Buyer Common Stock, the "***Overpayment***") and the Overpayment is less than the number of Closing Adjustment Shares, then, within two Business Days after the final determination thereof:

(i) Seller shall surrender to Buyer a number of Closing Adjustment Shares equal to the Overpayment (such shares, the "***Surrendered Adjustment Shares***");

(ii) Buyer shall cause written instructions to be delivered to the Transfer Agent instructing the Transfer Agent to (A) cancel and retire the Surrendered Adjustment Shares and (B) remove the Contract Legend from the remaining Closing Adjustment Shares held by Seller following the surrender, cancellation and retirement of the Surrendered Adjustment Shares; and

(iii) Buyer and Seller shall cause the applicable Transfer Agent Documentation to be delivered to the Transfer Agent.

(b) Following the final determination of the Final Closing Statement and the Final Stock Consideration derived therefrom in accordance with Section 3.2(b), if there is an Overpayment and the Overpayment is equal to or exceeds the number of Closing Adjustment Shares, then, within two Business Days after the final determination thereof:

(i) Seller shall surrender all of the Closing Adjustment Shares to Buyer;

(ii) Buyer shall cause written instructions to be delivered to the Transfer Agent instructing the Transfer Agent to cancel and retire all of the Closing Adjustment Shares; and

(iii) Buyer and Seller shall cause the applicable Transfer Agent Documentation to be delivered to the Transfer Agent.

(c) Following the final determination of the Final Closing Statement and the Final Stock Consideration derived therefrom in accordance with Section 3.2(b), if the Final Stock Consideration exceeds the Estimated Stock Consideration (such excess number of shares of Buyer Common Stock, if any, the "***Underpayment***"), then, within two Business Days after the final determination thereof:

(i) Buyer shall cause written instructions to be delivered to the Transfer Agent instructing the Transfer Agent to remove the Contract Legend from all of the Closing Adjustment Shares;

(ii) Buyer and Seller shall cause the applicable Transfer Agent Documentation to be delivered to the Transfer Agent; and

(iii) Buyer shall wire transfer in immediately available funds to Seller an aggregate amount in cash equal to the lesser of (A) the value of the Underpayment, determined based on the Closing VWAP and (B) the value of the Closing Adjustment Shares, determined based on the Closing VWAP.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby (x) acknowledges that Buyer is reasonably relying on each of the following representations and warranties in entering into this Agreement and (y) represents and warrants to Buyer that the following representations and warranties are true and correct as of the Closing:

4.1 **Organization**. Seller is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware. Seller has delivered to Buyer true, correct and complete copies of the Organizational Documents of Seller, each as amended to date and presently in effect.

4.2 **Authority; Enforceability**. Seller has all requisite corporate power and authority to execute and deliver this Agreement and any other Transaction Documents to which it is a party and to perform its obligations hereunder and thereunder. The execution and delivery of this Agreement and the other Transaction Documents to which Seller is a party and the performance of its obligations contemplated hereby and thereby have been duly and validly authorized and approved by all corporate action necessary on behalf of Seller. This Agreement and each of the Transaction Documents to which Seller is a party constitutes the legal, valid and binding obligations of Seller, enforceable against Seller in accordance with their terms, subject to applicable bankruptcy, insolvency or other similar laws relating to or affecting the enforcement of creditors' rights generally and to general principles of equity (such laws and principles being referred to herein as "***Creditors' Rights***"). All other documents required hereunder to be executed and delivered by Seller at the Closing have been duly authorized, executed and delivered by Seller, as applicable, and constitute the legal, valid and binding obligations of Seller, enforceable against Seller in accordance with their terms, subject to Creditors' Rights.

4.3 **Consents; Absence of Conflicts**.

(a) Neither the execution and delivery of this Agreement or any other Transaction Document by Seller, nor the consummation of the Transactions or compliance by Seller with any of the provisions hereof or thereof, will (i) violate or breach the terms of, cause a

default under, conflict with, or require any notice or consent or similar right under (A) any applicable Legal Requirement, (B) the Organizational Documents of Seller, (C) any Contract to which Seller is a party or by which Seller, or any of its properties or assets, is bound, or (ii) with the passage of time or the giving of notice or the taking of any action of any third party have any of the effects set forth in clause (i) of this Section 4.3(a), in each case, other than with respect to Section 4.3(a)(i)(B) except as would not reasonably be expected, individually or in the aggregate, to prevent, materially impede or materially delay Seller's ability to timely consummate the Transactions. Except as set forth on Schedule 4.3(a), Seller is not required to obtain or provide any consent or notice in connection with the consummation of the Transactions, except as would not reasonably be expected, individually or in the aggregate, to be material to the Company. All such consents or notices set forth on Schedule 4.3(a) have been obtained or given and have been furnished in writing to Buyer.

(b) Neither the execution and delivery of this Agreement or any other Transaction Document by Seller, nor the consummation of the Transactions or compliance by Seller with any of the provisions hereof or thereof, will (i) violate or breach the terms of, cause a default under, conflict with, result in the loss by the Company of any rights or benefits under, impose on the Company any additional or greater burdens or obligations under, create in any other Person additional or greater rights or benefits under, create in any other Person the right to accelerate, terminate, modify or cancel, require any notice or consent or give rise to any preferential purchase right, right of first refusal, right of first offer or similar right under (A) any applicable Legal Requirement, (B) the Organizational Documents of the Company or (C) any Contract to which the Company is a party or by which the Company, or any of its properties or assets, is bound, (ii) result in the creation or imposition of any Lien (other than a Permitted Lien) on the related Company Assets or any Interests of the Company, (iii) result in the cancellation, forfeiture, revocation, suspension or adverse modification of any Company Asset or any Interests of the Company or any existing consent, approval, authorization, license, permit, certificate or order of any Governmental Authority, or (iv) with the passage of time or the giving of notice or the taking of any action of any third party have any of the effects set forth in clauses (i), (ii) or (iii) of this Section 4.3(b), in each case, other than with respect to Section 4.3(b)(i)(B), except as would not have a Company Material Adverse Effect.

4.4 **Title**. Seller legally and beneficially owns, and has good, valid and transferable title to the Equity Interests, free and clear of all Liens (other than restrictions on transfer arising in the Organizational Documents of the Company and under applicable securities laws) and, at the Closing, the Equity Interests will be transferred by Seller to Buyer pursuant to this Agreement, free and clear of all Liens (other than restrictions on transfer arising in the Organizational Documents of the Company and under applicable securities laws). Other than the Equity Interests, Seller owns no other Interests in the Company. At Closing, Seller has full power and authority to sell, transfer, assign and deliver the Equity Interests to Buyer and will transfer to Buyer good, valid and marketable title to the Equity Interests. Except pursuant to this Agreement, there is no contractual obligation pursuant to which Seller has, directly or indirectly, granted any option, warrant or other right to any person to acquire any Equity Interests in the Company. Except as set forth on Schedule 4.4, Seller is not a party to, and the Interests are not subject to, any shareholders agreement, voting agreement, voting trust, proxy or other contractual obligation relating to the transfer or voting of such Interests.

4.5 **Brokers' Fees; Expenses**. Except as set forth on Schedule 4.5, neither Seller nor any of its Affiliates has any Liability to pay any fees or commissions to any broker, finder, or

agent with respect to the Transactions for which Buyer or its Affiliates (including the Company after the Closing) could become liable or obligated.

4.6 **No Legal Proceedings**. No legal proceedings are pending or, to the Knowledge of Seller, threatened to restrain the entry into, performance of, compliance with and enforcement of any of the obligations of Seller hereunder, and, to the Knowledge of Seller, no events have occurred that would reasonably be expected to give rise to any proceeding.

4.7 **Investment Representation**. Seller is an "accredited investor" as such term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act. Except as set forth on Schedule 4.7, Seller is receiving the Buyer Common Stock issued hereunder for its own account with the present intention of holding such shares of Buyer Common Stock for investment purposes and not with a view to, or for sale in connection with, any distribution. Seller has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of an investment in the shares of Buyer Common Stock issuable hereunder. With the assistance of Seller's own professional advisors, to the extent that Seller has deemed appropriate, Seller has made its own legal, tax, accounting and financial evaluation of the merits and risks of an investment in the Buyer Common Stock. Seller confirms that it is not relying on any communication (written or oral) of Buyer or any of the other Buyer Related Parties, as investment or tax advice or as a recommendation to acquire any Buyer Common Stock. It is understood that information and explanations related to the terms and conditions of the securities provided in this Agreement or otherwise by Buyer or any of the other Buyer Related Parties will not be considered investment or tax advice or a recommendation to acquire the Buyer Common Stock, and that neither Buyer nor any of the other Buyer Related Parties is acting or has acted as an advisor to Seller with respect to its decision to acquire the Buyer Common Stock. Seller has reviewed with its tax advisor the U.S. federal, state, local, foreign and other tax consequences of the transactions contemplated by this Agreement, and Seller acknowledges and agrees that Buyer is not making any representation or warranty as to the U.S. federal, state, local, foreign or other tax consequences to Seller as a result of the Transactions. Seller understands that it will be responsible for its own Tax liability that may arise as a result of the Transactions. In accepting the shares of Buyer Common Stock issuable hereunder, Seller has made its own independent decision that an investment in such shares of Buyer Common Stock is suitable and appropriate for Seller.

4.8 **Restrictions on Transfer or Sale of Securities**.

(a) Seller understands that the shares of Buyer Common Stock issuable hereunder have not been registered under the Securities Act or any state securities laws by reason of specific exemptions under the provisions thereof that depend in part upon the investment intent of Seller and of the other representations made by Seller in this Agreement. Seller understands that Buyer is relying upon the representations and covenants in this Agreement (and any supplemental information) for the purposes of determining whether this transaction meets the requirements for such exemptions.

(b) Seller understands that the shares of Buyer Common Stock issuable hereunder will constitute "restricted securities" under applicable federal securities laws and that the Securities Act and the rules of the SEC provide in substance that Seller may dispose of any such shares of Buyer Common Stock only pursuant to an effective registration under the Securities Act or an exemption therefrom.

(c) Seller acknowledges that the shares of Buyer Common Stock issuable hereunder have not been registered under applicable federal and state securities laws and may not be sold, transferred, offered for sale, pledged, hypothecated or otherwise disposed of unless such

transfer, sale, assignment, pledge, hypothecation or other disposition is registered under applicable federal and state securities laws or is made pursuant to an exemption from registration under any federal or state securities laws.

4.9 **No Review**. Seller understands that no federal or state agency has passed upon the merits of an investment in the shares of Buyer Common Stock issuable hereunder or made any finding or determination concerning the fairness or advisability of such an investment.

4.10 **No Other Representations; Disclaimer**. Notwithstanding anything to the contrary in this Agreement, Seller makes no representation or warranty other than those representations and warranties expressly set forth in this Article IV and Article V (subject to the limitations in this Section 4.10 and in Section 5.33). FURTHER, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS AGREEMENT (AS MODIFIED BY THE DISCLOSURE SCHEDULES), SELLER AND THE COMPANY EXPRESSLY DISCLAIM, ON THEIR BEHALF AND ON BEHALF OF THEIR RESPECTIVE AFFILIATES AND REPRESENTATIVES, (A) ALL OTHER REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, WITH RESPECT TO SUCH PERSONS OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS, INCLUDING WITH RESPECT TO (I) THE DISTRIBUTION OF OR RELIANCE ON ANY INFORMATION, DISCLOSURE OR DOCUMENT OR OTHER MATERIAL MADE AVAILABLE TO BUYER OR ANY OF ITS AFFILIATES OR REPRESENTATIVES IN ANY DATA ROOM, MANAGEMENT PRESENTATION, CONFIDENTIAL INFORMATION MEMORANDUM OR IN ANY OTHER FORM IN EXPECTATION OF, OR IN CONNECTION WITH, THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS, OR OTHERWISE RELATING IN ANY WAY TO THE COMPANY BUSINESS, THE COMPANY ASSETS OR THE INTERESTS OF THE COMPANY, (II) ANY ESTIMATES OF THE VALUE OF THE COMPANY BUSINESS, THE COMPANY ASSETS OR INTERESTS OF THE COMPANY, (III) THE MAINTENANCE, REPAIR, CONDITION, QUALITY, SUITABILITY, DESIGN, MARKETABILITY, PROSPECTS (FINANCIAL OR OTHERWISE) OR RISKS AND OTHER INCIDENTS OF THE COMPANY BUSINESS, THE COMPANY ASSETS OR INTERESTS OF THE COMPANY AND (IV) ANY OTHER DUE DILIGENCE INFORMATION, (B) ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR CONFORMITY TO MODELS OR SAMPLES, AND (C) EXCEPT IN THE CASE OF FRAUD, ALL LIABILITY FOR ANY REPRESENTATION, WARRANTY, PROJECTION, FORECAST, STATEMENT OR INFORMATION MADE AVAILABLE, COMMUNICATED OR FURNISHED (ORALLY OR IN WRITING) TO BUYER OR ANY OF ITS AFFILIATES OR REPRESENTATIVES (INCLUDING OPINION, INFORMATION, PROJECTION OR ADVICE THAT MAY HAVE BEEN PROVIDED TO BUYER OR ANY OF ITS AFFILIATES OR REPRESENTATIVES). EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS AGREEMENT (AS MODIFIED BY THE DISCLOSURE SCHEDULES), THE PARTIES ACKNOWLEDGE AND AGREE THAT BUYER SHALL BE DEEMED TO BE ACQUIRING THE INTERESTS OF THE COMPANY (AND, INDIRECTLY, THE COMPANY ASSETS), IN THEIR PRESENT STATUS, CONDITION AND STATE OF REPAIR, “AS IS,” “WHERE IS” AND “WITH ALL FAULTS.” NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, THE STATEMENTS AND DISCLAIMERS IN THIS SECTION 4.10 SHALL EXPRESSLY SURVIVE THE CLOSING.

ARTICLE V
REPRESENTATIONS AND WARRANTIES RELATED TO THE COMPANY

Seller hereby (x) acknowledges that Buyer is reasonably relying on each of the following representations and warranties in entering into this Agreement and (y) represents and warrants to Buyer that the following representations and warranties are true and correct as of the Closing:

5.1 **Organization; Good Standing**. The Company is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is organized. Seller has delivered to Buyer true, correct and complete copies of the Organizational Documents of the Company, as amended to date and presently in effect.

5.2 **Qualification; Power**. Except as would not have a Company Material Adverse Effect, the Company is duly qualified to do business as a foreign entity and in good standing in each jurisdiction in which the nature of the Company Business as now conducted or the character of the property owned or leased by the Company makes such qualification necessary, which jurisdictions are listed on Schedule 5.2. The Company has all requisite power and authority to own its properties and assets and to carry on its business as currently conducted.

5.3 **Capitalization; Subsidiaries**.

(a) All of the outstanding Interests of the Company (i) have been duly authorized, are validly issued and are fully paid and non-assessable, (ii) have been issued in compliance with all applicable Legal Requirements, including the Securities Act, (iii) were not issued in violation of the Organizational Documents of the Company as in existence at the time of such issuance, or any other agreement, arrangement or commitment to which the Company is a party, and (iv) were not issued in violation of, and are not subject to, any preemptive rights, rights of first refusal, rights of first offer, purchase options, call options or other similar rights of any Person, except as set forth in the Organizational Documents of the Company.

(b) The Company does not directly or indirectly hold Interests in any Person.

(c) There are no outstanding obligations of the Company to provide funds to or make any investment in (in either case, in the form of a loan, capital contribution, purchase of an Interest (whether from the issuer or another Person) or otherwise) any other Person.

(d) There are no Contracts (including options, warrants, convertible securities, calls, puts and preemptive rights) obligating the Company to: (i) issue, sell, pledge, dispose of or encumber any Interests in the Company; (ii) redeem, purchase or acquire in any manner any Interests in the Company; (iii) make any dividend or distribution of any kind with respect to any Interests in the Company; or (iv) enter into any Contract to do any of the foregoing.

(e) There are no outstanding or authorized equity appreciation, phantom equity, profit participation, or similar rights affecting the Interests in the Company. Other than as set forth in the Organizational Documents of the Company, there are no voting trusts, proxies, or other member or similar agreements or understandings with respect to the voting or registration of the Interests in the Company.

(f) The Company does not have outstanding any bonds, debentures, notes or other obligations, the holders of which have the right to vote (or which are convertible into or exercisable for securities having the right to vote) with the equityholders of the Company on any matter.

5.4 **Absence of Changes**. Except as set forth on Schedule 5.4, and as contemplated or provided for in this Agreement since December 31, 2021:

(a) there has not been any Company Material Adverse Effect;

(b) the Company Business has been operated and maintained in the Ordinary Course of Business of the Company;

(c) other than due to ordinary wear and tear or obsolescence, in each case, in the Ordinary Course of Business, there has not been any damage, destruction or loss to any portion of the Company Assets, whether covered by insurance or not, having a replacement cost of more than $100,000 for any single loss;

(d) there has been no merger or consolidation of the Company with any other Person or any acquisition or disposition by the Company of the Interests or business of any other Person or any agreement with respect thereto;

(e) there has been no (i) issuance of any Interests in the Company, (ii) any repurchase or redemption of any Interests in the Company or (iii) split, combination or reclassification of any Interests in the Company;

(f) there has been no declaration or setting aside of any dividend on, or any other distribution with respect to, the Interests in the Company;

(g) there has been no material increase in the compensation or benefits payable or to become payable to any officer, manager, member, director, employee or independent contractor of the Company;

(h) there has been no material payment by the Company to any director, officer, member, partner, equityholder, employee, independent contractor or holder of any Interest in the Company, or any Affiliate of the Company (whether as a loan or otherwise) except regular compensation, customary bonus and customary benefits payments;

(i) the Company has not changed any of its accounting or Tax reporting principles, methods or policies in any material respect;

(j) the Company has not made, changed or rescinded any material election relating to Taxes, amended any Tax Return, surrendered any right to claim a refund of Taxes, entered into any agreement relating to Taxes (including any closing agreement or agreement to extend or waive the statute of limitations with respect to Taxes), settled or compromised any Claim or liability relating to Taxes, or taken any other action, in each case, that has (or could have) the effect of increasing the Tax liability of the Company for any Tax period (or portion thereof) beginning after the Closing Date;

(k) the Company has not failed to promptly pay and discharge current liabilities when due and consistent with past practices except where disputed in good faith by appropriate action or where such current liabilities would not reasonably be expected, individually or in the aggregate, to be material to the Company;

(l) the Company has not mortgaged, pledged or subjected any asset of the Company to any Lien except Permitted Liens, or acquired any assets, in each case, except for assets acquired in the Ordinary Course of Business of the Company and that would not reasonably be expected, individually or in the aggregate, to be material to the Company;

(m) the Company has not discharged or satisfied any Lien, or paid any Liability (fixed or contingent), in each case, except in the Ordinary Course of Business of the Company and that, individually or in the aggregate, would not be material to the Company;

(n) the Company has not canceled or compromised any Debt or Claim or amended, canceled, terminated, relinquished, waived or released any Contract or right, in each case, except in the Ordinary Course of Business of the Company and that would not reasonably be expected, individually or in the aggregate, to be material to the Company;

(o) the Company has not committed to make any capital expenditures or capital additions or betterments in excess of $25,000 individually or $50,000 in the aggregate, which commitments remain outstanding as of the Closing Date;

(p) the Company has not granted any license or sublicense of any rights under or with respect to any Intellectual Property Rights and has not transferred, sold, assigned, permitted to lapse, abandoned, or otherwise disposed of any Intellectual Property Rights except, in each case, non-exclusive licenses granted in the Ordinary Course of Business of the Company involving less than $50,000 in consideration or Off-the-Shelf Software;

(q) the Company has not sold, transferred or assigned any tangible asset of the Company, other than any such sales transfers or assignments in the Ordinary Course of Business of the Company for fair market value and for a purchase price of less than $50,000;

(r) the Company has not delayed the payment of accounts payable past the date when such obligation would have been paid in the Ordinary Course of Business of the Company, or accelerated the collection of accounts receivable in advance of when such receivable would have been collected in the Ordinary Course of Business of the Company, except with respect to delayed payment only, where such delayed payment was disputed in good faith by appropriate action and would not reasonably be expected, individually or in the aggregate, to be material to the Company; and

(s) there is no Contract to do any of the foregoing, except as expressly permitted by this Agreement.

5.5 **Real Property**.

(a) Schedule 5.5(a) lists all real property owned by the Company (the "***Company Owned Real Property***"). The Company owns good, marketable and indefeasible fee simple title to the related Company Owned Real Property, free and clear of all Liens, except Permitted Liens. There are no defaults under any restrictive covenants affecting the Company Owned Real Property, and there is not continuing any event that with the lapse of time or the giving of notice or both would constitute such a default under any such restrictive covenants, in each case, except as would not reasonably be expected, individually or in the aggregate, to be material to the Company. Neither Seller nor the Company nor any of their respective Affiliates has (i) entered into any Contract or agreement to sell, or which grants an option or other right to any third party to purchase; or (ii) leased or otherwise granted to any Person the right to use or occupy, any of the Company Owned Real Property, and to the Knowledge of Seller, the Company Owned Real Property is not subject to any such Contract, lease or other such agreement.

(b) Schedule 5.5(b) lists all leases of real property (and the lands covered thereby) pursuant to which the Company leases real property (together with any and all amendments or supplements thereto, the "***Scheduled Leases***"). A true, correct and complete copy

of each of the Scheduled Leases, as amended to date, has been furnished to Buyer. The Company is the lessee or sublessee under any particular Scheduled Lease and owns the leasehold interest created pursuant to each of the Scheduled Leases free and clear of all Liens other than Permitted Liens. Each Scheduled Lease is in full force and effect and constitutes a binding obligation of the Company, and to the Knowledge of Seller, of the applicable landlord of such Scheduled Lease. There is not, under any such Scheduled Lease, any existing default by the Company, or, to Seller's Knowledge, by the applicable landlord of such Scheduled Lease, in each case, except as would not reasonably be expected, individually or in the aggregate, to be material to the Company. No event has occurred and is continuing that constitutes, or that with the giving of notice or the passage of time or both would constitute, a default by the Company, or the Knowledge of Seller, the applicable landlord of such Scheduled Lease, under any Scheduled Lease, in each case, except as would not reasonably be expected, individually or in the aggregate, to be material to the Company.

(c) The Company Owned Real Property and the Scheduled Leases constitute all of the real property (the "***Real Property***") which is (i) currently used in connection with the ownership and operations of the Company, and (ii) except for leases of real property no longer used in the Company Business, necessary and sufficient for the continued conduct of the business of the Company after the Closing in substantially the same manner as conducted during the 12 months prior to the date hereof. Other than the Company, there is no party in possession of any portion of any Real Property as lessees, subtenants, tenants at sufferance or trespassers. Subject to the terms of the Scheduled Leases, the Company has full right and authority to occupy, use and operate all of the improvements located on the Real Property, subject to applicable Legal Requirements and the Permitted Liens. Solely to the extent such improvements are obligated to be maintained by the Company pursuant to the Scheduled Leases, such improvements are being used, occupied, and maintained in all material respects by the Company in accordance with all applicable easements, Contracts, permits, licenses, insurance requirements, restrictions, building setback lines, covenants and reservations, in each case, except where the failure to use, occupy or maintain such improvements in accordance with the foregoing would not reasonably be expected, individually or in the aggregate, to be material to the Company. Certificates of occupancy and all other material licenses, permits, authorizations, and approvals required by any Governmental Authority having jurisdiction over the Real Property have been issued for the Company's occupancy of each of such improvements and all such certificates, licenses, permits, authorizations and approvals have been paid for and are in full force and effect. No casualty loss has occurred with respect to the improvements located on the Real Property (the "***Facilities***"). There is no pending or, to the Knowledge of Seller, threatened condemnation, eminent domain or similar proceeding or special assessment affecting any of the Real Property, nor has the Company received written, or to the Knowledge of the Company, oral notification that any such proceeding or assessment is being contemplated. Except as set forth on Schedule 5.5(c) or as would not reasonably be expected, individually or in the aggregate, to be material to the Company, the Facilities, including roofs, are in good order and state of repair, are free from material structural and material mechanical defects and, since December 31, 2021, have been used by the Company in the Ordinary Course of Business and remain as of the Closing Date in suitable and adequate condition for such continued use. The Company has not deferred maintenance of the Facilities in contemplation of the Transactions. All of the Real Property has access to public roads without the use of any easement, license or right of way.

(d) The Company has furnished Buyer with true, correct and complete copies of (i) all deeds, leases, title opinions, title encumbrances, title insurance policies and surveys in the possession of the Company that relate to the Real Property, including the deeds, in the case of the Company Owned Real Property, vesting in the Company fee simple title in and to the Company Owned Real Property, together with true, correct and complete copies of all title

insurance policies and the most current survey of the Real Property and the Facilities in the possession or control of the Company, and (ii) all material reports issued since December 31, 2019 of any engineers, environmental consultants or other consultants in the possession of the Company as of the Closing Date relating to any of the Real Property or the Facilities.

(e) All utilities (including water, sewer or septic, gas, electricity, trash removal and telephone service) are available to the Real Property in sufficient quantities and quality to adequately serve, in all material respects, the Real Property in connection with the operation of the Company Business conducted therefrom as such operations are currently conducted thereon.

(f) With respect to all of the Real Property, except as would not have a Company Material Adverse Effect, all buildings, improvements, equipment, facilities, appurtenances and other tangible assets of the Company, including all Facilities: (i) are located within the boundaries of the Real Property, and (ii) do not overlap or encroach upon the real property of any third parties.

(g) Other than the Real Property, the Company does not own, lease or otherwise use or hold for use, nor does the Company have any right or option to acquire, lease or otherwise use or hold for use, any real property or real property interest.

5.6 **Personal Property**.

(a) Schedule 5.6(a) lists each item of equipment, tools, machinery, parts, materials, supplies, furniture, cars, trucks, trailers, cranes, and other rolling stock and each other item of tangible personal property used or held for use by the Company that is subject to a lease (the "***Leased Equipment***").

(b) Unless listed on Schedule 5.6(a), Schedule 5.6(b) lists each item of equipment, tools, machinery, parts, materials, supplies, furniture, cars, trucks, trailers, cranes, and other rolling stock and each other item of tangible personal property used or held for use by the Company in connection with the Company Business having an estimated fair market value or net book value of $50,000 or more (the "***Scheduled Personal Property***").

(c) The Leased Equipment and the Scheduled Personal Property (together, the "***Personal Property***") constitute all of the tangible personal property necessary for the continued ownership, use and operation of the Company Business consistent with the practices of the Company as of the Closing Date, in each case, except as would not reasonably be expected, individually or in the aggregate, to be material to the Company. Except as set forth on Schedule 5.6(c), the Company has good and valid title to or leasehold interest in, as applicable, the Personal Property free and clear of all Liens except Permitted Liens. Except as set forth on Schedule 5.6(c), each item of Personal Property is located on the Real Property or the Facilities, is on location with a customer of the Company in accordance with the records of the Company or is in transit between such customer location and the Real Property or the Facilities in the Ordinary Course of Business. Other than (x) any Personal Property not currently used in the Ordinary Course of Business of the Company and (y) as set forth on Schedule 5.6(c), except as would not reasonably be expected, individually or in the aggregate, to be material to the Company, each item of Personal Property owned by the Company is in good working order and repair (taking its age and ordinary wear and tear into account), has been operated and maintained in the Ordinary Course of Business of the Company and remains in suitable and adequate condition for use consistent with its primary use, in each case, since December 31, 2021 (or later acquisition date). The Company has not deferred material maintenance of any such item in contemplation of the Transactions.

5.7 **Permits**. Schedule 5.7 lists all Permits used or held by the Company in connection with the ownership of the Company Assets and the operation of the Company Business (the "***Scheduled Permits***"), including their respective dates of issuance and expiration. The Company has at all times held, and the Scheduled Permits constitute, all Permits necessary for the continued ownership, use and operation of the Company Assets and the operation of the Company Business as currently conducted, owned, used, occupied and operated or as otherwise required by law, in each case, except as would not reasonably be expected, individually or in the aggregate, to be material to the Company. Except as set forth in Schedule 5.7 or as would not reasonably be expected, individually or in the aggregate, to be material to the Company, the Scheduled Permits are valid and in full force and effect and the Company is not in default, and no condition exists that with notice or lapse of time or both would constitute non-compliance with or a default, under any of the Scheduled Permits. The Company has not received written notice of any proceedings pending or threatened relating to the suspension, revocation, nonrenewal or modification of any Permit which is required for the operation of the Company Business.

5.8 **Contracts**.

(a) Schedule 5.8 identifies each of the following Contracts, and all amendments, restatements, modifications and supplements thereto, to which the Company is a party or by which any of the Company Assets is bound (each such Contract, whether or not identified on Schedule 5.8, a "***Material Contract***"):

(i) any Contract that provides for the payment or potential payment by the Company of more than $50,000 in any consecutive 12-month period or more than $50,000 over the remaining life of such Contract other than a Contract that (A) is terminable by any party thereto by giving notice of termination to the other party or parties thereto not more than 90 days in advance of the proposed termination date and (B) even if so terminable, contains no post-termination payment obligations, termination penalties, buy-back obligations or similar obligations;

(ii) any Contract that constitutes a purchase order relating to the sale, purchase, lease or provision by the Company of goods or services in excess of $50,000 in any 12-month period, which purchase order has not been paid in full as of the Closing Date;

(iii) any Contract whereby the Company grants any Person, or any Person grants the Company, the exclusive right to sell products or provide services within any geographical region other than a Contract that (A) is terminable by any party thereto by giving notice of termination to the other party or parties thereto not more than 90 days in advance of the proposed termination date and (B) even if so terminable, contains no post-termination restrictive covenant obligations, termination penalties, buy-back obligations or similar obligations;

(iv) any Contract that limits or purports to limit the freedom of the Company to compete in any line of business or with any Person or to conduct business in any geographic location;

(v) any Contract executed in the five-year period prior to the date of this Agreement relating to the acquisition or disposition by the Company of the equity or any material portion of the assets of any company or any operating business or Interest of another Person (by asset sale, stock sale, merger or otherwise);

(vi) any Contract relating to the payment of any Tax or the filing of Tax Returns;

(vii) any Contract that was entered into outside of the Ordinary Course of Business of the Company since December 31, 2021;

(viii) any Contract constituting a partnership, joint venture or other similar joint ownership and joint liability agreement;

(ix) any Contract constituting indebtedness for borrowed money, any Contract creating a capital lease obligation, any Contract for the sale or factoring of Receivables, any Contract constituting a guarantee of debt of any other Person or any Contract requiring the Company to maintain the financial position of any other Person;

(x) any Contract under which the Company has made advances or loans to any other Person;

(xi) any outstanding agreements of guaranty, surety or indemnification (other than master services agreements entered into in the Ordinary Course of Business of the Company) direct or indirect, by the Company, in each case where the annual obligations under such agreement (but excluding any contingent obligations for unknown amounts) are more than $50,000;

(xii) any Contract pursuant to which (A) Intellectual Property Rights that are material to the Company Business or involving consideration in excess of $50,000 is licensed to the Company (other than Off-the-Shelf Software) or (B) the Company has granted a right with respect to Intellectual Property Rights that are material to the Company Business or involving consideration in excess of $50,000;

(xiii) each Contract providing for the co-development of any intellectual property, including any intellectual property of any product or service of the Company (the "***Joint Development Agreements***");

(xiv) (A) any Contract that provides for the purchase or sale of real property since December 31, 2019 or (B) the leases to which the Leased Equipment is subject (including any master lease covering multiple items of Leased Equipment);

(xv) any Contract providing for the deferred payment of any purchase price including any "earn out" or other contingent fee arrangement pursuant to which the Company has ongoing payment obligations;

(xvi) any Contract creating a Lien on any of the Company Assets that will not be discharged at or prior to the Closing;

(xvii) any Contract providing for the employment or engagement of any Person on a full-time, part-time, employment, contract, consulting or other basis (other than a Contract that (A) is terminable by any party thereto by giving notice of termination to the other party or parties thereto not more than 60 days in advance of the proposed termination date and (B) even if so terminable, contains no post-termination payment obligations);

(xviii) any Contract relating to an Affiliate Transaction;

(xix) any Contract with any labor union, labor organization, works council, or similar association or other Person representing or purporting or seeking to represent, any employee of the Company or any other individual who provides services to the Company;

(xx) any Contract between the Company and any Governmental Authority or any Contract under which the Company is otherwise directly or indirectly providing goods or services to or for use by a Governmental Authority (each a "***Government Contract***");

(xxi) any Contract involving interest rate swaps, cap or collar agreements, commodity or financial future or option contracts or similar derivative or hedging Contracts;

(xxii) any Contract granting to any Person a right of first refusal, first offer or other right to purchase any of the material assets of the Company;

(xxiii) any Contract containing a "most favored nation" clause or similar provision;

(xxiv) any Contract with any professional employer organization, personnel staffing organization, employee leasing organization or other entity that provides personnel services or other similar employment-related or employee benefit-related services to the Company; and

(xxv) any Contract with a Top Supplier or Top Customer.

(b) True, correct and complete copies (including all amendments, restatements, schedules, exhibits, modifications and supplements) of each written Material Contract have been furnished to Buyer, or, to the extent any of such Material Contracts are oral, Schedule 5.8 contains a description of the material terms thereof. Each Material Contract is in full force and effect, is valid, binding and enforceable in accordance with its terms, and is not subject to any claims, in each case, subject to Creditors' Rights.

(c) No Material Contract has been terminated, and neither the Company nor, to the Knowledge of Seller, any other Person is in breach or default thereunder, in each case, except for breaches or defaults as would not reasonably be expected, individually or in the aggregate, to be material to the Company. No event has occurred that with notice or lapse of time, or both, would constitute a breach or default on the part of the Company or, to the Knowledge of Seller, any other party under any Material Contract, in each case, except for breaches or defaults as would not reasonably be expected, individually or in the aggregate, to be material to the Company. No counterparty to a Material Contract has asserted or has (except by operation of Legal Requirements) any right to offset, discount or otherwise abate any amount owing under any Material Contract except as expressly set forth in such Material Contract. There are no Material Waivers regarding any Material Contract that have not been disclosed in writing to Buyer.

(d) The Company has not received any written notice, nor does Seller have any Knowledge that, a counterparty to any Material Contract is terminating, not renewing, modifying, repudiating or rescinding, or intends to terminate, not renew, modify, repudiate or rescind such Material Contract.

(e) To the Knowledge of Seller, no counterparty to a Material Contract has claimed a force majeure with respect thereto. Since December 31, 2021, there have been no material disputes under any Material Contracts.

5.9 **Intellectual Property**.

(a) Schedule 5.9(a) contains a complete and accurate list of all patents, patent applications, registered trademarks, trademark applications, copyright registrations, copyright applications, and internet domain names owned or purported to be owned by the Company (reflecting, in each case, ownership, where there is co-ownership with a Person other than the Company, filing date, date of issuance, jurisdiction, and registration and application numbers, as applicable) (the "***Registered Intellectual Property***"). Schedule 5.9(a) also contains a true, correct and complete list of all material unregistered trademarks owned or purported to be owned by the Company. The Registered Intellectual Property, together with (i) all other material Intellectual Property Rights owned, or purported to be owned, by the Company (collectively, "***Owned Intellectual Property***") and (ii) all material Intellectual Property Rights used or held for use in the conduct of the Company Business other than the Owned Intellectual Property or Off-the-Shelf Software (all of the foregoing, the "***Company Intellectual Property***") constitute all Intellectual Property Rights necessary for the continued operation of the Company Business consistent with the practices of the Company Business as of the Closing Date.

(b) The Company exclusively owns, or has valid licenses to use, as applicable, all of the Company Intellectual Property currently used or held for use by the Company, free and clear of all Liens, except Permitted Liens. The Owned Intellectual Property is subsisting, valid and, to the Knowledge of Seller, enforceable.

(c) Except as disclosed on Schedule 5.9(c), during the prior three-year period, the Company has not been a party to any judicial or administrative proceeding, suit, action, claim or investigation alleging, nor has the Company been notified in writing of any Claim or allegation of, any infringement, misappropriation, dilution, or other violation of any item of the Company Intellectual Property or in connection with the conduct of the Company Business. There has been no infringement, misappropriation, dilution or other violation (or facts that are reasonably likely to give rise to an infringement, misappropriation, dilution, or other violation) by the Company or the Company Business of any Intellectual Property Rights of other Persons, in each case, except as would not have a Company Material Adverse Effect. To the Knowledge of Seller, there has been no infringement, misappropriation, dilution or other violation or facts that are reasonably likely to give rise to an infringement, misappropriation, dilution or other violation by any other Person of any of the Owned Intellectual Property. No Owned Intellectual Property is subject to any outstanding order, judgment, decree, stipulation or agreement restricting the use thereof by the Company, and the Company is not a party or subject to any settlement agreement involving Intellectual Property Rights.

(d) The Company has taken commercially reasonable measures to protect the confidentiality of the trade secrets and confidential information of the Company with respect to the Company Business. None of the confidential information or trade secrets of the Company relating to the Company Business have been disclosed or provided to anyone except to employees and contractors of the Company that have executed written confidentiality agreements. All employees, contractors and agents of the Company involved in the conception, development, authoring, creation, or reduction to practice of any Intellectual Property Rights for the Company have executed agreements that assign such Intellectual Property Rights to the Company.

(e) Schedule 5.9(e) contains a list of all Proprietary Software, identifying, as applicable, ownership where there is co-ownership and function of Software. Except for non-exclusive licenses granted by the Company to their customers in the Ordinary Course of Business for Proprietary Software in object code format, no Proprietary Software has been delivered, licensed, or made available to any escrow agent or other Person who is not an

employee of the Company. The Company has no duty or obligation to deliver, license, or make available any Proprietary Software to any escrow agent or other Person who is not an employee of the Company. No Proprietary Software is subject to any "copyleft" or other obligation or condition (including any obligation or condition under any "open source" license) that would (i) grant or purport to grant to any Person any rights to or immunities under any of the Owned Intellectual Property; (ii) require or condition the use or distribution of any product or service of the Company or any such Proprietary Software on the disclosure, licensing, or distribution of any source code for any portion of such Proprietary Software; or (iii) otherwise impose any limitation, restriction, or condition on the right or ability of the Company to use or distribute any Proprietary Software or any product or service of the Company.

(f) No funding, facilities, or personnel of any Governmental Authority or university, college, research institute, or other educational institute (a "***Research Institution***") were used to develop or create, in whole or in part, any material Owned Intellectual Property. To the Knowledge of Seller, no current or former employee, consultant or contractor of the Company that contributed to the creation or development of any Owned Intellectual Property has performed any services for any Governmental Authority or any Research Institution during a period of time during which such employee, consultant or contractor was also performing services for the Company.

(g) Except as set forth in the Joint Development Agreements listed in Schedule 5.8(a)(xiii) the Company has not at any time entered into an agreement with another Person to collaborate or work with any Person or on behalf of any Person to jointly conceive, reduce to practice, develop, create, modify or improve any intellectual property material to the Company Business. Except as set forth on Schedule 5.9(g), the Company has not at any time collaborated or worked with any Person to jointly conceive, reduce to practice, develop, create, modify or improve any intellectual property or to jointly create any other work under any of the Joint Development Agreements. Except as set forth on Schedule 5.9(g), the Company exclusively owns any of the intellectual property conceived, reduced to practice, developed, created, modified or improved by any Person in connection with work performed under the Joint Development Agreements.

(h) Except as set forth on Schedule 5.9(h), all statutory obligations, all document filings, and all fees, annuities and other payments which are due on or before the Closing Date for the registration, maintenance, extension or renewal of any of the Registered Intellectual Property, have been met or paid in full, and all necessary documents and certificates in connection with Registered Intellectual Property have been filed with the relevant patent, copyright, trademark or other authorities in the United States and foreign jurisdictions, as the case may be, for the purposes of maintaining Registered Intellectual Property. To the Knowledge of Seller, there are no actions that must be taken by the Company within 30 days of the Closing Date for the purposes of maintaining, perfecting, preserving or renewing any Registered Intellectual Property, including the payment of any registration, issue, examination, maintenance or renewal fees or annuities or the filing of any documents, applications or certificates.

(i) Except as set forth on Schedule 5.9(i), the Company owns, leases or licenses all computer systems that are necessary for the operations of the Company Business as currently conducted. Since December 31, 2019, there has been no failure, material substandard performance or breach of any computer systems of the Company or its contractors that has caused any material disruption to the Company Business or resulted in any unauthorized disclosure of or access to any data owned, collected or controlled by the Company. The Company maintains commercially reasonable data backup and data recovery procedures, and, as applicable, takes commercially reasonable steps to implement such procedures. The Company takes commercially reasonable actions designed to protect the integrity and security of its

computer systems and the software information stored thereon. To the Knowledge of Seller, the computer systems (excluding any Off-the-Shelf Software) do not contain any "back door," "time bomb," "Trojan horse," "worm," "drop dead device," "virus" (as these terms are commonly used in the computer software industry), or other software routines or hardware components intentionally designed to permit (i) unauthorized access to a computer or network, (ii) unauthorized disablement or erasure of software, hardware or data, or (iii) any other similar type of unauthorized activities. The Company has taken commercially reasonable technical, administrative, and physical measures to protect the integrity and security of the computer systems and the data stored thereon from unauthorized use, access or modification by third parties.

(j) The Company has complied in all material respects with all Contracts, standards, privacy policies, laws and regulations applicable to the Company regarding the collection, use, processing, disclosure or retention of Personal Information, including any such data privacy laws, industry security standards (e.g., Payment Card Industry Data Security Standards), or consumer protection laws, or agreements with third parties, in every jurisdiction where (i) the Company operates or (ii) residents of such jurisdiction have provided Personal Information to the Company. The Company has not provided or been legally required to provide any notices to data owners or Governmental Authorities in connection with any unauthorized access, use or disclosure of Personal Information. The Company has commercially reasonable physical, technical, organizational and administrative security measures and policies in place to protect all Personal Information collected or possessed by it or on its behalf from and against unauthorized access, use or disclosure. The Company has not provided or been legally required to provide any notices to data owners or Governmental Authorities in connection with any unauthorized access, use or disclosure of Personal Information.

5.10 **Accounts Receivable and Accounts Payable**.

(a) Except as disclosed on Schedule 5.10(a), each of the Receivables arose in the Ordinary Course of Business of the Company, is reflected in accordance with GAAP on the Books and Records, is current and collectible and represents the genuine, bona fide, valid and legally enforceable obligation of the account debtor (subject only to Creditors' Rights) and no contra account, set-off, defense, counterclaim, allowance or adjustment (other than discounts for prompt payment shown on the invoice or permitted pursuant to the applicable Contract) has been asserted or, to the Knowledge of Seller, is threatened by any of the account debtors of such Receivables. Any reserve for bad debts shown on the Financial Statements or, with respect to accounts receivable arising after the date of the Interim Balance Sheet, on the accounting records of the Company have been determined in accordance with GAAP. The Company has good and valid title to the Receivables free and clear of all Liens except Permitted Liens and no agreement for deduction, free services or goods, discounts or other deferred price or quantity adjustments will have been made with respect to such Receivables. No goods or services, the sale or provision of which gave rise to any Receivables, have been returned or rejected to the Company by any account debtor or lost or damaged prior to receipt thereby. The Company has not written off any Receivables as uncollectible in excess of the reserves for uncollected Receivables reflected on the Financial Statements.

(b) All accounts payable of the Company (i) reflected in the Financial Statements have been paid and are the result of bona fide transactions in the Ordinary Course of Business of the Company and (ii) arising after the date of the Financial Statements are the result of bona fide transactions in the Ordinary Course of Business of the Company and are not yet due and payable.

5.11 **Brokers' Fees; Expenses**.

(a) Except as set forth on Schedule 5.11(a), neither the Company nor any of its Affiliates has any Liability to pay any fees or commissions to any broker, finder, or agent with respect of the Transactions for which Buyer or its Affiliates (including the Company after the Closing) could become liable or obligated. For the avoidance of doubt, any liabilities to pay any fees or commissions to any brokers, finders, or agents with respect of the Transactions for which Buyer or its Affiliates (including the Company after the Closing) could become liable or obligated, will be the responsibility of Seller.

(b) Other than the Transaction Costs paid in accordance with Section 2.2 the Company does not have any Liability to pay any fees or expenses of attorneys, investment bankers, accountants or other advisors or service providers in connection with the Transactions or the proposed sale or merger of the Company in general; and, to the Knowledge of Seller, there is no basis for any action, suit, proceeding, hearing, investigation, charge, complaint, Claim or demand against the Company or any of its Affiliates giving rise to Liability associated therewith.

5.12 **Financial Statements**.

(a) Attached hereto as Schedule 5.12(a) are copies of (i) the audited consolidated balance sheets of Seller and its Subsidiaries at December 31, 2021 and December 31, 2020 and the related audited consolidated statements of income, stockholders' equity and cash flows for the year then ended (collectively, the "***Annual Financial Statements***"), and (ii) the unaudited consolidated balance sheet of Seller and its Subsidiaries as of December 31, 2022 (the "***Interim Balance Sheet***") and the related unaudited consolidated statements of income, stockholders' equity and cash flows for the 12-month period then ended (together with the Interim Balance Sheet, the "***Interim Financial Statements***"). The Annual Financial Statements and the Interim Financial Statements are referred to collectively as the "***Financial Statements***." Except as set forth on Schedule 5.12(a), the Financial Statements (including any related notes thereto) (i) have been prepared in accordance with GAAP, consistently applied throughout the periods covered thereby, except as otherwise noted therein, (ii) fairly present, in all material respects, the assets, liabilities, financial condition and results of operations of the Company as of the respective dates thereof and for the respective periods covered thereby, subject, however, in the case of the Interim Financial Statements, to normal and recurring non-material year-end audit adjustments and accruals (which adjustments and accruals are not material in the aggregate) and to the absence of notes and other textual disclosure required by GAAP (that, if presented, would not differ materially from those presented in the Annual Financial Statements), and (iii) are correct and complete in all material respects, and are consistent with the Books and Records. As of December 31, 2022, the assets and properties of the Company represent all or substantially all of the assets and properties of Seller.

(b) The Company has not assumed, guaranteed, endorsed or otherwise become directly or contingently liable on or for any Debt of any other Person, in each case other than endorsement of checks in ordinary care.

(c) The Company has not entered into any transactions involving the use of special purpose entities for any off balance sheet activity other than as specifically described in the Financial Statements. The Financial Statements were derived from the Books and Records, and the Company maintains a system of internal controls and procedures over financial reporting that is sufficient to provide reasonable assurance (i) that transactions are recorded as necessary in order to permit preparation of financial statements in accordance with GAAP, (ii) that pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the Company Assets, and (iii) regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company Assets that could have a material effect on the Financial Statements. The Company has not, in the last three years, identified or

been made aware in writing of (i) any illegal act, fraud or corporate misappropriation, whether or not material, that involves any employee or member of management of the Company, (ii) any material weakness or significant deficiency in the design or operation of internal controls and procedures over financial reporting of the Company, or (iii) any Claim or allegation regarding any of the foregoing.

5.13 **No Undisclosed Liabilities**. The Company has no Liability (and, to the Knowledge of Seller, there is no basis for any present or future action, suit, proceeding, hearing, investigation, charge, complaint, Claim or demand against the Company giving rise to any such Liability), other than (a) Liabilities specifically accrued for or reflected or reserved against in the Interim Balance Sheet, (b) Liabilities which have arisen after the date of the Interim Balance Sheet in the Ordinary Course of Business of the Company (none of which results from, arises out of, relates to, is in the nature of, or was caused by any breach of contract, breach of warranty, tort, infringement, or violation of Legal Requirements), (c) Liabilities arising under the Transaction Documents or otherwise in connection with the consummation of the Transactions, (d) Liabilities that would not reasonably be expected, individually or in the aggregate, to be material to the Company or (e) liabilities set forth on Schedule 5.13.

5.14 **Taxes**. Except as set forth on Schedule 5.14:

(a) All Tax Returns required to be filed by or with respect to the Company have been duly and timely filed with the appropriate Governmental Authority, and each such Tax Return is true, correct and complete in all material respects.

(b) All Taxes required to be paid by the Company (or for which the Company may be liable) have been timely paid in full, whether disputed or not, and whether or not shown on any Tax Return.

(c) All Tax withholding and deposit obligations imposed on or with respect to the Company or its employees (or for which the Company may otherwise be liable) have been satisfied in full.

(d) There are no Liens (other than Permitted Liens for current period Taxes which are not yet due and payable) on any of the Company Assets or the Equity Interests that are attributable to any Tax liability.

(e) There are no Claims pending against the Company for any unpaid Taxes, and no assessment, deficiency or adjustment with respect to Taxes has been asserted, or proposed or threatened in writing, with respect to the Company.

(f) No Tax audits or administrative or judicial proceedings are being conducted, are pending or have been threatened in writing with respect to the Company.

(g) True, correct and complete copies of all income, franchise and all other material Tax Returns filed by the Company during the past three years, and all material correspondence between the Company and a Governmental Authority relating to such Tax Returns or Taxes due have been made available to Buyer.

(h) There are no agreements, waivers or other arrangements in force or effect providing for an extension of time for the assessment or collection of any Tax of or with respect to the Company.

(i) The Company is not a party to or bound by any Tax allocation, sharing, or indemnity agreement or arrangement with any Person. The Company (i) has not ever been a member of any Consolidated Group (other than a Seller Consolidated Group) and (ii) has no liability for the Taxes of any Person under Treasury Regulations § 1.1502-6 (or any corresponding provisions of U.S. state or local or non-U.S. law), as a transferee or successor, by Contract, or otherwise.

(j) No Claim has ever been made by a Governmental Authority in a jurisdiction in which the Company does not file Tax Returns or pay Taxes that the Company is or may be required to file a Tax Return or pay Taxes in that jurisdiction.

(k) The unpaid Taxes of the Company did not: (i) as of the date of the Interim Balance Sheet, materially exceed the accruals and reserves for Taxes (excluding accruals and reserves for deferred Taxes established to reflect timing differences between book income and Tax income) set forth on the face of the Interim Balance Sheet (and not in any notes thereto) and (ii) as of the Closing Date, materially exceed the accruals and reserves for Taxes (excluding accruals and reserves for deferred Taxes established to reflect timing differences between book income and Tax income) set forth on the face of the Estimated Closing Statement.

(l) The Company will not be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any: (i) change in method of accounting for a taxable period ending on or prior to the Closing Date; (ii) "closing agreement" as described in Section 7121 of the Code (or any corresponding or similar provision of U.S. state or local or non-U.S. law) executed on or prior to the Closing Date; (iii) intercompany transaction or any excess loss account described in Treasury Regulations under Section 1502 of the Code (or any corresponding or similar provision of U.S. state or local or non-U.S. law) entered into or created on or prior to the Closing Date; (iv) installment sale or open transaction disposition made on or prior to the Closing Date; (v) cash method of accounting or long-term contract method of accounting utilized prior to the Closing Date; or (vi) prepaid amount received on or prior to the Closing Date.

(m) The Company has not entered into any agreement or arrangement with any Governmental Authority that requires the Company to take any action or to refrain from taking any action in order to secure Tax benefits not otherwise available. The Company is not a party to any agreement with any Governmental Authority that would be terminated or adversely affected as a result of the Transactions.

(n) Neither the Company nor any predecessor thereof has participated (within the meaning of Treasury Regulations § 1.6011-4(c)(3)) or engaged in any "reportable transaction" within the meaning of Treasury Regulations § 1.6011-4(b) (and all relevant predecessor regulations) or similar provision of U.S. state or local or non-U.S. law.

(o) The Company has no material property or obligation, including uncashed checks to vendors, customers, or employees, non-refunded overpayments, or unclaimed subscription balances, that is escheatable or reportable as unclaimed property to any state or municipality under any applicable escheatment or unclaimed property laws.

(p) No power of attorney that is currently in force has been granted with respect to any matter relating to Taxes that could affect the Company.

(q) All of the Company Assets have been properly listed and described on the property Tax rolls for the Tax units in which the Company Assets are located, and no portion of the Company Assets constitutes omitted property for property Tax purposes.

(r) None of the Company Assets consists, or has ever consisted of, any interest in any entity that is treated for U.S. federal (or any applicable U.S. state or local) income tax purposes as a partnership or is, or has ever been, subject to any tax partnership agreement or otherwise treated, or required to be treated, as held in an arrangement requiring a partnership income Tax Return to be filed under Subchapter K of Chapter 1 of Subtitle A of the Code.

(s) None of the Company Assets consists, or has ever consisted of, any interest in any corporation or other entity treated under any applicable Tax law as a corporation.

(t) The Company is, and has been since the date of its formation, properly treated as an entity disregarded as separate from its Tax owner for U.S. federal (and applicable U.S. state and local) income tax purposes.

(u) The Company is in full compliance with all terms and conditions of any Tax exemption, Tax holiday or other Tax reduction agreement or order of a taxing authority, and the consummation of the Transactions will not have any adverse effect on the continued validity and effectiveness of any such Tax exemption, Tax holiday or other Tax reduction agreement or order.

(v) The Company has not, pursuant to the CARES Act (or the presidential memorandum regarding Deferring Payroll Tax Obligations in Light of the Ongoing COVID-19 Disaster signed on August 8, 2020 or IRS Notice 2020-65), deferred any "applicable employment taxes" (as defined in Section 2301(c)(1) of the CARES Act).

(w) The Company does not own, directly, indirectly or constructively, any interest in (A) a "controlled foreign corporation" as defined under Section 957 of the Code, or (B) a "passive foreign investment company" as defined under Section 1297 of the Code.

(x) The Company is not subject to Tax in any jurisdiction, other than the country in which it is organized, by virtue of having, or being deemed to have, a permanent establishment, fixed place of business or similar presence. All payments by, to or among the Company and any of its Affiliates comply with all applicable transfer pricing requirements imposed by any Governmental Authority.

5.15 **Inventory**. The Company owns its inventory free and clear of all Liens except Permitted Liens. Except as disclosed on Schedule 5.15, none of such inventory is covered by any financing statements except those filed in connection with Permitted Liens. Except as disclosed on Schedule 5.15, such inventory was acquired for sale in the Ordinary Course of Business of the Company and is in good and saleable condition and is not obsolete or damaged, except to the extent reflected in reserves set forth in the Interim Balance Sheet. None of such inventory is subject to any consignment, bailment, warehousing or similar arrangement. Since December 31, 2021, the Company has purchased and replaced inventory in the Ordinary Course of Business of the Company.

5.16 **Litigation**. Except as set forth in Schedule 5.16 or as would not reasonably be expected, individually or in the aggregate, to be material to the Company, there are, and at all times during the past three years there have been, no actions, suits or proceedings pending or, to the Knowledge of Seller, threatened at law or in equity, or before or by any Governmental Authority or before any arbitrator of any kind, against the Company or any of its current or

former officers, directors, managers, members, employees or service providers, and there are no facts or circumstances that would reasonably be expected to result in any material claims against, with respect to, or in connection with, the Company that would have a Company Material Adverse Effect, and the Company is not subject to any outstanding judgment, order or decree of any Governmental Authority or arbitrator.

5.17 **Product and Service Warranty**.

(a) Except as set forth on Schedule 5.17(a), the Company is not subject to provisions with respect to liquidated damages in any Contract with a Top Customer. Schedule 5.17(a) identifies any warranty claim asserted during the three-year period prior to the Closing Date from which the Company has incurred costs in excess of $50,000, individually or in the aggregate. All material Claims, whether in contract or tort, for defective or allegedly defective products or workmanship that are pending or, to the Knowledge of Seller, threatened against the Company are listed or described on Schedule 5.17(a). As of the date hereof, there are no material Claims pending or, to the Knowledge of Seller, threatened, involving (i) a service provided or a product designed, manufactured, serviced, produced, modified, distributed, or sold by or on behalf of the Company relating to an alleged defect in design, manufacture, materials or workmanship, performance, or alleged failure to warn, or an alleged breach of any guarantee or representation or warranty or (ii) other than in the Ordinary Course of Business, any return or replacement of a product sold by the Company (whether or not defective).

(b) Except as set forth on Schedule 5.17(b), other than in the event of gross negligence or willful misconduct of the Company, the Company is not required to indemnify any Top Customer, such Top Customer's employees, such Top Customer's contractors, or such Top Customer's contractors' employees (with respect to each Top Customer, collectively, "***Top Customer Group***") from any claim brought by or on behalf of any member of such Top Customer Group alleging personal injury, bodily injury, illness, or death of any member of such Top Customer Group, or that results from physical damage, loss, or loss of use of any tangible property of Top Customer Group, and which arises out of, relates to, or is connected with the work performed by the Company for such Top Customer.

(c) Except as set forth on Schedule 5.17(c) and as relates to any sub-rentals for equipment, each sub-contractor engaged by the Company to provide services to any customer for consideration in excess of $50,000 has (i) assumed from the Company all of the Liabilities that the Company has assumed from the customer in the underlying service Contract that relate to the work to be performed by the sub-contractor or (ii) agreed to indemnify, hold harmless and defend the Company from all Liabilities in the underlying service Contract that relate to the work to be performed by the sub-contractor to the same extent the Company is obligated to the customer in respect thereof.

5.18 **Employees; Employee Relations**.

(a) Schedule 5.18(a) identifies for the Company the following:

(i) for each employee who provides services to the Company, his or her (A) name or unique identifier, job title, employing entity, job location, original hire date, service date, bonus, if any, paid or payable for the calendar year 2022, and status as exempt or non-exempt under the Fair Labor Standards Act ("***FLSA***"), (B) current annualized salary (or hourly wage rate, as applicable) and bonus or incentive compensation for which the employee is eligible, (C) accrued, unused vacation amounts, (D) leave status (including type of leave, leave start date and expected return date, if known), and (E) details of any applicable visa (including type of visa, dates of validity, and sponsoring entity) or other work permit;

(ii) all presently outstanding loans and advances (other than routine travel advances to be repaid or formally accounted for within 60 days) made by the Company to, or made to the Company by, any manager, director, officer, employee or contractor of the Company; and

(iii) the name and, if applicable, the entity through which he or she provides services, general description of services performed, compensation and service terms of any individual currently engaged to provide services to the Company as an independent contractor. The individuals set forth on Schedule 5.18(a) represent the entirety of the individuals whose employment or engagement principally involves providing services to or for the Company.

(b) Except to the extent (x) owed in connection with the Transactions or (y) accrued as a current liability on the Interim Balance Sheet, to the Knowledge of Seller, all wages, bonuses and other compensation, if any, due and payable as of the Closing Date to all present and former employees and contractors of the Company have been paid in full to such employees and contractors prior to the Closing. The compensation and benefits (including vacation and other paid time off benefits) paid, payable or provided with respect to all employees and contractors of the Company have been reflected in the Financial Statements for the periods covered thereby. Except as set forth on Schedule 5.18(a), as of the Closing Date, no current employee of the Company is receiving disability benefits or is in an elimination or other waiting period with respect to his or her receipt of disability benefits.

(c) The Company is not a party to, nor, since December 31, 2019, has it been bound by, the terms of any labor or collective bargaining agreement or any other Contract with any labor union, labor organization, works council, or other representative of employees, and no such agreements are being negotiated. There are no material labor disputes existing or, to the Knowledge of Seller, threatened involving, by way of example, strikes, work stoppages, slowdowns, picketing, and the Company has not experienced any material labor difficulties during the last three years. No material unfair labor practice charge, grievance, complaint, or other legal action arising out of any collective bargaining agreement or employment or labor relationship with the Company exists or, to the Knowledge of Seller, is threatened. No employee of the Company is represented by any labor union, labor organization, works council, or other representative of employees.

(d) Except as set forth on Schedule 5.18(d), (i) there are, and at all times during the past three years there have been, no proceedings, charges, actions, or suits pending at law or in equity, or before or by any Governmental Authority or before any arbitrator of any kind with respect to the Company under any Legal Requirements affecting or relating to the employment relationship, and, to the Knowledge of Seller, no proceedings, charges, actions, suits, complaints, grievances, investigations, audits or similar actions are threatened under any such Legal Requirements and no facts, events, conditions or circumstances exist which would reasonably be expected to give rise to any such material proceedings, charges, actions, suits, complaints, grievances, investigations or similar actions, (ii) the Company is not and, during the last three years, has not been subject to any order, settlement or consent decree with any present or former employee, employee representative or other Person, including any Governmental Authority, relating to Claims of discrimination or other claims in respect of employment or labor practices and policies (including practices relating to discrimination, retaliation, wage payments, overtime payments, recordkeeping, employee classification, occupational health and safety, whistleblowing, retaliation and immigration) and (iii) no Governmental Authority has, during the last three years, issued a judgment, order, decree or finding with respect to the labor and employment practices (including practices relating to discrimination, retaliation, wage payments, overtime payments, recordkeeping, employee and contractor classification, occupational health

and safety, whistleblowing, retaliation and immigration) of the Company. The Company has promptly, thoroughly, and impartially investigated all sexual harassment, or other discrimination, retaliation, or policy violation allegations of which the Company is aware. With respect to each such allegation with potential merit, the Company has taken prompt corrective action that is reasonably calculated to prevent further improper action. The Company is not a federal government contractor or subcontractor or subject to the requirements of Executive Order 11246.

(e) The Company is and has during the last three years been in compliance in all material respects with all applicable Legal Requirements relating to labor, employment and employment practices, including employment and employment practices, terms and conditions of employment, wages and hours, overtime payments, FLSA, recordkeeping, employee classification, non-discrimination, employee leave, payroll documents, record retention, equal employment opportunity, immigration, occupational health and safety, termination or discharge, whistleblowing, retaliation, collective bargaining, and the Company is not in violation of any Legal Requirements concerning engagement of independent contractors, other than as would not reasonably be expected, individually or in the aggregate, to be material to the Company. Each employee of the Company is authorized to work in each jurisdiction in which he or she performs services for the Company.

(f) There has not been a "mass layoff" or "plant closing" (as defined by the Worker Adjustment and Retraining Notification Act of 1988 and any similar state, local or foreign Legal Requirement) with respect to the Company at any time within the six months preceding the Closing Date.

5.19 **Employee Benefit Matters**.

(a) Schedule 5.19(a) includes a true, correct and complete list of each of the following (collectively referred to as the "***Plans***" and individually referred to as a "***Plan***") that is sponsored, maintained or contributed to or by the Company or for which the Company could have any liability (actual or contingent), or has, within the past six years, been sponsored or maintained or contributed to by the Company for which the Company could have any liability (actual or contingent):

(i) each "employee benefit plan," as such term is defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("***ERISA***"), (including employee benefit plans, such as foreign plans, which are not subject to the provisions of ERISA); and

(ii) each equity option plan, equity appreciation rights plan, restricted equity plan, phantom equity plan, equity based compensation arrangement, policy or program, collective bargaining agreement, bonus plan or arrangement, incentive award plan or arrangement, vacation policy, severance pay plan, policy or agreement, deferred compensation agreement or arrangement, employee loan, executive compensation or supplemental income arrangement, change in control or transaction bonus plan or agreement, consulting agreement, employment agreement and each other employee benefit plan, agreement, arrangement or program which is not described in Section 5.19(a)(i).

(b) Seller has furnished to Buyer true, correct and complete copies of each of the Plans set forth on Schedule 5.19(a), and related trusts and services agreements, if applicable, including all amendments thereto. Seller has also furnished to Buyer, with respect to each Plan set forth on Schedule 5.19(a) and to the extent applicable: (i) the three most recent Forms 5500 annual returns/reports filed with the Department of Labor and all schedules thereto, (ii) the most recent summary plan description (including all summaries of material modification thereto), (iii)

the most recent actuarial report or valuation required to be prepared under applicable Legal Requirements, (iv) copies of all material, non-routine notices, letters or other correspondence from any Governmental Authority during the past three years, and (v) Forms 1094-C and 1095-C for the three previous calendar years.

(c) Neither the Company nor any ERISA Affiliates of the Company contributes to nor has any obligation to contribute to, or has, within the past six years, contributed to or had an obligation to contribute to, and no Plan is (i) a multiemployer plan within the meaning of Section 3(37) of ERISA that is subject to Title IV of ERISA, (ii) a defined benefit plan within the meaning of Section 3(35) of ERISA or a plan subject to Title IV of ERISA, Section 302 of ERISA or Section 412 of the Code or (iii) a multiple employer welfare arrangement within the meaning of Section 3(40) of ERISA or a multiple employer plan within the meaning of Section 413(c) of the Code or Section 210 of ERISA. Except as provided on Schedule 5.19(a), no Plan is funded through a trust that is intended to be exempt from federal income taxation pursuant to Section 501(c)(9) of the Code.

(d) Except as set forth on Schedule 5.19(d):

(i) (A) each Plan has been operated and administered in compliance in all material respects with its governing documents and applicable Legal Requirements, and (B) each Plan that could be a "nonqualified deferred compensation" arrangement under Section 409A of the Code is in compliance in all material respects with such Section or an exemption therefrom, and no service provider is entitled to a Tax gross-up or similar payment for any Tax or interest that may be due under such Section;

(ii) Each Plan that is intended to be qualified under Section 401(a) of the Code is so qualified and is the subject of a favorable determination, advisory or opinion letter as to its qualification upon which the Company can rely and, to the Knowledge of Seller, no event has occurred or circumstances exist that would reasonably be expected to result in the loss of the tax-qualified status of any such Plan or the tax-exempt status of a related trust;

(iii) there are no Claims pending (other than routine claims for benefits) or, to the Knowledge of Seller, threatened against, or with respect to, any of the Plans or their assets;

(iv) all contributions required to be made to the Plans pursuant to their terms and provisions or pursuant to applicable Legal Requirements have been timely made in all material respects;

(v) no act, omission or transaction has occurred which, to the Knowledge of Seller, would reasonably be expected to result in imposition on the Company, directly or indirectly, of (A) breach of fiduciary duty liability damages under Section 409 of ERISA, (B) a penalty assessed pursuant to Section 502 of ERISA or (C) a Tax imposed pursuant to Chapter 43 of Subtitle D of the Code;

(vi) to the Knowledge of Seller, there is no matter pending with respect to any of the Plans before any Governmental Authority; and

(vii) the execution and delivery of this Agreement and the consummation of the Transactions will not (A) require the Company to make a larger contribution to, or pay greater compensation, payments or benefits under, any Plan than they otherwise would, whether or not some other subsequent action or event would be required to

cause such payment or provision to be triggered, or (B) create or give rise to any additional vested rights or service credits under any Plan.

(e) In connection with the consummation of the Transactions, no payments of money or property, acceleration of benefits, or provisions of other rights have or will be made under this Agreement, under any agreement, plan or other program contemplated in this Agreement or under the Plans which could result in imposition of the sanctions imposed under Sections 280G and 4999 of the Code, whether or not some other subsequent action or event would be required to cause such payment, acceleration or provision to be triggered, as determined without regard to any arrangements entered into prior to Closing at the direction of Buyer or any of its Affiliates or between Buyer and its Affiliates, on the one hand, and a "disqualified individual" (within the meaning of Section 280G) on the other hand.

(f) Except to the extent required pursuant to Section 4980B(f) of the Code and the corresponding provisions of ERISA or similar state Legal Requirements, no Plan provides retiree medical or retiree life insurance benefits to any Person, and the Company is not contractually or otherwise obligated (whether or not in writing) to provide any Person with life insurance or medical benefits upon retirement or termination of employment.

(g) Each Plan that is a "group health plan" within the meaning of Section 733(a)(1) of ERISA is currently and has been in compliance with the Patient Protection and Affordable Care Act, Pub. L. No. 111-148 ("***PPACA***"), the Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-152 ("***HCERA***"), and all regulations and guidance issued thereunder (collectively, with PPACA and HCERA, the "***Healthcare Reform Laws***"). No event has occurred, and no condition or circumstance exists, that could reasonably be expected to subject the Company or any Plan to any material penalties or excise taxes under Sections 4980B, 4980D, 4980H, 6721 or 6722 of the Code or any other provision of the Healthcare Reform Laws (including with respect to the reporting requirements under Sections 6055 and 6056 of the Code, as applicable).

5.20 **Environmental Matters**.

(a) Except as set forth on Schedule 5.20(a), the Company Business is and, for the last three years, has been in material compliance with all Environmental Laws and Environmental Authorizations and, to the Knowledge of Seller, no facts, events, circumstances or conditions exist that would reasonably be expected to materially adversely affect such continued compliance with Environmental Laws and Environmental Authorizations or require currently unbudgeted material capital expenditures to achieve or maintain such continued compliance with Environmental Laws and Environmental Authorizations.

(b) Except as set forth on Schedule 5.20(b), (i) all Environmental Authorizations required for operating the Company Business as it is currently being operated have been obtained, and are currently in full force and effect; and (ii) the Company has not received any written notice that there are, or to the Knowledge of Seller, may exist, any facts, events, conditions or circumstances pursuant to which, any such Environmental Authorization will be revoked or adversely modified or any renewal of any existing Environmental Authorization will be denied.

(c) Except as set forth on Schedule 5.20(c), there are no Claims pending or, to the Knowledge of Seller, threatened under any Environmental Law against the Company or the Company Business, and the Company has not received written notice from any Governmental Authority or other Person, in each case, alleging a material violation of, material non-compliance

with, or material liability (including any remedial, investigative, or corrective action liability) under, any Environmental Law with respect to the Company Business or the Company Assets.

(d) Except as set forth on Schedule 5.20(d), the Company has not provided nor is subject to an outstanding indemnity with respect to any material liability of any other Person arising under Environmental Laws, except in the Ordinary Course of Business of the Company.

(e) Except as set forth on Schedule 5.20(e), there has been no Release of Hazardous Materials at, on, under or from any Company Assets by the Company or arising in connection with the Company Business, or to the Knowledge of Seller, the operations of any predecessor for which any investigatory, remedial, monitoring or restoration actions required by any Governmental Authority under Environmental Laws have not been performed and completed to the satisfaction of such Governmental Authority and in material compliance with applicable Environmental Laws.

(f) Except as set forth on Schedule 5.20(f), the Company has not received any written notice asserting an alleged material Liability related to the Company Assets under any Environmental Law with respect to investigatory, remedial, monitoring, or restoration actions at any real properties, in each case, other than the real properties included among the Company Assets to which the Company transported or disposed or arranged for the transport or disposal of any Hazardous Materials and, to the Knowledge of Seller, there are no facts, events, circumstances or conditions that would reasonably be expected to result in the receipt of such notice.

(g) Except as set forth on Schedule 5.20(g), there are no underground storage tanks (i) currently, or to the Knowledge of Seller, formerly used by the Company in the operation of the Company Business in the Ordinary Course of Business and (ii) to the Knowledge of Seller, formerly operated by any predecessor upon the Company Assets which have since been permanently removed from service.

(h) Except as set forth on Schedule 5.20(h), Seller has furnished to Buyer complete and accurate copies of all material environmental audits, assessments, reports, studies, analyses and material correspondence for the three year period prior to Closing (including any alleged material non-compliance with any Environmental Law, or any alleged exposure, Release or threatened Release of Hazardous Materials in violation of Environmental Law) that are in Seller's or the Company's possession or control and relating to the Company's ownership or operation of the Company Business or the Company Assets.

5.21 **Powers of Attorney**. Except as disclosed on Schedule 5.21, the Company has not given any revocable or irrevocable powers of attorney or similar grant of authority to any Person relating to its business for any purpose whatsoever.

5.22 **Insurance**. Schedule 5.22 sets forth a true, correct and complete list of all policies, binders, and insurance contracts under which the Company, the Company Business or any of the Company Assets is insured (the "***Insurance Policies***"). The Company has not received any written notice of pending cancellation of, premium increase with respect to, or material alteration of coverage under, any of such Insurance Policies. All such Insurance Policies are in full force and effect and binding in accordance with their terms and all premiums due and payable thereon have been fully paid. The Company maintains, and has maintained at all times since December 31, 2019, insurance against Liabilities, Claims, and risks of a nature and in such amounts as are normal and customary for comparable entities in the industry, and the Company is, and has been, in material compliance with all insurance requirements under applicable Legal

Requirements and any Contracts. The Company has not received written, or to the Knowledge of Seller, oral notice of cancellation, non-renewal, disallowance or reduction in coverage with respect to any Insurance Policy. There are currently no Claims pending under any Insurance Policy as to which coverage has been denied or disputed by the insurers of such policies and, to the Knowledge of Seller, all material Claims and reportable incidents under any such Insurance Policy have been reported and asserted. Any material action pending against the Company that is covered by an Insurance Policy has been properly reported to the applicable insurer. No Insurance Policy provides for any retrospective premium adjustment or other experience-based liability on the part of the Company. Except as would not reasonably be expected, individually or in the aggregate, to be material to the Company, the Company Assets are insured in amounts no less than as required by law.

5.23 **Books and Records**. All Books and Records are located at the premises (including at the Company's offices, off-site storage locations and on or with the Company's servers, cloud storage services, or other software as a service subscriptions) of the Company Business to which such Books and Records primarily relate and have been maintained substantially in accordance with applicable Legal Requirements in all material respects.

5.24 **Assets Necessary to the Company Business**. Except as set forth on Schedule 5.24, the Company Assets constitute all of the material assets necessary or required to carry on the Company Business in substantially the same manner as presently conducted and as conducted since January 26, 2023.

5.25 **Debt**. Except for the Debt of the Company included in the calculation of the Net Debt Amount, the Company does not have any Debt, and there is no Debt related to or associated with the Company Assets or the Company Business.

5.26 **Customers and Suppliers**.

(a) Schedule 5.26(a)(i) accurately sets forth (i) the top ten customers of the Company (based on aggregate consideration paid to the Company for goods or services rendered during the fiscal year ended December 31, 2022) (the customers required to be listed on the Disclosure Schedules, collectively, "***Top Customers***"); and (ii) the amount of consideration paid by each Top Customer during such period. Since June 30, 2022, no Top Customer has terminated or adversely modified the amount, pricing, frequency or terms of the business such Top Customer conducts with the Company. The Company has not received written, or to the Knowledge of Seller, oral notice of any material dispute from a Top Customer. Except as set forth on Schedule 5.26(a)(ii), (x) all Top Customers continue to be customers of the Company, (y) no Top Customer has ceased to use its goods or services or to otherwise terminate, materially and adversely modify or materially reduce its relationship with the Company (and the Company has not received any oral or written notice that any of its Top Customers intends to do so or otherwise has Knowledge of any facts, events, conditions or circumstances that would reasonably be expected to result in any Top Customer doing so) from the levels achieved during the fiscal year ended December 31, 2022, and (z) no Top Customer has communicated to the Company, orally or in writing, that it has not passed such Top Customer's audit. To the Knowledge of Seller, there is no reason to believe that the consummation of the Transactions is reasonably likely to have a material adverse effect on the business relationship of the Company with any Top Customers.

(b) Schedule 5.26(b)(i) sets forth (i) the top ten suppliers of the Company (based on consideration paid by the Company for goods or services rendered during the fiscal year ended December 31, 2022) (the suppliers required to be listed on Schedule 5.26(b)(i), collectively, "***Top Suppliers***"); and (ii) the amount of purchases from each Top Supplier during

such period. Since June 30, 2021, no Top Supplier has terminated or adversely modified the amount, pricing, frequency or terms of the business such Top Supplier conducts with the Company. The Company has not received written, or to the Knowledge of Seller, oral notice of any material dispute from a Top Supplier. Except as set forth on Schedule 5.26(b)(ii) or as would not reasonably be expected, individually or in the aggregate, to be material to the Company, (y) all Top Suppliers continue to be suppliers of the Company, and (z) no Top Supplier has ceased to supply goods or services to the Company or otherwise terminated, materially and adversely modified or materially reduced its relationship with the Company (and the Company has not received any oral or written notice that any of its Top Suppliers intends to do so or otherwise has Knowledge of any facts, events, conditions or circumstances that would reasonably be expected to result in any Top Supplier doing so) from the levels achieved during the fiscal year ended December 31, 2022.

(c) Since June 30, 2022, the Company has not experienced any material shortages of supplies or other material disruptions to its supply chains that has materially impacted the Company Business and the Company has not received any written (or, to the Knowledge of Seller, other) notice, nor does Seller have any Knowledge of, any current or potential shortage of supplies or other disruptions to its supply chains that would reasonably be expected to materially impact the Company Business.

5.27 **Compliance with Legal Requirements**.

(a) The Company and each of its officers, directors, managers, members, employees and service providers is, and since December 31, 2019, has been in material compliance with all Legal Requirements applicable to the properties or assets of the Company or the operation of the Company Business, and (i) no written notice, demand letter, or request for information has been received by the Company from a Governmental Authority and (ii) no written administrative inquiry, formal complaint, or charge has been received by the Company or, to the Knowledge of Seller, is threatened against the Company, in each of clauses (i) and (ii), alleging any material non-compliance with any such Legal Requirements by the Company or any of its officers, directors, managers, members, employees or service providers. The Company maintains adequate internal controls and has implemented and maintains policies and procedures to detect and prevent any material misconduct or violations of laws.

(b) Since December 31, 2019, the Company has not entered into nor been subject to any judgment, consent decree, complaint, compliance order, administrative order or other similar enforcement orders with respect to any aspect of the Company Business or received any written request for information, notice, demand letter, administrative inquiry or complaint or Claim from any Governmental Authority arising out of or relating to any material failure to comply with any Legal Requirement, and no formal or, to the Knowledge of Seller, informal investigation or review related to the material failure to comply with any Legal Requirement by the Company is being conducted by any commission, board, or other Governmental Authority, and, to the Knowledge of Seller, no such investigation or review is scheduled, pending or threatened, except, in each case, where such non-compliance would not reasonably be expected to be material to the Company.

(c) Except as set forth on Schedule 5.27(c), since December 31, 2019, except as would not have a Company Material Adverse Effect, there has not been any action, suit, Claim, proceeding or investigation relating to, or any act or allegation of or relating to, sex-based discrimination, sexual harassment or sexual misconduct, or breach of any Company policy relating to the foregoing, in each case involving the Company or any current or former employee, director, officer or independent contractor (in relation to his or her work at the Company) of the Company, nor has there been any settlements or similar out-of-court or pre-litigation

arrangement relating to any such matters, nor, to the Knowledge of Seller, has any such action, suit, Claim, proceeding, investigation, settlement or other arrangement been threatened.

5.28 **Affiliate Transactions**. Except as set forth on Schedule 5.28, other than the Transaction Documents, neither Seller, nor any of its Affiliates (including the Company), nor any of their respective directors or officers or, in the case of the Company, its employees (nor any members of any such director's, executive officer's or employee's "immediate family") (as defined in Rule 16a-1 of the Securities Act) (a) is a party to any Contract with, or is providing or receiving services from the Company (other than any applicable Contracts related to an officer's, director's or employee's employment with the Company), (b) directly or indirectly owns, or otherwise has any right, title or interest in, to or under, any material property or right, tangible or intangible, that is or is currently contemplated to be used by the Company or (c) is indebted to the Company (each, an "***Affiliate Transaction***").

5.29 **Unlawful Payments**. Neither the Company, nor any of its Affiliates, directors, officers, or employees, nor, to the knowledge (as defined in the FCPA) of Seller, any of the representatives, sales intermediaries or other third parties acting on behalf of the Company: (a) has taken any action in violation of any Improper Payment Laws or (b) has offered, paid, given, promised to pay or give, or authorized the payment or gift of anything of value, directly or indirectly, to any Government Official, in each case, for purposes of (i) influencing any act or decision of any Government Official in such official's official capacity; (ii) inducing such Government Official to do or omit to do any act in violation of such official's lawful duty; (iii) securing any improper advantage; or (iv) inducing such Government Official to use such official's influence with a Governmental Authority, or commercial enterprise owned or controlled by any Governmental Authority (including state-owned or controlled facilities), in order to assist the Company or any of its Affiliates in obtaining or retaining business that would cause the Company to be in violation of Improper Payment Laws. Neither the Company, nor any of its Affiliates, directors, officers, or employees, nor to the knowledge (as defined in the FCPA) of Seller, any of the representatives, sales intermediaries or other third parties acting on behalf of the Company have made or authorized any bribe, rebate, payoff, influence payment, kickback or unlawful payment of funds or received or retained any funds in violation of any law. Without limiting the generality of the foregoing, neither the Company, nor any of its Affiliates, directors, officers, or employees, nor, to the knowledge (as defined in the FCPA) of Seller, any of the representatives, sales intermediaries or other third parties acting on behalf of the Company have made or authorized any bribe, rebate, payoff, influence payment, kickback or unlawful payment of funds to any customer or prospective customer in an effort to solicit or obtain business from any such customer or prospective customer. Neither the Company, any of its Affiliates, nor any other Persons acting on their behalf have received any written notice or written communication from any Person that alleges a potential violation of any Improper Payment Laws, nor have they been the subject of in any internal investigation involving any allegations relating to potential violation of any Improper Payment Laws, nor have they received a written request for information from any Governmental Authority regarding Improper Payment Laws. The Company has in place reasonably designed and implemented controls to ensure compliance with any applicable export control, economic sanctions and Improper Payment Laws.

5.30 **No Foreign Operations**. The Company Business is, and, for the prior three year period, has been, conducted within the United States of America. The Company does not have any operations or activities located outside of the United States of America.

5.31 **Government Contracts**. The Company does not have a Contract with any Governmental Authority or under which the Company is otherwise directly or, to the Knowledge of Seller, indirectly providing goods or services to or for use by a Governmental Authority.

5.32 **Bankruptcy**. No Act of Bankruptcy has occurred with respect the Company. As used herein, "***Act of Bankruptcy***" means if the Company or any equity holder, partner, manager or director thereof shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or a substantial part of its property, (ii) admit in writing its inability to pay its debts as they become due, (iii) make a general assignment for the benefit of its creditors, (iv) file a voluntary petition or commence a voluntary case or proceeding under the Federal Bankruptcy Code (as now or hereafter in effect), (v) be adjudicated bankrupt or insolvent, (vi) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, receivership, dissolution, winding-up or composition or adjustment of debts, (vii) fail to controvert in a timely and appropriate manner, or acquiesce in writing to, any petition filed against it in an involuntary case or proceeding under the Federal Bankruptcy Code (as now or hereafter in effect) or (viii) approve in accordance with its Organizational Documents any action, the purposes of which is to effect any of the foregoing.

5.33 **No Other Representations; Disclaimer**. Notwithstanding anything to the contrary in this Agreement, Seller makes no representation or warranty other than those representations and warranties expressly set forth in Article IV and this Article V (subject to the limitations in Section 4.10 and in this Section 5.33). FURTHER, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS AGREEMENT (AS MODIFIED BY THE DISCLOSURE SCHEDULES), SELLER AND THE COMPANY EXPRESSLY DISCLAIM, ON THEIR BEHALF AND ON BEHALF OF THEIR RESPECTIVE AFFILIATES AND REPRESENTATIVES, (A) ALL OTHER REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, WITH RESPECT TO SUCH PERSONS OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS AND (B) EXCEPT IN THE CASE OF FRAUD, ALL LIABILITY FOR ANY REPRESENTATION, WARRANTY, PROJECTION, FORECAST, STATEMENT OR INFORMATION MADE AVAILABLE, COMMUNICATED OR FURNISHED (ORALLY OR IN WRITING) TO BUYER OR ANY OF ITS AFFILIATES OR REPRESENTATIVES (INCLUDING OPINION, INFORMATION, PROJECTION OR ADVICE THAT MAY HAVE BEEN PROVIDED TO BUYER OR ANY OF ITS AFFILIATES OR REPRESENTATIVES). NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, THE STATEMENTS AND DISCLAIMERS IN THIS SECTION 5.33 SHALL EXPRESSLY SURVIVE THE CLOSING.

ARTICLE VI
REPRESENTATIONS AND WARRANTIES OF BUYER

Except as and to the extent disclosed in the Buyer SEC Reports filed or furnished with the SEC on or after the Applicable Date and publicly available at least two Business Days prior to the Closing Date (other than any disclosures set forth in any risk factor section, in any section relating to forward looking statements and any other disclosures included therein to the extent they are predictive, cautionary or forward-looking in nature), Buyer represents and warrants to Seller as of the Closing that the following representations and warranties are true and correct, and acknowledges that Seller is relying on the following representations and warranties in entering into this Agreement.

6.1 **Organization**. Buyer is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware. Buyer has delivered to Seller true, correct and complete copies of the Organizational Documents of Buyer, each as amended to date and presently in effect. Buyer's Subsidiary Party is a limited liability company duly formed, validly existing and in good standing under the laws of the State of Delaware. Buyer has delivered to Seller true, correct and compete copies of the Organizational Documents of Buyer's Subsidiary Party, each as amended to date and presently in effect.

6.2 **Qualification; Power**. Except as would not have a Buyer Material Adverse Effect, Buyer and its Subsidiaries are duly qualified to do business as a foreign entity and in good standing in each jurisdiction in which the nature of their respective business as now conducted or the character of the property owned or leased by it or its Subsidiaries makes such qualification necessary. Buyer and its Subsidiaries have all requisite power and authority to own their respective properties and assets and to carry on their respective business as currently conducted.

6.3 **Authority; Enforceability**. Buyer has all requisite power and authority to execute and deliver this Agreement and any other Transaction Documents to which it or its Subsidiaries are a party and to perform its (or cause the performance of its Subsidiaries') obligations hereunder and thereunder. The execution and delivery of this Agreement and the other Transaction Documents to which Buyer or its Subsidiaries are a party and the performance of their respective obligations contemplated hereby and thereby have been duly and validly approved by all action necessary on behalf of Buyer or its Subsidiaries, as applicable. This Agreement and each of the Transaction Documents to which Buyer or its Subsidiaries are a party constitutes the legal, valid and binding obligations of Buyer or its Subsidiaries, as applicable, enforceable against such Person in accordance with their terms, subject to Creditors' Rights. All other documents required hereunder to be executed and delivered by Buyer or its Subsidiaries at the Closing have been duly authorized, executed and delivered by Buyer or its applicable Subsidiaries and constitute the legal, valid and binding obligations of Buyer or its Subsidiaries, as applicable, enforceable against Buyer or its applicable Subsidiaries, in accordance with their terms, subject to Creditors' Rights.

6.4 **Consents; Absence of Conflicts**. Neither the execution and delivery of this Agreement or any other Transaction Document by Buyer or its applicable Subsidiaries, nor the consummation of the Transactions or compliance by Buyer or its Subsidiaries, as applicable with any of the provisions hereof or thereof, will (i) violate or breach the terms of, cause a default under, conflict with, or require any notice or consent or similar right under (A) any applicable Legal Requirement, (B) the Organizational Documents of Buyer or its Subsidiaries, as applicable, (C) any Contract to which Buyer or its Subsidiaries is a party or by which Buyer or its Subsidiaries, or any of Buyer's or its Subsidiaries' properties, are bound, or (ii) with the passage of time or the giving of notice or the taking of any action of any third party have any of the effects set forth in clause (i) of this Section 6.4, in each case, other than with respect to Section 6.4(i)(B), except as would not have a Buyer Material Adverse Effect.

6.5 **Capitalization**.

(a) The authorized capital stock of Buyer consists of 110,000,000 shares of Buyer Common Stock and 11,000,000 shares of Buyer Preferred Stock. As of March 7, 2023, 14,004,896 shares of Buyer Common Stock (which, for the avoidance of doubt, includes shares of Buyer Common Stock covered by outstanding restricted stock awards) and no shares of Buyer Preferred Stock are issued and outstanding. As of March 7, 2023, there were (i) 145,468 shares of Buyer Common Stock subject to outstanding restricted stock unit awards, (ii) 44,003 shares of Buyer Common Stock authorized and available for issuance pursuant to future grants made under Buyer's equity incentive plan, and (iii) no shares of Buyer Common Stock reserved for future exercises of currently outstanding warrants. Buyer has no shares of Buyer Common Stock reserved for issuance or subject to outstanding awards except for the shares of Buyer Common Stock referenced in the preceding sentence.

(b) The shares of Buyer Common Stock issued to Seller as Estimated Stock Consideration and the Closing Adjustment Shares are duly authorized, and are validly issued, fully paid and non-assessable and free of all Liens of any nature and restrictions imposed by or

through Buyer, and not subject to, or issued in violation of, any purchase option, call option, right of first refusal, preemptive right, subscription right or any similar right under any provision of the Delaware General Corporation Law or Buyer's Organizational Documents.

(c) Except as set forth in Section 6.5(a) or the Organizational Documents of Buyer, there are no Contracts (including options, warrants, convertible securities, calls, puts and preemptive rights) obligating Buyer to: (i) issue, sell, pledge, dispose of or encumber any shares of Buyer Common Stock or Interests in any Subsidiary of Buyer or securities convertible into or exchangeable for Buyer Common Stock or Interests in any Subsidiary of Buyer or any securities the value of which is based on the Buyer Common Stock of Interests in any Subsidiary of Buyer (including any phantom awards or stock appreciate rights); (ii) redeem, purchase or acquire in any manner any shares of Buyer Common Stock or Interests in any Subsidiary of Buyer; (iii) make any dividend or distribution of any kind with respect to shares of Buyer Common Stock or Interests in any Subsidiary of Buyer; or (iv) enter into any Contract to do any of the foregoing.

(d) There are no outstanding obligations of Buyer to provide a material amount of funds to, or make any material investment in (in either case, in the form of a loan, capital contribution, purchase of an Interest (whether from the issuer or another Person) or otherwise) any Subsidiary.

(e) Neither Buyer nor any of its Subsidiaries has outstanding bonds, debentures, notes or other obligations, the holders of which have the right to vote (or which are convertible into or exercisable for securities having the right to vote) with the holders of Buyer Common Stock on any matter.

(f) There are no voting trusts, proxies or similar agreements or understandings to which Buyer or any of its Subsidiaries is a party with respect to the voting or registration of the Buyer Common Stock or Interests in any Subsidiary of Buyer.

6.6 **Buyer SEC Reports; Financial Statements**.

(a) Since December 31, 2021, Buyer has filed or furnished with the SEC, on a timely basis, all forms, reports, certifications, schedules, statements and documents required to be filed or furnished under the Securities Act or the Exchange Act, including all amendments thereto (such forms, reports, certifications, schedules, statements, documents, and amendments thereto collectively, the "***Buyer SEC Reports***"). As of their respective dates, each of the Buyer SEC Reports, as amended, complied with the applicable requirements of the Securities Act, the Exchange Act and the Sarbanes-Oxley Act of 2002, as the case may be, and the rules and regulations of the SEC thereunder applicable to such Buyer SEC Reports, and the Buyer SEC Reports did not, when filed (or, if amended prior to the Closing Date, as of the date of such amendment with respect to those disclosures that are amended), (A) in the case of any registration statement, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or (B) in the case of Buyer SEC Reports other than registration statements, include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(b) The financial statements of Buyer included in the Buyer SEC Reports, including all notes and schedules thereto ("***Buyer Financial Statements***"), complied as to form in all material respects, when filed (or if amended prior to the Closing Date, as of the date of such amendment) with the rules and regulations of the SEC with respect thereto, were prepared in accordance with GAAP as in effect from time to time applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto or, in the case of the unaudited

statements, as permitted by Rule 10-01 of Regulation S-X of the SEC) and such Buyer Financial Statements fairly present in all material respects in accordance with applicable requirements of GAAP (subject, in the case of the unaudited statements, to normal year-end audit adjustments) the financial position of Buyer and its consolidated Subsidiary as of their respective dates and the results of operations and the cash flows and stockholders' equity of Buyer and its consolidated Subsidiary for the periods presented therein.

(c) Buyer has implemented and maintains disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) of the Exchange Act). The disclosure controls and procedures of Buyer are designed to provide reasonable assurance that all material information required to be disclosed by Buyer in the reports that it files under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that all such material information is accumulated and communicated to management of Buyer, as appropriate, to allow timely decisions regarding required disclosures. The principal executive officer and principal financial officer of Buyer have evaluated the effectiveness of Buyer's disclosure controls and procedures and, to the extent required by applicable Legal Requirement, presented in any applicable Buyer SEC Report, that is a report on Form 10-K or Form 10-Q, or any amendment thereto, his or her conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by such report or amendment based on such evaluation.

(d) Buyer has established and maintains a system of internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) which is designed to provide reasonable assurance regarding the reliability of Buyer's financial reporting and the preparation of Buyer's financial statements for external purposes in accordance with GAAP. Buyer has disclosed, based on its most recent evaluation of Buyer's internal control over financial reporting prior to the date hereof, to Buyer's auditors and audit committee (i) any significant deficiencies and material weaknesses in the design or operation of Buyer's internal control over financial reporting which would reasonably be expected to adversely affect Buyer's ability to record, process, summarize and report financial information and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in Buyer's internal control over financial reporting.

6.7 **Listing Exchange**. The Buyer Common Stock is registered under Section 12(b) of the Exchange Act and is listed on The Nasdaq Global Select Market ("***NASDAQ***"), and Buyer has not received any notice of delisting. The issuance of the Buyer Common Stock pursuant to this Agreement does not contravene any NASDAQ rules and regulations. Buyer has taken no action designed to, or reasonably likely to have the effect of, terminating the registration of the Buyer Common Stock under the Exchange Act or delisting the Buyer Common Stock from NASDAQ, nor has Buyer received any notification that the SEC or NASDAQ is contemplating terminating such registration or listing.

6.8 **Brokers' Fees**. Neither Buyer nor any of its Affiliates has any Liability to pay any fees or commissions to any broker, finder, or agent with respect of the Transactions for which Seller or its Affiliates could become liable or obligated.

6.9 **Form S-3**. Buyer is eligible to register the shares of Buyer Common Stock comprising the Estimated Stock Consideration and Closing Adjustment Shares for resale under a Registration Statement on Form S-3 promulgated under the Securities Act.

6.10 **Litigation**. Except as would not have a Buyer Material Adverse Effect, there are, and at all times during the past three years there have been, no actions, suits or proceedings pending or, to the Knowledge of Buyer, threatened at law or in equity, or before or by any

Governmental Authority or before any arbitrator of any kind, against Buyer, its Subsidiaries or any of their respective current or former officers, directors, managers, members, employees or service providers, and there are no facts or circumstances that would reasonably be expected to result in any material claims against, with respect to, or in connection with, Buyer or its Subsidiaries that would have a Buyer Material Adverse Effect, and, except as would not have a Buyer Material Adverse Effect, neither Buyer nor its Subsidiaries is subject to any outstanding judgment, order or decree of any Governmental Authority or arbitrator.

6.11 **Auditor Independence**. Deloitte & Touche LLP, who have certified certain financial statements of Buyer and its consolidated Subsidiaries and whose report appears as part of the most recent Buyer Financial Statements, are independent public accountants as required by the Securities Act and the Public Company Accounting Oversight Board.

6.12 **No Material Adverse Effect**. Since December 31, 2021, there has not been any Buyer Material Adverse Effect.

6.13 **Unlawful Payments**. Except as would not have a Buyer Material Adverse Effect, neither Buyer, nor any of its Subsidiaries, nor their respective Affiliates, directors, officers, or employees, nor, to the knowledge (as defined in the FCPA) of Buyer, any of the representatives, sales intermediaries or other third parties acting on behalf of Buyer or its Subsidiaries: (a) has taken any action in violation of any Improper Payment Laws or (b) has offered, paid, given, promised to pay or give, or authorized the payment or gift of anything of value, directly or indirectly, to any Government Official, in each case, for purposes of (i) influencing any act or decision of any Government Official in such official's official capacity; (ii) inducing such Government Official to do or omit to do any act in violation of such official's lawful duty; (iii) securing any improper advantage; or (iv) inducing such Government Official to use such official's influence with a Governmental Authority, or commercial enterprise owned or controlled by any Governmental Authority (including state-owned or controlled facilities), in order to assist Buyer, its Subsidiaries or any of their respective Affiliates in obtaining or retaining business that would cause Buyer or its Subsidiaries to be in violation of Improper Payment Laws. Except as would not have a Buyer Material Adverse Effect, neither Buyer nor its Subsidiaries, nor any of their respective Affiliates, directors, officers, or employees, nor to the knowledge (as defined in the FCPA) of Buyer, any of the representatives, sales intermediaries or other third parties acting on behalf of Buyer or its Subsidiaries have made or authorized any bribe, rebate, payoff, influence payment, kickback or unlawful payment of funds or received or retained any funds in violation of any law. Without limiting the generality of the foregoing, except as would not have a Buyer Material Adverse Effect, neither Buyer nor its Subsidiaries, nor any of their respective Affiliates, directors, officers, or employees, nor, to the knowledge (as defined in the FCPA) of Buyer, any of the representatives, sales intermediaries or other third parties acting on behalf of Buyer or its Subsidiaries have made or authorized any bribe, rebate, payoff, influence payment, kickback or unlawful payment of funds to any customer or prospective customer in an effort to solicit or obtain business from any such customer or prospective customer. Except as would not have a Buyer Material Adverse Effect, neither Buyer, nor its Subsidiaries, nor any of their respective Affiliates, nor any other Persons acting on their behalf have received any written notice or written communication from any Person that alleges a potential violation of any Improper Payment Laws, nor have they been the subject of in any internal investigation involving any allegations relating to potential violation of any Improper Payment Laws, nor have they received a written request for information from any Governmental Authority regarding Improper Payment Laws. Except as would not have a Buyer Material Adverse Effect, Buyer has in place reasonably designed and implemented controls to ensure compliance of Buyer and its Subsidiaries with any applicable export control, economic sanctions and Improper Payment Laws.

6.14 **Investment Company**. Neither Buyer nor any of its Subsidiaries is, and after giving effect to the Transactions, none of them will be, (i) an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended (the "***Investment Company Act***"), and the rules and regulations of the Commission thereunder, or (ii) a "business development company" (as defined in Section 2(a)(48) of the Investment Company Act).

6.15 **Registration Rights**. There are no Contracts, agreements or understandings between Buyer and any Person granting such Person the right to require Buyer to file a registration statement under the Securities Act with respect to any securities of Buyer owned or to be owned by such Person.

6.16 **Compliance with Legal Requirements**.

(a) Except as would not have a Buyer Material Adverse Effect, (i) each of Buyer and its officers, directors, managers, members, employees and service providers is, and since December 31, 2021, has been in material compliance with all Legal Requirements applicable to the properties or assets of Buyer or the operation of the business of Buyer, (ii) no written notice, demand letter, or request for information has been received by Buyer or its Subsidiaries from a Governmental Authority and (iii) no written administrative inquiry, formal complaint, or charge has been received by Buyer or its Subsidiaries or, to the Knowledge of Buyer, is threatened against Buyer or its Subsidiaries, in each of clauses (ii) and (iii), alleging any non-compliance with any such Legal Requirements by any of Buyer or any of its officers, directors, managers, members, employees or service providers.

(b) Since December 31, 2021, Buyer has not entered into or been subject to any judgment, consent decree, complaint, compliance order, administrative order or other similar enforcement orders with respect to any aspect of Buyer's business or received any written request for information, notice, demand letter, administrative inquiry or formal complaint or Claim from any Governmental Authority arising out of or relating to any material failure to comply with any Legal Requirement, and no formal or, to the Knowledge of Buyer, informal investigation or review related to the material failure to comply with any Legal Requirement by Buyer or its Subsidiaries is being conducted by any commission, board, or other Governmental Authority, and, to the Knowledge of Buyer, no such investigation or review is scheduled, pending or threatened except, in each case, where such non-compliance would not have a Buyer Material Adverse Effect.

(c) Since December 31, 2021, except as would not have a Buyer Material Adverse Effect, there has not been any action, suit, Claim, proceeding or investigation relating to, or any act or allegation of or relating to, sex-based discrimination, sexual harassment or sexual misconduct, or breach of any Buyer policy relating to the foregoing, in each case involving Buyer or any of its Subsidiaries or any current or former employee, director, officer or independent contractor (in relation to his or her work at Buyer or its Subsidiaries, as applicable) of Buyer or its Subsidiaries, nor has there been any settlements or similar out-of-court or pre-litigation arrangement relating to any such matters, nor, to the Knowledge of Buyer, has any such action, suit, Claim, proceeding, investigation, settlement or other arrangement been threatened.

6.17 **Material Contracts**.

(a) The Contracts set forth on Schedule 6.17(a), together with the Contracts identified on the list of exhibits to the Buyer SEC Reports, sets forth any Contract that would be required to be by filed by Buyer as a "material contract" pursuant to Item 601(b)(10) of Regulation S-K of the SEC.

(b) Except as would not have a Buyer Material Adverse Effect, neither Buyer nor any of its Subsidiaries that is a party thereto is in breach of or default under the terms of any Contract of the type described in Section 6.17(a), and, to the Knowledge of Buyer, no other party to any such Contract is in breach of or default under the terms thereof. Except as would not have a Buyer Material Adverse Effect, each Contract of the type described in Section 6.17(a) is a valid and binding obligation, and is in full force and effect, in each case, subject to Creditor's Rights.

6.18 **Collective Bargaining Agreements**. Except as would not have a Buyer Material Adverse Effect, neither Buyer nor its Subsidiaries is a party to or bound by any collective bargaining agreement or other labor-related agreement or arrangement with any labor union, labor organization or other employee representative body. Except as would not have a Buyer Material Adverse Effect, since December 31, 2021, there have not been any strikes, lockouts, slowdowns, work stoppages or other similar labor disputes involving any employee of Buyer or any of its Subsidiaries, and none are in effect or, to the Knowledge of Buyer, threatened with respect to any employee of Buyer or any of its Subsidiaries. To the Knowledge of Buyer, there is no union organizing effort pending or threatened against Buyer or any of its Subsidiaries, except as would not have a Buyer Material Adverse Effect. There is no unfair labor practice, labor dispute (other than routine individual grievances) or labor arbitration proceeding pending or, to the Knowledge of Buyer, threatened with respect to any employee of Buyer or any of its Subsidiaries, except as would not have a Buyer Material Adverse Effect.

6.19 **Tax**. Buyer and its Subsidiaries have filed all Tax Returns required to be filed through the date hereof, subject to permitted extensions (except in any case in which the failure to so file would not have a Buyer Material Adverse Effect, and except as currently being contested in good faith), and Buyer and its Subsidiaries have paid all Taxes required to be paid through the date hereof other than such Taxes (i) that are being contested in good faith and for which adequate reserves have been established in accordance with GAAP or (ii) that if not paid would not have a Buyer Material Adverse Effect. No Tax deficiency has been determined adversely to Buyer or any of its Subsidiaries that would have a Buyer Material Adverse Effect.

6.20 **Independent Investigation**. BUYER ACKNOWLEDGES AND AGREES THAT EXCEPT IN THE CASE OF FRAUD (A) IT HAS MADE ITS OWN INDEPENDENT EXAMINATION, INVESTIGATION, ANALYSIS AND EVALUATION OF THE COMPANY BUSINESS, THE COMPANY, THE INTERESTS OF THE COMPANY AND THE COMPANY'S ASSETS, LIABILITIES, RESULTS OF OPERATIONS, FINANCIAL CONDITION, TECHNOLOGY AND PROSPECTS, (B) IT HAS BEEN PROVIDED ACCESS TO PERSONNEL, PROPERTIES, PREMISES AND RECORDS OF THE COMPANY FOR SUCH PURPOSE AND HAS RECEIVED AND REVIEWED SUCH INFORMATION AND HAS HAD A REASONABLE OPPORTUNITY TO ASK QUESTIONS OF AND RECEIVE ANSWERS RELATING TO SUCH MATTERS AS IT DEEMED NECESSARY OR APPROPRIATE TO CONSUMMATE THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, (C) IT HAS SUCH KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS THAT IT IS CAPABLE OF EVALUATING THE MERITS AND RISKS OF AN ACQUISITION OF THE INTERESTS AND AN INVESTMENT IN THE COMPANY, (D) SELLER AND THE COMPANY GROUP HAVE DELIVERED OR MADE AVAILABLE TO BUYER OR ITS AFFILIATES OR REPRESENTATIVES, AS APPLICABLE, ALL INFORMATION WHICH BUYER OR ANY SUCH AFFILIATES OR REPRESENTATIVES HAVE REQUESTED FOR THE PURPOSE OF DECIDING WHETHER OR NOT TO ENTER INTO THIS AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS, (E) IT HAS RELIED AND HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT SOLELY BASED ON ITS OWN INVESTIGATION AND ANALYSIS AND ON THE REPRESENTATIONS AND WARRANTIES OF SELLER EXPRESSLY CONTAINED IN ARTICLE IV AND ARTICLE V, (F) EXCEPT AS

EXPRESSLY CONTAINED IN ARTICLE IV AND ARTICLE V, NO REPRESENTATION OR WARRANTY HAS BEEN OR IS BEING MADE BY SELLER OR ANY OTHER PERSON AS TO THE ACCURACY OR COMPLETENESS OF ANY OF THE INFORMATION PROVIDED OR MADE AVAILABLE TO BUYER OR ANY OF ITS AFFILIATES OR REPRESENTATIVES, AND (G) THERE ARE UNCERTAINTIES INHERENT IN ATTEMPTING TO MAKE ESTIMATES, PROJECTIONS, FORECASTS, PLANS, BUDGETS AND SIMILAR MATERIALS AND INFORMATION, AND BUYER IS FAMILIAR WITH SUCH UNCERTAINTIES, AND, EXCEPT IN THE CASE OF FRAUD AND FOR BUYER'S RELIANCE ON THE REPRESENTATIONS AND WARRANTIES CONTAINED IN ARTICLE IV OR ARTICLE V, BUYER IS TAKING FULL RESPONSIBILITY FOR MAKING ITS OWN EVALUATIONS OF THE ADEQUACY AND ACCURACY OF ANY AND ALL ESTIMATES, PROJECTIONS, FORECASTS, PLANS, BUDGETS AND OTHER MATERIALS OR INFORMATION THAT MAY HAVE BEEN DELIVERED OR MADE AVAILABLE TO IT OR ANY OF ITS REPRESENTATIVES AND BUYER HAS NOT RELIED OR WILL NOT RELY ON SUCH INFORMATION.

6.21 **No Other Representations and Warranties; Disclaimer**. Notwithstanding anything to the contrary in this Agreement, Buyer makes no representation or warranty other than those representations and warranties expressly set forth in this Article VI (subject to the limitations in this Section 6.21). FURTHER, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS AGREEMENT (AS MODIFIED BY THE DISCLOSURE SCHEDULES), BUYER EXPRESSLY DISCLAIMS, ON ITS BEHALF AND ON BEHALF OF ITS AFFILIATES AND REPRESENTATIVES (A) ALL OTHER REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, WITH RESPECT TO SUCH PERSONS OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS, INCLUDING WITH RESPECT TO (I) THE DISTRIBUTION OF OR RELIANCE ON ANY INFORMATION, DISCLOSURE OR DOCUMENT OR OTHER MATERIAL MADE AVAILABLE TO SELLER OR THE COMPANY OR ANY OF THEIR RESPECTIVE AFFILIATES OR REPRESENTATIVES IN ANY DATA ROOM, MANAGEMENT PRESENTATION, CONFIDENTIAL INFORMATION MEMORANDUM OR IN ANY OTHER FORM IN EXPECTATION OF, OR IN CONNECTION WITH, THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS, OR OTHERWISE RELATING IN ANY WAY TO THE BUSINESS OF BUYER, BUYER'S ASSETS OR THE INTERESTS OF BUYER, (II) ANY ESTIMATES OF THE VALUE OF THE BUSINESS OF BUYER, BUYER'S ASSETS OR INTERESTS OF BUYER, (III) THE MAINTENANCE, REPAIR, CONDITION, QUALITY, SUITABILITY, DESIGN, MARKETABILITY, PROSPECTS (FINANCIAL OR OTHERWISE) OR RISKS AND OTHER INCIDENTS OF THE BUSINESS OF BUYER, BUYER'S ASSETS OR INTERESTS OF BUYER AND (IV) ANY OTHER DUE DILIGENCE INFORMATION, (B) ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR CONFORMITY TO MODELS OR SAMPLES, AND (C) EXCEPT IN THE CASE OF FRAUD, ALL LIABILITY FOR ANY REPRESENTATION, WARRANTY, PROJECTION, FORECAST, STATEMENT OR INFORMATION MADE AVAILABLE, COMMUNICATED OR FURNISHED (ORALLY OR IN WRITING) TO SELLER OR THE COMPANY OR ANY OF THEIR RESPECTIVE AFFILIATES OR REPRESENTATIVES (INCLUDING OPINION, INFORMATION, PROJECTION OR ADVICE THAT MAY HAVE BEEN PROVIDED TO SELLER OR THE COMPANY OR ANY OF THEIR RESPECTIVE AFFILIATES OR REPRESENTATIVES). EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS AGREEMENT (AS MODIFIED BY THE DISCLOSURE SCHEDULES), THE PARTIES ACKNOWLEDGE AND AGREE THAT SELLER SHALL BE DEEMED TO BE ACQUIRING THE BUYER COMMON STOCK IN ITS PRESENT STATUS, "AS IS," "WHERE IS" AND "WITH ALL

FAULTS." NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, THE STATEMENTS AND DISCLAIMERS IN THIS SECTION 6.21 SHALL EXPRESSLY SURVIVE THE CLOSING.

ARTICLE VII
COVENANTS

7.1 **Limited Survival; Certain Waivers**.

(a) Section 2.6, Article III, this Article VII, Article VIII, and Article IX and those other covenants, agreements and obligations set forth in this Agreement and in the Transaction Documents that by their terms apply or are to be performed in whole or in part after the Closing shall survive the Closing in accordance with their respective terms. Other than in the event of Fraud, the representations and warranties and the other covenants, agreements and obligations of Buyer, the other Buyer Related Parties, Seller, the Company and the other Seller Related Parties contained in this Agreement or in any Transaction Document will not survive beyond the Closing such that, except in the event of Fraud, no claim for breach of any such representation, warranty, covenant, agreement or obligation, detrimental reliance or other right or remedy (whether in contract, in tort or at law or in equity or otherwise) may be brought after the Closing with respect thereto against Buyer, any other Buyer Related Parties, Seller or any other Seller Related Parties, and there will be no liability in respect thereof, whether such liability has accrued prior to or after the Closing, on the part of Buyer, any other Buyer Related Parties, Seller, the Company or any other Seller Related Parties, in each case, except for those covenants, agreements and obligations and other provisions contained herein or in any Transaction Document that by their terms apply or are to be performed in whole or in part after the Closing, including those set forth in Section 2.6, Article III, this Article VII, Article VIII, and Article IX; provided, however, that the foregoing shall not limit any claim or recovery that may be available to Buyer under the R&W Insurance Policy.

(b) Buyer, for itself and on behalf of the other Buyer Related Parties (including, after the Closing, the Company), acknowledges and agrees that, from and after the Closing, to the fullest extent permitted under applicable law, any and all rights, claims and causes of action it may have against any of Seller or any Seller Related Party relating to any matter, occurrence, action or activity on or prior to the Closing Date are hereby irrevocably waived, and Buyer, for itself and on behalf of the other Buyer Related Parties (including, after the Closing, the Company) covenants not to assert or threaten to assert any claim with respect thereto. Seller, for itself and on behalf of the other Seller Related Parties, acknowledges and agrees that, from and after the Closing, to the fullest extent permitted under applicable law, any and all rights, claims and causes of action it may have against any of Buyer, the Company or any Buyer Related Party relating to any matter, occurrence, action or activity on or prior to the Closing Date are hereby irrevocably waived, and Seller, for itself and on behalf of the other Seller Related Parties covenants not to assert or threaten to assert any claim with respect thereto. Furthermore, without limiting the generality of this Section 7.1, except in the event of Fraud, no claim will be brought or maintained by, or on behalf of, Buyer or any other Buyer Related Parties (including the Company) against Seller or any other Seller Related Party, or by or on behalf of Seller or any other Seller Related Parties against Buyer, the Company or any other Buyer Related Party, and no recourse will be sought or granted against any of them, by virtue of, or based upon, any alleged misrepresentation or inaccuracy in, or breach of, any of the representations, warranties, covenants or agreements set forth or contained in this Agreement. Notwithstanding anything to the contrary contained herein, this Section 7.1(b) shall not affect the rights of Seller, Buyer or the Company under this Agreement or any Transaction Document in respect of Fraud or any covenants, agreements or obligations that by their terms apply or are to be performed in

whole or in part after the Closing, including those set forth in Section 2.6, Article III, this Article VII; Article VIII, and Article IX.

(c) Seller, for itself and on behalf of the other Seller Related Parties, hereby (i) waives any preferential purchase right, right of first refusal, right of first offer, buy-sell right, tag-along right, drag-along right, preemptive right, registration right or other right that would interfere with the consummation of the Transactions or any future transfers of any Interest in the Company, including all such rights arising under any provision of the Organizational Documents of the Company and (ii) agrees that the transfers of the Equity Interests contemplated by this Agreement are not void or voidable by reason of any restriction set forth in the Organizational Documents of the Company.

(d) THE RELEASES SET FORTH IN THIS SECTION 7.1 APPLY TO ALL CLAIMS, AND EACH OF SELLER, FOR ITSELF AND ON BEHALF OF THE OTHER SELLER RELATED PARTIES, AND BUYER, FOR ITSELF AND ON BEHALF OF THE OTHER BUYER RELATED PARTIES, AGREES TO WAIVE THE BENEFITS OF ANY LAW (INCLUDING PRINCIPLES OF COMMON LAW) OF THE UNITED STATES OR OF ANY STATE OR TERRITORY OR OTHER JURISDICTION OF THE UNITED STATES OR OF ANY JURISDICTION OUTSIDE OF THE UNITED STATES THAT MIGHT INVALIDATE SUCH RELEASES OR THAT PROVIDES THAT A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT A CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN THE CREDITOR'S FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY THE CREDITOR MUST HAVE MATERIALLY AFFECTED SUCH CREDITOR'S SETTLEMENT WITH A DEBTOR.

7.2 **Use of Name**. Seller agrees that from and after the Closing Date, Seller and its controlled Affiliates will not directly or indirectly use in connection with any business activities, other than solely for the purpose of winding up Seller, any service marks, trademarks, trade names, trade dress, internet domain names, identifying symbols, logos, emblems, signs or insignia related thereto or containing or comprising the foregoing, including any word or logo that is confusingly similar in sound or appearance thereto and used or otherwise exploited by the Company as of the Closing Date.

7.3 **Further Assurances**. Subject to the terms and conditions of this Agreement, at any time or from time to time after the Closing, at either Party's request and without further consideration, the other Party shall (and in the case of Buyer, Buyer shall and shall cause the Company to) execute and deliver to such Party such other instruments of sale, transfer, conveyance, assignment and confirmation, provide such materials and information and take such other actions as such Party may reasonably request in order to consummate the transactions contemplated by this Agreement and the other Transaction Documents (including cooperating with the other Party to obtain any consent, approval or authorization necessary or desirable to preserve for the Company any rights or benefits under any Contract to which the Company is a party or with respect to which any of the assets of the Company are bound that was not obtained prior to the Closing, including the Contracts set forth on Schedule 7.3 (collectively, the "***Specified Contracts***")) or to vest, perfect or confirm ownership by Buyer of the Equity Interests; provided, however, that no Party shall be required to incur any out-of-pocket costs in connection with any such request. Notwithstanding the foregoing, the beneficial interest in or to the Specified Contracts (collectively, the "***Specified Contract Rights***") shall in any event pass at the Closing to the Company, and pending the receipt of the consent or approval required to assign the Specified Contracts to the Company, the Company shall fully discharge all obligations of Seller under such Specified Contracts Rights (except to the extent such obligations result from, arise out of or relate to any action or inaction of Seller) in the same manner as if such Specified Contracts were assigned to the Company as of Closing as agent for Seller, and Seller

shall act as the Company's agent in the receipt of any benefits, rights or interest received from the Specified Contract Rights as directed by the Company without any incremental out-of-pocket costs to Seller. The Company shall pay any cost, expenses or other amount, and shall indemnify Seller for all Losses of Seller, resulting from, arising out of or related to the Company's performance or failure to duly perform the obligations of Seller under the Specified Contracts and any other amounts owed by Seller pursuant to the Specified Contracts except to the extent any such Losses result from, arise out of or relate to any action or inaction of Seller. Seller's obligations in connection with any Specified Contract shall terminate upon the earliest to occur of (a) the date that is 90 days following the Closing Date, (b) the Parties mutual written agreement to terminate the obligations set forth in this Section 7.3 with respect to the Specified Contracts, (c) the termination of any Specified Contract and (d) the assignment of the Specified Contract to the Company, Buyer or any of their respective Affiliates.

7.4 **Confidentiality**. Seller agrees that after the Closing Date any facts, information, know-how, processes, trade secrets, customer lists or confidential matters that relate in any way to the Company Business or the terms of this Agreement (the "***Confidential Information***") will be maintained in confidence and will not be divulged by Seller or any other Seller Related Parties to any Person unless and until they will become public knowledge (other than by disclosure in breach of this Section 7.4) or as required by applicable Legal Requirements, including applicable securities laws and regulations; provided, however, that before Seller or any of its Affiliates discloses any of the foregoing as may be required by applicable Legal Requirements, such Person will give Buyer reasonable advance notice and take such reasonable actions (at Buyer's sole cost) as Buyer may propose to minimize the required disclosure.

7.5 **Tax Matters**.

(a) Agreed Tax Treatment and Tax Allocation.

(i) The Parties agree for U.S. federal (and applicable U.S. state and local) Tax purposes to treat the sale and purchase of all of the Equity Interests pursuant to this Agreement as a taxable purchase and sale of an undivided interest in all of the Company Assets by Seller to a limited liability company Subsidiary of Buyer and an assumption by the limited liability company Subsidiary of Buyer of all of the liabilities of the Company (the "***Agreed Tax Treatment***").

(ii) Consistent with the Agreed Tax Treatment and the principles of Section 1060 of the Code and the Treasury Regulations thereunder, the Final Stock Consideration (and any other items constituting consideration for U.S. federal income tax purposes) will be allocated among the Company Assets in a manner consistent with the principles of Section 1060 of the Code and the Treasury Regulations thereunder (such allocation, the "***Allocation***"). On or prior to the date that is 120 days after the Closing Date, Buyer will provide Seller with Buyer's proposed Allocation. The Allocation shall be deemed to be accepted by, and shall be conclusive and binding on, Seller except to the extent Seller shall have delivered, within 15 days after the date on which the Allocation is delivered to Seller, a written notice to Buyer stating each item to which Seller takes exception (it being understood that any amounts not disputed shall be final and binding). Buyer and Seller shall use commercially reasonable efforts to agree to a final Allocation within 15 days of Seller's delivery of any written notice of exceptions. If Buyer and Seller are unable to agree to a final Allocation within 15 days of Seller's delivery of any written notice of exceptions (or such other time period mutually agreed upon between Buyer and Seller) then the determination of any matters related to the Allocation for which Buyer and Seller are in disagreement shall be resolved by the Independent Accountant appointed pursuant to procedures substantially similar to those contained in Section 3.2(b). Any determination of the Independent Accountant under this Section 7.5 shall be binding on Buyer

and Seller. Buyer will update the final Allocation in good faith to take into account any subsequent adjustments to the Final Stock Consideration, including any adjustment pursuant to this Agreement, and any changes to any other items constituting consideration for U.S. federal income tax purposes, in a manner consistent with the principles of Section 1060 of the Code and the Treasury Regulations thereunder.

(iii) The Parties will not (and will not permit their respective Affiliates to) file any Tax Return or otherwise take any position with respect to Taxes which is inconsistent with the final Allocation (as updated) or the Agreed Tax Treatment, except as required by applicable Legal Requirements following a Final Determination. Each Party will promptly notify the other Parties of any Tax Proceeding with respect to the final Allocation or Agreed Tax Treatment.

(b) Tax Cooperation. Each Party will cooperate (and will cause its Affiliates to cooperate) fully as and to the extent reasonably requested by any other Party in connection with the filing of Tax Returns and any audit, inquiry, examination or proceeding with respect to Taxes imposed on or with respect to the assets, operations or activities of the Company (each a "***Tax Proceeding***"). Such cooperation will include the retention and (upon another Party's request) the provision of all documents and other information which are reasonably relevant to any such Tax Return or Tax Proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Any information obtained by a Party or its Affiliates from another Party or its Affiliates in connection with any Tax matters to which this Agreement applies will be kept confidential, except as may be otherwise necessary in connection with the filing of Tax Returns or in conducting any Tax Proceeding or as may otherwise be necessary to enforce the provisions of this Agreement.

(c) Tax Proceedings. Buyer will have the right to control and take any action it deems appropriate with respect to any Tax Proceeding with respect to the Company; provided, however, that if such Tax Proceeding is with respect to those certain sales Tax audits set forth on Schedule 7.5(c) (each, a "***Specified Tax Proceeding***"), then Seller shall have (at its sole cost and expense) the right to control the conduct of any such Specified Tax Proceeding, subject to the satisfaction of the Control Conditions; provided further, with respect to any Specified Tax Proceeding, Seller shall: (i) keep Buyer reasonably informed of each material development of such Specified Tax Proceeding; (ii) first consult in good faith with Buyer before taking any material action with respect to the conduct of such Specified Tax Proceeding; (iii) permit Buyer, directly or through its designated representatives, to participate in any such Specified Tax Proceeding at Buyer's sole cost and expense and to review in advance all submissions made in the course of any Tax Proceeding relating to such Tax Returns (including any administrative appeals thereof). Except to the extent there is a conflict with the provisions of this Section 7.5(c), the provisions of Sections 8.4(b) through 8.4(d) will control with respect to any Specified Tax Proceeding.

(d) Transfer Taxes. To the extent that any transfer, sales, use, excise, real property transfer or gain, gross receipts, goods and services, purchase, documentary, stamp, registration, retailer occupation or other similar Taxes arise by reason of the consummation of the Transactions contemplated by this Agreement ("***Transfer Taxes***"), such Transfer Taxes will be borne and timely paid 100% by Buyer. The Parties will reasonably cooperate in good faith to minimize, to the extent permissible under applicable Legal Requirements, the amount of any such Transfer Taxes. Each Party will provide and make available to each other Party any resale certificates and other exemption certificates or information reasonably requested by such other Party. Any Tax Return that must be filed with respect to Transfer Taxes will be prepared and

filed when due by the Party primarily or customarily responsible under the applicable Legal Requirements for the filing of such Tax Returns.

(e) Seller Consolidated Returns. Seller shall prepare or cause to be prepared and file or cause to be filed all Seller Consolidated Returns and shall pay all Taxes owed with respect to such Seller Consolidated Returns.

7.6 **Books and Records**.

(a) Seller acknowledges and agrees that from and after the Closing, Buyer will be entitled to the originals of all Books and Records. Seller will promptly, but no later than 15 Business Days following the Closing, deliver to Buyer such originals of all Books and Records in Seller's possession that are not held or stored at the offices, at off-site storage locations, on servers, with cloud storage services, or with other software as a service subscriptions, in each case, of the Company; provided, however, that Seller shall be entitled to retain copies of the information and records to comply with its internal record retention policies. Notwithstanding anything to the contrary in this Agreement, for the purpose of this Section 7.6(a), "Books and Records" shall be deemed to not include, and Seller and its Affiliates shall be entitled to retain, (i) any U.S. federal income Tax Returns or combined franchise Tax Returns filed by Seller or any of its Affiliates (other than the Company), (ii) any documents that pertain solely to the businesses, assets, properties or operations of Seller to the extent unrelated the conduct of the Company Business, (iii) documents subject to legal privilege (such as the attorney-client privilege or work product doctrine) as to the transactions contemplated by this Agreement or the other Transaction Documents or (iv) any internal records, documents or communications relating to the acquisition of the Company as to the transactions contemplated by this Agreement or the other Transaction Documents, except, in the case of the foregoing clause (iv), to the extent Buyer or any of its Affiliates is expressly entitled to such information under the Transaction Documents from and after the Closing.

(b) Buyer will, and will cause its Affiliates to, (i) preserve the Books and Records which relate to the period preceding the Closing Date (including those which are necessary or useful in connection with any third-party tax inquiry, audit or similar investigation or any dispute or litigation, including the Specified Litigation, the Specified Tax Proceedings and as may otherwise relate to the Excluded Liabilities, and those which are required to enable Seller to comply with its obligations under this Agreement and the other Transaction Documents); and (ii) cooperate in all reasonable respects with Seller and its Affiliates and Representatives, and make available to such Persons, during normal business hours, the Books and Records referenced in the immediately preceding clause (i); provided, however, (A) that prior to receiving access to any of the Books and Records, Seller will enter into a customary confidentiality agreement binding on it and any other Person to whom the information may be disclosed if no similar agreement is in effect and enforceable against Seller at such time (and the Parties agree the confidentiality provisions of this Agreement are sufficient to satisfy such requirement with respect to Seller); (B) Buyer will be entitled to destroy Books and Records in accordance with a customary document retention policy but shall not, and shall not permit any of its Affiliates to, destroy any Books and Records until the later of (1) the applicable statute of limitations for the assessment of Taxes in the jurisdictions to which such Books and Records relate and (2) the resolution of the Specified Tax Proceedings or the Specified Litigation Proceedings, as applicable; and (C) Buyer shall not be required to provide access to any information if Seller or any Seller Related Parties are adverse parties to Buyer in any proceeding and such information is reasonably pertinent thereto (in which case, the applicable rules of discovery shall apply).

7.7 **Publicity**. Except as required by a court of competent jurisdiction, pursuant to any listing agreement with NASDAQ or any other national securities exchange or by applicable

Legal Requirements, including applicable securities laws and regulations, and except for disclosures required to be made in the financial statements of Buyer or any of its Affiliates or in publicly filed documents necessary to effect the Transactions and the other Transaction Documents, none of the Parties nor any of their Affiliates will, without the prior consent of the other Party (which will not be unreasonably withheld, conditioned or delayed), make any statement or any public announcement or press release with respect to the Transactions, provided that (a) Buyer shall provide Seller with a reasonable period to review and comment on any public filings or press release related to the Transactions or the Transaction Documents prior to Buyer making such filing or press release and (b) Buyer shall not include any reference to the Seller Sponsor Persons or any of their respective Affiliates in any public filing, press release or other disclosure related to the Transaction or the Transaction Documents without Seller's prior written consent; provided, however, that Buyer shall be deemed to have complied with the requirements in the foregoing clauses (a) and (b) for any public filing, press release or other reference to the Seller Sponsor Persons or their respective Affiliates where Seller has previously consented in writing under this Section 7.7 to substantially similar disclosure; provided further that the Parties shall mutually agree to any press release to be made to announce the Transactions. The obligations of the Parties under this Section 7.7 shall not preclude a Party or its Affiliates from disclosing information to their respective investors, beneficial owners or representatives or as such Party or its Affiliates reasonably deem to be appropriate in connection with fund raising, financing and marketing activities undertaken by such Party or its Affiliates (provided that the receiving parties are advised of the confidential nature thereof and agree to hold such information confidential in accordance with the foregoing).

7.8 **R&W Insurance Policy**. The parties hereto acknowledge that, as of the date hereof, Buyer has obtained the R&W Insurance Policy, attached hereto as Exhibit D. After Closing, Buyer shall ensure that the terms of the R&W Insurance Policy provide (a) that the insurer waives any claim against Seller and the Seller Related Parties by way of subrogation, claim for contribution or otherwise, except in the case of Fraud (with the insurer agreeing that the Fraud of any one Person shall not be imputed to any other Person), and (b) that Seller and the Seller Related Parties are express third-party beneficiaries of such waiver of subrogation provision. All costs and expenses related to the R&W Insurance Policy, including the total premium, underwriting costs, brokerage commissions, Taxes, retention and other fees and expenses of such policy shall be borne solely by Buyer. Seller shall, and shall cause the Seller Related Parties to, use commercially reasonable efforts to cooperate as requested by the Company in connection with any claim under the R&W Insurance Policy. Notwithstanding anything to the contrary in this Agreement, none of the Seller Related Parties shall be entitled to any proceeds from the R&W Insurance Policy without the prior written consent of Buyer. To the extent required by the R&W Insurance Policy and as requested by Buyer, Seller shall deliver to Buyer within ten Business Days after the Closing Date a flash drive containing copies of all documents that were uploaded to the virtual data room used for by the Parties for the transactions contemplated by this Agreement.

7.9 **Post-Closing Proceeds**. From and after the Closing, to the extent the Company or any of its Affiliates (including Buyer or any of its Subsidiaries) actually receives in immediately available funds any of portion of (a) the Employee Retention Credit, (b) the return of any deposit made prior to the Closing and set forth on Schedule 7.9 to satisfy the insurance retention requirements, (c) any amounts received pursuant to a Recoupment Action in respect of the Specified Litigation in which the Company is plaintiff or claimant, (d) any insurance proceeds in respect of the Specified Litigation, or (e) in the event that it has been finally determined (or would have been finally determined had the Aged Receivables been included in the calculation of Net Working Capital) that there is a Net Working Capital Deficit or Net Working Capital Excess, any amount received by Buyer or any of its Affiliates (including, after the Closing, the Company) in connection with any Aged Receivable (such amounts described in clauses (a)

through (e), "***Post-Closing Proceeds***"), Buyer will promptly notify Seller of the receipt of such Post-Closing Proceeds. Within five Business Days of the receipt of any portion of such Post-Closing Proceeds, Buyer shall remit to Seller such Post-Closing Proceeds, less any Collection Costs related thereto. Following the fifth anniversary of the Closing Date, the obligations of Buyer set forth in this Section 7.9 shall terminate and Buyer shall be entitled to retain any Post-Closing Proceeds thereafter received and shall not be required to remit such Post-Closing Proceeds to Seller. The Parties solely intend the express provisions of this Agreement, and no others, to govern their contractual relationship with respect to the Post-Closing Proceeds. Notwithstanding the foregoing, no Buyer Related Party shall take or fail to take, directly or indirectly, any action in bad faith for the purpose of reducing the amount of Post-Closing Proceeds remitted to Seller.

7.10 **Lock-Up of Closing Adjustment Shares**.

(a) Seller hereby irrevocably agrees, without the prior written consent of Buyer, except to the extent expressly permitted pursuant to the terms of the Registration Rights and Lock-Up Agreement, not to, directly or indirectly, (i) offer for sale, sell, pledge, or otherwise dispose of (or enter into any transaction or device that is designed to result or would be reasonably likely to result in the disposition by any Person at any time prior to the adjustment pursuant to Article III) any Closing Adjustment Shares, (ii) enter into any swap or other derivatives transaction that transfers to another, in whole or in part, any of the economic benefits or risks of ownership of any such Closing Adjustment Shares to the extent such transaction described in clauses (A) or (B) above is to be settled by delivery of any such Closing Adjustment Shares, other equity interests, other securities, in cash or otherwise or (iii) publicly disclose the intention to do any of the foregoing.

(b) The restrictions set forth in Section 7.10(a) shall terminate with respect to a Closing Adjustment Share upon the removal of the Contract Legend for such Closing Adjustment Share by the Transfer Agent pursuant to Section 3.3.

7.11 **Financial Information**. From and after the Closing Date until September 30, 2023, Seller shall, and shall direct the other Seller Related Parties to, furnish, as soon as practically possible, true and correct information about the Company and all financial information related thereto to Buyer as Buyer may reasonably request in connection with the preparation and filing of any filings that Buyer or any of its Affiliates may be required to make with the SEC under applicable law, or any other matters that include information regarding the Company. In connection with such cooperation, from and after the Closing Date until September 30, 2023, Seller shall provide to Buyer, its Affiliates, and Buyer's auditors reasonable access to Seller's representatives who were responsible for preparing or maintaining the financial records and work papers and other supporting documents used in the preparation of such financial statements. Notwithstanding anything to the contrary herein, neither Seller nor any Seller Related Party shall be required to incur any out-of-pocket costs in connection with this Section 7.11.

7.12 **D&O Matters**.

(a) Buyer agrees and acknowledges that the Company provides certain exculpation and indemnification protection under the Organizational Documents of the Company (collectively, the "***D&O Protection***") to officers and directors of the Company (each, a "***Protected Person***"). Beginning on the Closing Date and continuing until the sixth anniversary of the Closing Date, unless required by applicable Legal Requirements, Buyer will not, and will not permit the Company to, amend, repeal or modify in a manner adverse to the beneficiary thereof any D&O Protections in the Organizational Documents of the Company, in each case, as it relates to any Protected Person or any acts, omissions, circumstances or events existing or occurring prior to the Closing, without the written consent of such affected Protected Person.

(b) Prior to the Closing, Seller shall have purchased a customary six-year "tail" directors' and officers' liability insurance policy to be effective as of the Closing (the "***Tail Policy***") that provides an extended claims period for the coverage currently provided under any directors' and officers' liability insurance policy maintained by the Company, the costs of which will be a Transaction Costs. From and after the Closing, Buyer will not (or will cause the Company not to) cancel (or permit to be canceled) the Tail Policy.

(c) The provisions of this Section 7.12 will survive the Closing and (i) are intended to be for the benefit of, and will be enforceable by, each Protected Person and his or her successors, heirs and representatives and will be binding on all successors and assigns of Buyer and the Company and (ii) are in addition to, and not in substitution for, any other rights to indemnification or contribution that any such Person may have by Contract or otherwise.

7.13 **Employees; Contractors**.

(a) Except as otherwise provided herein, commencing on the Closing Date and continuing through the earlier of (i) the date that is 12 months following the Closing Date, and (ii) the date that an employee of the Company is no longer employed by Buyer or any of its Subsidiaries, Buyer shall provide, or cause to be provided, to each employee of the Company (other than any Key Employee, which Key Employees will enter into Employment Agreements) (A) a rate of pay that includes annual base salary or an hourly wage rate (as applicable) that is at least as favorable as the annual base salary or hourly wage rate (as applicable) provided to similarly situated employees of Buyer and its Subsidiaries, (B) other compensation and such other employee benefits, in each case, as are substantially comparable in the aggregate to those provided to similarly situated employees of Buyer and its Subsidiaries, and (C) any amounts owed pursuant to any Severance Benefit Contract. Notwithstanding the foregoing, in the event an industry downturn or other economic circumstances negatively impact Buyer and its Subsidiaries, the compensation and employee benefits provided to employees of the Company may be reduced as part of a generally applicable reduction in salary or other compensation or benefits described in the foregoing clauses (A) and (B) that applies in the same manner to other similarly situated employees of Buyer or its Subsidiaries that then employ such employee of the Company during such period.

(b) With respect to any Buyer plans (other than any such plan providing a severance benefit) in which any employee of the Company will participate following the Closing, Buyer shall, or shall cause its Subsidiaries to use commercially reasonable efforts to, subject to the approval of any applicable third party insurance carriers, (i) waive all limitations as to pre-existing condition exclusions, active employment requirements, requirements to show evidence of good health and waiting periods with respect to the employees of the Company and their spouses and dependents, if applicable, to the same extent waived under a similar or comparable Company Plan in which such employee of the Company participated immediately before the Closing Date and (ii) cause each such Buyer plan in which any employee of the Company may participate to provide each employee of the Company with credit for any co-payments or deductibles paid under the applicable Company Plan prior to or as soon as reasonably practicable following the commencement of his or her participation in such Buyer plan in satisfying any deductible requirements or out of pocket limits under the applicable Company Plan for the plan year in which participation in such Buyer plan commences, subject to Seller or its Affiliate timely providing such information that is reasonably necessary for Buyer to comply with the foregoing.

(c) Buyer shall cause to be provided to each employee of the Company credit for prior service with the Company to the extent such service would be recognized if it had been performed as an employee of Buyer or its Subsidiaries for purposes of eligibility to participate

and vesting in each vacation, defined contribution retirement, welfare benefit and paid-time off plan or program of Buyer, if any, and excluding any plan providing severance benefits, in which such employees of the Company are eligible to participate after the Closing Date to the same extent as such employee of the Company was entitled, before the Closing Date, to credit for such service under the corresponding Company Plan, if any; *provided, however*, that such service need not be recognized to the extent that such recognition would result in any duplication of benefits for the same period of service.

(d) The Parties acknowledge and agree that no provision of this Agreement shall be construed to: (i) create any third-party beneficiary rights in any current or former employee, director or consultant of the Company (ii) create any right to any compensation or benefits whatsoever on the part of any employee of the Company or other future, present or former employee of the Company, its Affiliates, Buyer, or its Affiliates; (iii) guarantee employment for any period of time or preclude the ability of Buyer to terminate any employee of the Company, independent contractor or other individual service provider for any reason at any time; (iv) require Buyer to continue any Buyer Plan, or other employee compensation or benefit plans or arrangements, or prevent the amendment, modification or termination thereof after the Closing Date; or (v) constitute an amendment to any Plan or other employee benefit or compensation plan or arrangement.

(e) For the nine-month period following the Closing Date, upon receipt of a written notice from Buyer that any employee of the Company is entitled to receive any payment pursuant to a Severance Benefit Contract (whether due to such employee's termination or otherwise), which notice shall include reasonable supporting documentation of such amounts and any employer portion of any employment or payroll Taxes arising as a result of any such payments, Seller shall promptly reimburse to Buyer the amounts paid to such employee by Buyer in accordance with the applicable Severance Benefit Contract and the reasonable and documented amount of any employer portion of any employment or payroll Taxes arising as a result of any such payments.

(f) Seller shall discharge all amounts due prior to the Closing or that become due in connection with the Closing under the Greene's Holding Corporation 2020 Long-Term Incentive Plan in accordance with the terms thereunder.

7.14 **Specified Litigation Proceedings**.

(a) From and after the Closing, except to the extent any of the Self-Defense Conditions is satisfied (but excluding from the determination of whether the Self-Defense Condition set forth in clauses (B) or (C)(I) of the definition thereof is satisfied, clause (iii) of the definition of Control Conditions), Seller shall manage, contest and pursue the dismissal and/or resolution, and otherwise control the conduct, of the Specified Litigation (all proceedings relating to such Specified Litigation, collectively, the "***Specified Litigation Proceedings***") in favor of the Company. Seller shall be solely responsible for the costs and expenses of the Specified Litigation Proceedings, including the payment of any settlement amount or judgement to be paid by the Company and the indemnification of the Buyer Indemnified Parties for any Losses pursuant to Section 8.1(b).

(b) In connection with the Specified Litigation Proceedings in which the Company is plaintiff, the Parties acknowledge that Seller or the Company may be entitled to pursue legal action seeking the recoupment of legal and other fees and expenses in connection with defending such Specified Litigation Proceedings (such a legal action, a "***Recoupment Action***"). Seller shall have the sole and exclusive right to determine whether the Company or Seller will pursue any Recoupment Action, and Seller shall bear any costs associated with any

Recoupment Action. Any amounts recovered by the Company in connection with any such Recoupment Action shall, upon receipt thereof by the Company or its Affiliates, be promptly distributed to Seller pursuant to Section 7.9.

(c) Except to the extent there is a conflict with the provisions of this Section 7.14, the provisions of Sections 8.4(b) through 8.4(d) will control with respect to any Specified Litigation Proceedings.

7.15 **Release of Seller Guarantees**.

(a) Buyer shall use commercially reasonable efforts to replace the credit support set forth on Schedule 7.15(a) (such credit support, the "***Seller Credit Support***") (such replacement to be on terms that are the same as or no less favorable in the aggregate to the credit support provider, but in any event on terms sufficient to effect the complete release of Seller and its Affiliates under the Seller Credit Support) as promptly following the Closing as is reasonably practical; provided, however, that such replacement of the Seller Credit Support shall occur no more than 45 days following the Closing Date.

(b) From and after the Closing Date until the date that Buyer delivers to Seller evidence, reasonably acceptable to Seller, of the full and complete release of Seller and its Affiliates with respect to all of the Seller Credit Support (such date, the "***Replacement Date***"), Buyer shall reimburse and indemnify Seller and its Affiliates for all reasonable and documented amounts paid and expenses incurred by such Persons in connection with any demand upon any of the Seller Credit Support resulting from, arising out of or related to any action or inaction of Buyer or its Affiliates (including, following the Closing, the Company).

(c) If Buyer is unable to replace any Seller Credit Support by the end of the 45-day period set forth in clause (a) above (such remaining Seller Credit Support, "***Continuing Support Obligations***"), Buyer shall (i) continue to use commercially reasonable efforts to obtain such replacement and release, and (ii) reimburse and indemnify Seller and its Affiliates for all reasonable and documented out-of-pocket costs for the corresponding Continuing Support Obligations for the period beginning on the Closing Date and continuing until the Replacement Date with respect to such Continuing Support Obligation to the extent such Continuing Support Obligations result from, arise out of or relate to any action or inaction of Buyer or its Affiliates (including, following the Closing, the Company); provided, however, that the Parties acknowledge and agree that Seller and its Affiliates shall not be obligated to maintain any Continuing Support Obligation after the date that is 60 days following the Closing.

ARTICLE VIII
INDEMNIFICATION

8.1 **Indemnification of the Buyer Indemnified Parties**. From and after the Closing, Seller will indemnify and hold harmless the Buyer Indemnified Parties from and against all Losses arising out of or relating to:

(a) any breach of any covenant, agreement or undertaking made by Seller in this Agreement; or

(b) any Excluded Liability.

8.2 **Indemnification of the Seller Indemnified Parties**. From and after the Closing, Buyer will indemnify and hold harmless the Seller Indemnified Parties from and against all Losses arising out of or relating to:

(a) any breach of any covenant, agreement or undertaking made by Buyer in this Agreement; or

(b) any Liabilities of the Company other than any Excluded Liability.

8.3 **Limitations**. Notwithstanding anything to the contrary in this Agreement:

(a) Seller's aggregate obligation to indemnify the Buyer Indemnified Parties, and Buyer's liability to the Seller Indemnified Parties, in each case, pursuant to this Agreement, shall not exceed $32,500,000.

(b) Under no circumstances shall any Party be entitled to duplicate recovery under this Agreement with respect to (i) any indemnification claim pursuant to this Article VIII, even though the facts or series of related facts giving rise to such claim may constitute a breach of more than one representation, warranty or covenant or agreement set forth herein, or in any of the agreements or instruments entered into in connection with the Closing or (ii) any adjustments to the Buyer Common Stock issuable hereunder pursuant to Section 3.3.

(c) Notwithstanding the foregoing, payments by an Indemnifying Party pursuant to this Article VIII in respect of any Losses shall be limited to the amount of any liability or damage that remains after deducting therefrom any insurance proceeds and any indemnity, contribution or other similar payment actually received by the Indemnified Party in respect of any such claim. The Indemnified Party shall use its commercially reasonable efforts to recover under insurance policies or indemnity, contribution or other similar agreements for any Losses.

(d) NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, NO INDEMNIFIED PARTY WILL BE ENTITLED TO INDEMNIFICATION UNDER THIS ARTICLE VIII WITH RESPECT TO, NOR SHALL THE INDEMNIFIABLE LOSSES HEREUNDER INCLUDE OR BE DEEMED TO INCLUDE, AND EACH PARTY EXPRESSLY WAIVES ANY AND ALL RIGHTS WITH RESPECT TO CLAIMS UNDER THIS ARTICLE VIII AS TO CONSEQUENTIAL, INDIRECT, SPECIAL, PUNITIVE OR EXEMPLARY DAMAGES, IN EACH CASE THAT ARE NOT THE NATURAL, PROBABLE AND REASONABLY FORESEEABLE RESULT OF THE EVENT GIVING RISE TO THE CLAIM FOR SUCH DAMAGES, WHETHER BASED ON CONTRACT, TORT, STRICT LIABILITY, OTHER LAW OR OTHERWISE AND WHETHER OR NOT ARISING FROM THE OTHER PARTY'S OR ANY OF ITS AFFILIATES' NOR ANY OF THEIR RESPECTIVE REPRESENTATIVES' SOLE, JOINT OR CONCURRENT NEGLIGENCE, STRICT LIABILITY OR OTHER FAULT; PROVIDED, HOWEVER, THAT THIS LIMITATION SHALL NOT APPLY TO ANY LIABILITIES ARISING AS A RESULT OF FRAUD OR IN CONNECTION WITH ANY THIRD-PARTY CLAIM TO THE EXTENT ANY SUCH DAMAGES ARE PAYABLE BY THE INDEMNIFIED PARTY TO THE APPLICABLE THIRD-PARTY.

8.4 **Indemnification Procedure for Third-Party Claims**.

(a) Promptly following receipt by an Indemnified Party of written notice by a third party (including any Governmental Authority) of any complaint, dispute or claim or the commencement of any audit, investigation, action or proceeding from such third party with respect to which such Indemnified Party may be entitled to indemnification pursuant hereto (a "***Third-Party Claim***"), Buyer, in the event the Indemnified Party is a Buyer Indemnified Party, or Seller, in the event the Indemnified Party is a Seller Indemnified Party, will provide written notice thereof to the other Party (such other Party, the "***Indemnifying Party***"); provided,

however, that the failure to so notify the Indemnifying Party will not limit the Indemnified Party's right to indemnification under this Article VIII unless, and only to the extent that, such failure to so notify the Indemnifying Party results in the forfeiture of rights and defenses otherwise available to the Indemnifying Party with respect to such Third-Party Claim. Such notice will describe the Third-Party Claim in reasonable detail, subject to the first proviso to this Section 8.4(a), include copies of all material written evidence thereof and indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained. The Indemnifying Party will have the right, upon written notice delivered to Buyer or Seller, as applicable, within 30 days thereafter (which notice shall set forth the Indemnifying Party's agreement to indemnify the Indemnified Party with respect to all elements of such Third-Party Claim), to assume the defense of such Third-Party Claim, including the employment of counsel reasonably satisfactory to the Indemnified Party (such consent not to be unreasonably withheld, conditioned or delayed) and the payment of the fees and disbursements of such counsel. For the avoidance of doubt, the covenants and agreements set forth in this Section 8.4(a) shall be deemed to be satisfied as of the Closing Date with respect to the Specified Litigation Proceedings and Specified Tax Proceedings, including the covenant that counsel be reasonably acceptable to Buyer.

(b) Notwithstanding the foregoing, the Indemnifying Party may not assume or continue the defense of the portion of a Third-Party Claim, including, for the avoidance of doubt, in respect of any Excluded Liability, (i) which includes criminal or quasi-criminal charges or seeks to impose any criminal penalty, fine or other sanction on the Indemnified Party, (ii) that seeks non-monetary, injunctive or other equitable remedies which, if granted, would reasonably be expected to adversely affect, restrain or interfere with the business of the Indemnified Party or any of its Affiliates, (iii) in the event that such Third-Party Claim is made against a Buyer Indemnified Party by any material customer or material supplier of Buyer or any of its Affiliates, if Buyer has determined in good faith that such Third-Party Claim or the compromise or settlement thereof would reasonably be expected to adversely affect Buyer's or the Company's continuing business relationship with any such material customer or material supplier, in each case, in any material respect (provided, however, that the Buyer Indemnified Party shall be not permitted to settle any such claim for which the Buyer Indemnified Party is seeking indemnification pursuant to this Agreement without the prior written consent of the Indemnifying Party (not to be unreasonably withheld, conditioned or delayed)), or (iv) there exists an actual conflict between the Indemnifying Party and the Indemnified Party in connection with the defense of such Third-Party Claim such that the Parties cannot be joint defendants (the conditions set forth in clauses (i) through (iv) are, collectively, the "***Control Conditions***"). In the event, however, that (A) the Indemnifying Party declines or fails to assume the defense of such Third-Party Claim on the terms provided above or to employ counsel reasonably satisfactory to Buyer, (B) the Indemnifying Party is not entitled to assume or continue the defense of the Third-Party Claim in accordance with the preceding sentence (but limited only to the portion of such Third-Party Claim the Indemnifying Party is prohibited from assuming), or (C) after the Indemnifying Party has assumed the defense of a Third-Party Claim, (I) any of the Control Conditions come into existence, (II) the Indemnifying Party materially fails to take reasonable steps necessary to defend diligently such Third-Party Claim and the Indemnifying Party has not cured such material failure within 30 days of receiving notice of such failure, or (III) Buyer reasonably determines that Seller has insufficient funds necessary to continue to reasonably defend diligently such Third-Party Claim and Buyer has provided Seller with at least five Business Days prior written notice of such reasonable determination (the conditions set forth in clauses (A) through (C), the "***Self-Defense Conditions***"), the Indemnified Party may assume its own defense for that portion of the Claim that is subject to the Self-Defenses Conditions, and any Losses will include the reasonable and documented out-of-pocket fees and disbursements of one outside counsel (and, if applicable, one local counsel in each relevant jurisdiction) of the Indemnified Party.

(c) In any Third-Party Claim for which indemnification is being sought hereunder, the Indemnified Party, (or, in the event the Indemnified Party has assumed control of the claim, the Indemnifying Party), will have the right to participate in such matter and to retain its own counsel at such Person's own expense. The Indemnifying Party (or, in the event the Indemnified Party has assumed control of the claim, the Indemnified Party) will at all times use reasonable efforts to keep the Indemnified Party (or, in the event the Indemnified Party has assumed control of the claim, the Indemnifying Party) reasonably apprised of the status of the defense of those Third-Party Claims the defense of which the Indemnifying Party (or, in the event the Indemnified Party has assumed control of the claim, the Indemnified Party) is maintaining and to cooperate in good faith with the Indemnified Party (or, in the event the Indemnified Party has assumed control of the claim, the Indemnifying Party) with respect to the defense of any such matter, including making available to the Indemnified Party (or, in the event the Indemnified Party has assumed control of the claim, the Indemnifying Party) records relating to such Third-Party Claim; provided, however, that neither the Indemnifying Party (or, in the event the Indemnified Party has assumed control of the claim, the Indemnified Party) nor its Affiliates will be obligated to provide any other Person with access to any books or records (including personnel files) or include any other Person in any strategy sessions or discussions where such access would or could reasonably be expected to, based on advice of counsel, (x) result in the waiver of any attorney client privilege, (y) create any liability under applicable law or (z) violate any obligation with respect to confidentiality; provided further, that, in the case of each of the immediately foregoing clauses (x), (y) and (z), the Indemnifying Party (or, in the event the Indemnified Party has assumed control of the claim, the Indemnified Party) will inform the other Person of the general nature of the document or information being withheld and reasonably cooperate with the other Person and its representatives to provide such documentation or information in a manner that would not result in violation of law or the loss or waiver of such privilege or could otherwise be redacted to mitigate any concerns around the sharing of confidential information.

(d) The Indemnifying Party may not, without the prior written consent of the Indemnified Party, which consent shall not be unreasonably withheld, conditioned or delayed, settle or compromise any Third-Party Claim or consent to the entry of any judgment with respect to which indemnification is being sought hereunder unless such settlement, compromise or consent (i) includes an unconditional release of the Indemnified Party, its Affiliates and their respective officers, directors and employees from all liability arising out of, or related to, such Third-Party Claim, (ii) does not contain any admission or statement suggesting any wrongdoing on behalf of the Indemnified Party or its Affiliates, (iii) does not contain any equitable order, judgment or term that in any manner adversely affects, restrains or interferes, in each case, in any material respect with the business of the Indemnified Party and its Affiliates and (iv) does not require any payment by the Indemnified Party or its Affiliates that would not be paid by the Indemnifying Party.

8.5 **Indemnification Procedure for Direct Claims**. In the event an Indemnified Party claims a right to payment pursuant hereto with respect to any matter not involving a Third-Party Claim (a "***Direct Claim***"), Buyer, in the event the Indemnified Party is a Buyer Indemnified Party, or Seller, in the event the Indemnified Party is a Seller Indemnified Party, will promptly send written notice of such claim to the other Party (a "***Notice of Claim***"). Such Notice of Claim will specify the basis for such Direct Claim and the provision of this Agreement upon which such Direct Claim is believed to be based and describe in reasonable detail the facts and circumstances giving rise to such Direct Claim, including the amount of Losses and the method of computation of such Losses. The failure by Buyer or Seller, as applicable, to promptly notify the other Party will not limit the right of Buyer or Seller, as applicable, to indemnification with respect to any Direct Claim made pursuant to this Section 8.5 unless, and only to the extent that, such failure to promptly notify such other Party results in the forfeiture of rights and

defenses otherwise available to such other Party with respect to such Direct Claim. Seller or Buyer, as applicable, will have 60 days after its receipt of such notice from the Indemnified Party to respond in writing to such Direct Claim. In the event Seller or Buyer, as applicable, does not notify the other Party within 60 days following its receipt of such Notice of Claim that Seller or Buyer, as applicable, disputes the Indemnified Party's right to indemnification under this Article VIII or the amount thereof, the Indemnified Party will be conclusively entitled to the amount set forth in such Notice of Claim.

8.6 **Survival of Indemnification Claims**. All claims for indemnification under this Article VIII must be asserted no later than (a) in the case of any claim for indemnification in connection with any Specified Tax Proceeding, the date that is 90 days following the expiration of the applicable statute of limitations, (b) in the case of any claim for indemnification for the Specified Litigation, the date that is 90 days following the date a decision, judgment, decree or other order by any court of competent jurisdiction has been rendered with respect to the Specified Litigation, which decision, judgment, decree or other order has become final and non-appealable and (c) in the case of any other claim for indemnification, the 12-month anniversary of the Closing Date. Notwithstanding the foregoing, if, prior to the close of business on the last day a claim for indemnification may be asserted hereunder, the Indemnifying Party has been properly notified of a claim for indemnity hereunder and such claim has not been finally resolved or disposed of at such date, such claim will continue to survive and will remain a basis for indemnity hereunder until such claim is finally resolved or disposed of in accordance with the terms hereof.

8.7 **Recovery**. Following the final resolution (including any appeal) of any Claim pursuant to which an Indemnified Party has made a claim for indemnification under this Article VIII for any Losses, Buyer, in the event the Indemnified Party is a Buyer Indemnified Party, or Seller, in the event the Indemnified Party is a Seller Indemnified Party, shall deliver to the Indemnifying Party an accounting of any such Losses. In the event the Indemnifying Party has timely disputed the Indemnified Party's right to indemnification under this Article VIII or the amount thereof, Buyer and Seller will, as promptly as reasonably practicable, establish the merits and amount of such claim for indemnification (by mutual agreement, litigation or otherwise). Within five Business Days of the final determination of the amount of any claim for indemnification under this Article VIII, the Indemnifying Party shall pay to applicable Indemnified Party an amount equal to such finally determined Losses.

8.8 **Escrow Account Indemnification Procedures**. Any amounts payable to a Buyer Indemnified Party in accordance with this Article VIII shall be paid: (i) *first* from the Escrow Account by delivery of a joint written instruction from Buyer and Seller to the Escrow Agent to pay to such Buyer Indemnified Party an amount that such Buyer Indemnified Party is entitled to receive under this Article VIII with respect to a claim validly submitted by a Buyer Indemnified Party under this Article VIII, with the Parties to deliver such instructions to the Escrow Agent within five Business Days after the final determination that any Buyer Indemnified Party is entitled to indemnification under this Article VIII; and (ii) *second*, to the extent the Escrow Balance is not sufficient to satisfy such amount payable, by payment from Seller to such Buyer Indemnified Party, which payment shall be made within five Business Days after the final determination that such Buyer Indemnified Party is entitled to indemnification under this Article VIII, by wire transfer of immediately available funds to the account(s) designated in writing by such Buyer Indemnified Party.

8.9 **Tax Treatment**. The Parties agree to treat any payment made pursuant to this Article VIII as an adjustment to the purchase price for the assets of the Company for all Tax purposes to the extent permitted by applicable law.

ARTICLE IX
MISCELLANEOUS

9.1 **Assignment**. This Agreement and the rights under this Agreement may not be assigned by Buyer without the prior written consent of Seller; provided, however, that Buyer may assign without Seller's consent the provisions and benefits of this Agreement to any Affiliate or to any transferee of all or substantially all of the Company Business, provided that such Affiliate or transferee concurrently assumes in writing all of Buyer's obligations under this Agreement. This Agreement and the rights hereunder may not be assigned by Seller without the prior written consent of Buyer; provided, however, that Seller may assign this Agreement to any Affiliate of Seller or to any transferee of all or substantially all of the assets of Seller, provided such Affiliate or transferee concurrently assumes all of Seller's obligations hereunder. Subject to the foregoing, this Agreement will be binding upon and inure to the benefit of the Parties and their respective successors and assigns. Notwithstanding the foregoing, no assignment will relieve the assigning party of its obligations and Liabilities under this Agreement.

9.2 **Notices**. Unless otherwise provided in this Agreement, any notice, request, consent, instruction or other document to be given under this Agreement by any Party to another Party will be in writing and delivered personally, by reputable overnight delivery service or other courier, by certified mail, postage prepaid, return receipt requested or sent by email transmission (in the case of email transmission, with copies by overnight courier service or registered mail), and will be deemed given (a) immediately when sent by email between 9:00 A.M. and 6:00 P.M. (Houston, Texas time) on any Business Day (and when sent outside of such hours, at 9:00 A.M. (Houston, Texas time) on the next Business Day), (b) when received if delivered personally or by overnight delivery service or other courier or (c) on the date receipt is acknowledged if delivered by certified mail, postage prepaid, return receipt requested, as follows:

If to Seller, addressed to:

Greene's Holding Corporation
c/o Denham Capital Management LP
185 Dartmouth St 7th Fl
Boston, MA 02116
Attn: Mr. Tony Fiore
Email:

With a copy to:

Greene's Holding Corporation
c/o Fairlead Advisors
3311 Yupon Street, Suite 317
Houston, TX 77006
Attn: Ms. Renee Sass
Email:

With a copy to (which shall not constitute notice):

Sidley Austin LLP
1000 Louisiana Street, Suite 5900
Houston, TX 77002
Attention: Atman Shukla
Email: ashukla@sidley.com

If to Buyer, addressed to:

KLX Energy Services Holdings, Inc.
3040 Post Oak Boulevard, 15th Floor
Houston, Texas 77056
Attention: Chris Baker; Max Bouthillette; Keefer Lehner
Email:

With a copy to (which shall not constitute notice):

Vinson & Elkins L.L.P.
845 Texas Avenue, Suite 4700
Houston, Texas 77002
Attn: Sarah Morgan; Mike Marek
Email: smorgan@velaw.com; mmarek@velaw.com

or to such other place and with such other copies as either Seller or Buyer may designate by written notice to the others in accordance with this Section 9.2.

9.3 **Choice of Law; Jurisdiction; Venue; Jury Waiver**. The Parties stipulate that this Agreement has been entered into in the State of Delaware. This Agreement will be construed and interpreted and the rights of the Parties governed by the internal laws of the State of Delaware, without regard to any conflict of law or choice of law principles that would apply the substantive law of another jurisdiction. (A) THE PARTIES CONSENT TO THE EXERCISE OF JURISDICTION IN PERSONAM BY THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA LOCATED IN THE STATE OF DELAWARE OR THE DELAWARE COURT OF CHANCERY OF THE STATE OF DELAWARE FOR ANY ACTION ARISING OUT OF THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS, OR ANY TRANSACTION CONTEMPLATED HEREBY OR THEREBY; AND (B) ALL ACTIONS OR PROCEEDINGS WITH RESPECT TO, ARISING DIRECTLY OR INDIRECTLY IN CONNECTION WITH, OUT OF, RELATED TO, OR FROM THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS OR ANY TRANSACTION CONTEMPLATED HEREBY OR THEREBY SHALL BE EXCLUSIVELY LITIGATED IN COURTS HAVING SUITS IN DELAWARE. EACH PARTY HERETO WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LEGAL REQUIREMENTS, ANY RIGHT HE OR IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION, SUIT OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS OR ANY TRANSACTION CONTEMPLATED HEREBY OR THEREBY.

9.4 **Waiver of Compliance; Consents**. Except as otherwise provided in this Agreement, any failure of any of the Parties to comply with any obligation, covenant, agreement or condition in this Agreement may be waived by the Person or Persons entitled to the benefits thereof only by a written instrument signed by the Person or Persons granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition will not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

9.5 **Expenses**. Except as otherwise expressly provided herein (including with respect to Transaction Costs), each Party will pay its own expenses (including attorneys' and accountants' fees and expenses) in connection with the negotiation of this Agreement, the performance of its obligations hereunder and the consummation of the Transactions.

9.6 **Completion of Schedules**. Unless the context otherwise requires, all capitalized terms in the Disclosure Schedules have the respective meanings assigned in this Agreement. Seller may, at its option, include in the Disclosure Schedules items that are not material, and any such inclusion (including any references to dollar amounts) shall not be deemed to be an acknowledgment or representation that such items are material, to establish any standard of materiality or to define further the meaning of such terms for purposes of this Agreement. The listing (or inclusion of a copy) of a document or other item under one schedule to a representation or warranty made in this Agreement will be deemed adequate to disclose an exception to a separate representation or warranty made in this Agreement only if such listing has sufficient detail on its face that it reasonably is clear that such document or other item applies to such other representation or warranty made in this Agreement.

9.7 **Invalidity**. In the event that any one or more of the provisions set forth in this Agreement or in any other instrument referred to in this Agreement will, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provision of this Agreement or any other such instrument. In lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

9.8 **Third-Party Beneficiaries**. This Agreement is solely for the benefit of (a) the Parties and their successors and assigns permitted under this Agreement, (b) Buyer Related Parties and Seller Related Parties with respect to Section 7.1, (c) Indemnified Parties with respect to Article VIII (d) the Protected Persons with respect to Section 7.12 and (e) the Non-Recourse Parties with respect to Section 9.9, no provisions of this Agreement will be deemed to confer upon any other Person any remedy, Claim, liability, reimbursement, cause of action or other right in each case, except as expressly provided in this Agreement.

9.9 **Non-Recourse**. Except in the event of Fraud, this Agreement and the Transaction Documents may only be enforced against, and any claim or suit based upon, arising out of, or related to this Agreement or the Transactions Documents, or the negotiation, execution or performance of this Agreement or the Transaction Documents, may only be brought against the named parties to this Agreement or the Transaction Documents, as applicable, and then only with respect to the specific obligations set forth herein or therein with respect to the named parties to this Agreement or such Transaction Document (in all cases, as limited by the provisions of this Section 9.9). Except in the event of Fraud, no Person who is not a named party to this Agreement or any Transaction Document, including any past, present or future director, manager, officer, employee, incorporator, member, partner, stockholder, member, Affiliate, agent, attorney or representative of Buyer, the Company, Seller or any of their respective Affiliates (each a "***Non-Recourse Party***"), will have or be subject to any Liability or indemnification obligation (whether in contract or in tort, in equity or otherwise) under this Agreement or such Transaction Document, it being expressly agreed and acknowledged that except in the event of Fraud, no personal Liability whatsoever shall attach to, be imposed on or otherwise be incurred by any Non-Recourse Party for any Liabilities arising under, in connection with or related to this Agreement or any Transaction Document (including any representation or warranty made in or in connection with this Agreement or any Transaction Document) or for any claim based on, in respect of, or by reason of this Agreement or any Transaction Document or its negotiation or execution; and each party hereto waives and releases all such Liabilities against any Non-Recourse Parties. Except in the event of Fraud, to the maximum extent permitted by applicable law, each Party hereby (a) waives and releases all such claims, causes of action, Liabilities and other obligations against any such Non-Recourse Parties, (b) waives and releases any and all claims, causes of action, rights, remedies, demands or actions that may otherwise be available to avoid or disregard the entity form of a Party or otherwise impose the Liability of a Party on any

Non-Recourse Party, whether granted by Legal Requirements or based on theories of equity, agency, control, instrumentality, alter ego, domination, sham, single business enterprise, piercing the veil, unfairness, undercapitalization or otherwise, and (c) disclaims any reliance upon any Non-Recourse Party with respect to the performance of this Agreement, the other Transaction Documents and any representation or warranty made in, in connection with or as an inducement hereto or thereto.

9.10 **No Presumption Against Any Party**. Neither this Agreement nor any uncertainty or ambiguity herein will be construed or resolved against any Party, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by each of the Parties and their counsel and will be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all Parties.

9.11 **Specific Performance**. Each of the Parties acknowledges and agrees that the other Parties would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, each of the Parties agrees that the other Parties will be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action instituted in any court of the United States or any state thereof having jurisdiction over the Parties and the matter, in addition to any other remedy to which they may be entitled, at law or in equity.

9.12 **Waiver of Conflicts**. Recognizing that Sidley Austin LLP ("***Sidley***") has acted as legal counsel to Seller, certain of the equity holders of Seller, the Company and certain of their respective Affiliates prior to the Closing, and that Sidley intends to act as legal counsel to Seller, certain of the equity holders of Seller and certain of their respective Affiliates (including after the Closing), Buyer (including on behalf of the Company following the Closing) hereby waives and agrees to cause its Affiliates to waive, any conflicts that may arise in connection with Sidley representing Seller, any equity holder of Seller or any of its Affiliates after the Closing as a result of Sidley representing the Company prior to the Closing. In addition, all communications involving attorney-client confidences between Seller, any equity holder of Seller or any of their respective Affiliates that relate primarily to the negotiation, documentation and consummation of the transactions contemplated hereby will be deemed to be attorney-client confidences that belong solely to such Person and its Affiliates (and not to the Company). Accordingly, the Company will not have the right to access to any such communications, or to the files of Sidley relating to such engagement, whether or not the Closing has occurred. Without limiting the generality of the foregoing, upon and after the Closing, (a) Seller or the applicable equity holder of Seller and its Affiliates (and not the Company) will be the sole holders of the attorney-client privilege with respect to such engagement, and the Company will not be a holder thereof, (b) to the extent that the files of Sidley in respect of such engagement constitute property of the client, only Seller or the applicable equity holder of Seller and its Affiliates (and not the Company) will hold such property rights and (c) Sidley will have no duty whatsoever to reveal or disclose any such attorney-client communications or files to the Company by reason of any attorney-client relationship between Sidley and the Company. Notwithstanding anything to the contrary contained in the foregoing, if a dispute arises between Buyer or the Company and a third party (other than a Party or any of their respective Affiliates) after the Closing, the Company may assert the attorney-client privilege to prevent disclosure of confidential communications by Sidley to such third party; provided, neither Buyer nor the Company may waive such privilege without the prior written consent of Seller.

9.13 **Fraud**. Notwithstanding anything in this Agreement to the contrary (including any survival periods, limitations on remedies, disclaimers of reliance or omissions or any similar

limitations or disclaimers), nothing in this Agreement (or elsewhere) shall limit or restrict, or be used as a defense against, any of the Parties' rights or abilities to maintain or recover any amounts in connection with any action or claim based upon or arising from Fraud.

9.14 **Counterparts**. This Agreement may be executed in one or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

9.15 **Entire Agreement; Amendments**. This Agreement, together with all Exhibits and Schedules hereto, and the other Transaction Documents constitute the entire agreement of the Parties with regard to the subject matter hereof and supersede all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the Parties. No amendment, supplement or modification of this Agreement will be binding unless executed in writing by all Parties.

(*Remainder of page intentionally left blank. Signature pages follow.*)

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first written above.

BUYER:

KLX ENERGY SERVICES HOLDINGS, INC.,
a **Delaware corporation**

By: /s/ Max L. Bouthillette
Name: Max L. Bouthillette
Title: Executive Vice President, General Counsel, Chief Compliance Officer and Secretary

SELLER:

GREENE'S HOLDING CORPORATION
a **Delaware corporation**

By: /s/ Renee Sass
Name: Renee Sass
Title: Chief Financial Officer

EXHIBIT A
DEFINED TERMS

"***AAA***" is defined in Section 3.2(b).

"***Act of Bankruptcy***" is defined in Section 5.32.

"***Affiliate***" means with respect to any Person, any Person that, directly or indirectly, controls, is controlled by, or is under a common control with, such Person. The term "control" (including the terms "controlled by" and "under common control with") as used in this definition means the possession, directly or indirectly, of the power to direct or cause the direction of management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise. Notwithstanding anything to the contrary in this definition or in the Transaction Documents, except in the case of the definitions of Debt, Seller Indemnified Parties, Seller Related Parties and Sections 4.5 (*Brokers' Fees; Expenses*), 5.5(a) (*Real Property*), 5.28 (*Affiliate Transactions*), 6.21 (*No Other Representations and Warranties; Disclaimer*), 7.4 (*Confidentiality*), 7.6 (*Books and Records*), 7.7 (*Publicity*), 8.3 (*Limitations*), 9.9 (*Non-Recourse*), and 9.12 (*Waiver of Conflicts*), no Seller Sponsor Persons shall be deemed an Affiliate of Seller.

"***Affiliate Transaction***" is defined in Section 5.28.

"***Aged Receivable***" means Receivables of the Company set forth on Schedule 1.1(a).

"***Agreed Tax Treatment***" is defined in Section 7.5(a)(i).

"***Agreement***" is defined in the preamble.

"***Allocation***" is defined in Section 7.5(a)(ii).

"***Annual Financial Statements***" is defined in Section 5.12(a).

"***Applicable Date***" means February 13, 2018, the date upon which Buyer consummated its initial public offering of Buyer Common Stock on NASDAQ.

"***Assignment Agreement***" is defined in Section 2.4(a).

"***Books and Records***" means all books and records primarily relating to the Company, the Company Business and the Company Assets in any media or format, including all books of account, journals and ledgers, files, correspondence, memoranda, maps, plats, customer lists, supplier lists, personnel records relating to the employees of the Company, catalogs, promotional materials, data processing programs and other computer software, building and machinery diagrams and plans.

"***Business Day***" means any day other than a Saturday, Sunday or legal holiday under the laws of the United States or the State of Texas.

"***Buyer***" is defined in the preamble.

"***Buyer Common Stock***" means the Common Stock, par value $0.01 per share, of Buyer.

"***Buyer Financial Statements***" is defined in Section 6.6(b).

"***Buyer Indemnified Parties***" means Buyer and its Affiliates (including, following the Closing, the Company), and the successors and assigns of any of the foregoing.

"***Buyer Material Adverse Effect***" means, with respect to Buyer and its Affiliates, any fact, effect, development, occurrence, event, change, or circumstance that has had, or is reasonably expected to have, individually or in the aggregate, a material adverse effect (calculated net of insurance proceeds to the extent actually received by Buyer) on (a) the business, results of operations or condition (financial or otherwise) of the business of Buyer, or (b) Buyer's ability to consummate the Transactions or otherwise perform its obligations under this Agreement or any other Transaction Documents.

"***Buyer Preferred Stock***" means the Preferred Stock, par value $0.01 per share, of Buyer.

"***Buyer Related Parties***" means, collectively, Buyer, its Affiliates and their respective directors, officers, managers, employees, owners, advisors and representatives.

"***Buyer SEC Reports***" is defined in Section 6.6(a).

"***Buyer's Subsidiary Party***" is defined in Section 2.1(a).

"***CAA***" means the federal Clean Air Act, as amended.

"***CARES Act***" means the Coronavirus Aid, Relief, and Economic Security Act.

"***Cash***" means all cash and cash equivalents (including any certificates of deposit with an original maturity of three months or less), of the Company and determined in accordance with GAAP; *provided*, that Cash shall not include (a) cash held outside the United States, (b) any cash or cash equivalents that are restricted and will not be available for use after Closing, (c) any amounts reflected in Net Working Capital and (d) any cash pledged as collateral in respect of Seller's insurance policies. For the avoidance of doubt, Cash (i) shall exclude any checks or drafts issued by the Company that are uncleared, (ii) shall include checks, wire transfers, drafts, and other deposits received by or available for deposit for the account of the Company (including any issued but uncleared checks or drafts) and (iii) shall exclude any cash and cash equivalents held in escrow or as a deposit.

"***CERCLA***" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

"***Claim***" means any and all claims, causes of action, demands, lawsuits, suits, information requests, proceedings, governmental investigations or audits and administrative orders by or before a Governmental Authority or any arbitrator.

"***Closing***" is defined in Section 2.3.

"***Closing Adjustment Shares***" is defined in Section 2.1(b).

"***Closing Date***" is defined in Section 2.3.

"***Closing Statement Dispute Notice***" is defined in Section 3.2(b).

"***Closing VWAP***" means $13.3168.

"***Code***" means the Internal Revenue Code of 1986, as amended.

"Collection Costs" means any Taxes and reasonable and documented, out of pocket costs and expenses (including reasonable attorneys' fees) incurred in good faith by Buyer or the Company, in each case solely to the extent arising out of the collection, receipt of payment and remittance to Seller of the Post-Closing Proceeds.

"***Company***" is defined in the recitals.

"***Company Assets***" means all of the assets, whether real, personal (tangible or intangible) or mixed, owned (in fee or any lesser interest including leasehold interests) by the Company, including, for the avoidance of doubt, the Company Owned Real Property.

"***Company Business***" means the business and operations performed by the Company, and the ownership and use of the Company Owned Real Property.

"***Company Intellectual Property***" is defined in Section 5.9(a).

"***Company Material Adverse Effect***" means, with respect to the Company, any fact, effect, development, occurrence, event, change, or circumstance that has had, or is reasonably expected to have, individually or in the aggregate, a material adverse effect (calculated net of insurance proceeds to the extent actually received by the Company) on (a) the business, results of operations or condition (financial or otherwise) of the Company Business, or (b) Seller's ability to consummate the Transactions or otherwise perform its obligations under this Agreement or any other Transaction Documents; provided, however, that, solely with respect to Section 5.4(a), none of the following, if occurring, either alone or in combination, shall constitute or be deemed to contribute to a Company Material Adverse Effect, or shall otherwise be taken into account in determining whether a Company Material Adverse Effect has occurred or would reasonably be expected to occur: (a) changes generally affecting the industries in which the Company or any of its Affiliates operates, whether international, national, regional, state, provincial or local, (b) changes in general regulatory or political conditions, including any acts of war or terrorist activities, (c) effects of weather or other meteorological events, natural disasters or pandemics or epidemics (including the COVID-19 pandemic), (d) changes or adverse conditions in the financial, banking or securities markets, in each case, including any disruption thereof and any decline in the price of any security or any market index, (e) changes in Legal Requirements or GAAP (or other accounting principles or regulatory policy), or the interpretation or enforcement thereof, (f) actions or omissions required to be taken or not taken by the Company or Seller in accordance with this Agreement or the other Transaction Documents, or (g) any act of Buyer or any of its Affiliates. Notwithstanding anything to the contrary in the foregoing, with respect to Section 5.4(a), a fact, effect, development, occurrence, event, change, or circumstance referenced in any one or more of the foregoing clauses (a) through (e) shall be taken into account in determining whether a Company Material Adverse Effect has occurred or would reasonably be expected to occur if such fact, effect, development, occurrence, event, change, or circumstance has a disproportionate material adverse impact on the Company or the Company Business, as a whole, as compared to other oilfield services companies.

"***Company Owned Real Property***" is defined in Section 5.5(a).

"***Confidential Information***" is defined in Section 7.4.

"***Consolidated Group***" means any affiliated, combined, consolidated, unitary or similar group with respect to any Taxes, including any affiliated group within the meaning of Section 1504 of the Code electing to file consolidated federal income Tax Returns and any similar group under foreign, state or local law.

"***Continuing Support Obligations***" is defined in Section 7.15(c).

"***Contract***" means any written or oral contract, agreement, option, right to acquire, preferential purchase right, preemptive right, warrant, indenture, debenture, note, bond, loan, loan agreement, collective bargaining agreement, lease, mortgage, franchise, license, letter of credit, guaranty, surety or any other legally binding arrangement.

"***Contract Legend***" means the following legend to be placed on the Buyer Common Stock issued to Seller as Closing Adjustment Shares pursuant to Section 2.1(c):

THIS SECURITY IS ALSO SUBJECT TO ADDITIONAL RESTRICTIONS ON TRANSFER AS SET FORTH IN SECTION 7.10 OF THE PURCHASE AND SALE AGREEMENT, DATED AS OF MARCH 8, 2023, AS MAY BE AMENDED FROM TIME TO TIME, BY AND BETWEEN KLX ENERGY SERVICES HOLDINGS, INC. AND GREENE'S HOLDING CORPORATION, AND THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE THEREWITH.

"***Control Conditions***" is defined in Section 8.4(a).

"***Creditors' Rights***" is defined in Section 4.2.

"***D&O Protection***" is defined in Section 7.12(a).

"***Debt***" means, without duplication, any Liability (i) in respect of borrowed money or evidenced by bonds, notes, debentures or similar instruments; (ii) representing the deferred purchase price of property, assets or services to the extent the Company is liable, contingently or otherwise, as obligor or otherwise, including any earnout or other deferred purchase price Liabilities; (iii) in respect of any declared but unpaid dividends or distributions; (iv) all liabilities with respect to letters of credit, performance bonds, surety bonds, bank guarantees, bankers' acceptances or similar instruments, in each case, to the extent drawn or called as of such time; (v) in respect of interest, fees, prepayment premiums, penalties and other expenses owed with respect to the Debt referred to above assuming the repayment in full of such Debt as of such time of determination; (vi) in respect of payment obligations due and owing under any interest rate, currency or other hedging agreement; (vii) in respect of deferred compensation, accrued bonus, including cash bonus, commission payments, stock bonus, ownership enhancement bonus, and profit sharing and 401(k) payments to be made by the Company in connection with the 401(k) match program, including the employer portion of any employment or payroll Taxes or other benefit payments arising as a result of any such payments, but in each case excluding any obligation with respect to the deliverable set forth in Section 2.4(k) and also excluding amounts accrued for land bonuses and job bonuses paid to hourly employees, (viii) in respect of any deferred obligation to pay Taxes pursuant to Section 2302 of the CARES Act (or any corresponding or similar provision of any COVID-19 aid), (ix) in respect of obligations with respect to any lease that is classified as a finance lease in accordance with GAAP; (x) in respect of any underfunded pension Liability and accrued but unpaid self-insured medical claims and employer contributions under any retirement plan, post-retirement health or welfare benefits; (xi) in respect of any deferred revenue; (xii) in respect of any management or advisory fees or similar fees payable to any Seller Sponsor Persons, Seller or any of their respective Affiliates; (xiii) in respect of any costs payable upon termination of the Contracts set forth on Schedule 1.1(b); and (xiv) in respect of indebtedness of the type referred to in the foregoing clauses (i) through (xiii) of any Person that is guaranteed by the Company or that is secured by any Lien on any property or asset of the Company; provided, however, that (A) any item

included in Transaction Costs and (B) any amounts owed pursuant to any Severance Benefit Contract, in each case, will not constitute Debt.

"***Direct Claim***" is defined in Section 8.5.

"***Disclosure Schedules***" means the disclosure schedules prepared by each Party and attached to this Agreement.

"***Disputed Items***" is defined in Section 3.2(b).

"***Employee Retention Credit***" means the employee retention tax credit under Section 2301 of the CARES Act.

"***Employment Agreement***" is defined in Section 2.4(g).

"***Environmental Authorization***" means any license, permit, certificate, order, approval, consent, written notice, registration, exemption, variance, filing, or other authorization required from and/or issued by a Governmental Authority pursuant to any Environmental Law.

"***Environmental Laws***" means all Legal Requirements relating to pollution or protection of human health and safety (in sole respect of exposure to Hazardous Materials), natural resources or the environment (including ambient air, surface, water, ground water, land surface or subsurface strata), including Legal Requirements relating to Releases or threatened Releases of Hazardous Materials or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, transport or handling of Hazardous Materials. Environmental Laws include the following: CAA, CERCLA, EPCRA, FIFRA, FWPCA, OPA, OSHA (in sole respect of exposure to Hazardous Materials), RCRA, SARA and TSCA.

"***EPCRA***" means the Emergency Planning and Community Right-to-Know Act of 1986, as amended.

"***Equity Interests***" is defined in the recitals.

"***ERISA***" is defined in Section 5.19(a)(i).

"***ERISA Affiliate***" means, with respect to any entity, trade or business, any other entity, trade or business that is a member of a group described in Section 414(b), (c), (m) or (o) of the Code or Section 4001(b)(l) of ERISA that includes the first entity, trade or business, or that is a member of the same "controlled group" as the first entity, trade or business pursuant to Section 4001(a)(14) of ERISA.

"***Escrow Account***" means the account held by the Escrow Agent subject to the Escrow Agreement for the Escrow Amount.

"***Escrow Agent***" means Citibank, N.A.

"***Escrow Agreement***" means the Escrow Agreement, dated as of even date herewith, by and among Seller, Buyer and the Escrow Agent, in the form attached hereto as Exhibit E.

"***Escrow Amount***" means $1,500,000.

"***Escrow Balance***" means the Escrow Amount, *minus* any disbursements from the Escrow Account from time to time in accordance with this Agreement and the Escrow Agreement.

"***Escrow Release Date***" means the later of (a) the date that is 30 days following the Final Determination of the Specified Tax Proceeding and (b) the 12-month anniversary of the Closing Date.

"***Estimated Closing Statement***" is defined in Section 3.1.

"***Estimated Net Debt Amount***" is defined in Section 3.1.

"***Estimated Net Working Capital***" is defined in Section 3.1.

"***Estimated Net Working Capital Deficit***" means the amount, if any, by which Estimated Net Working Capital is less than the Net Working Capital Threshold Floor.

"***Estimated Net Working Capital Excess***" means the amount, if any, by which Estimated Net Working Capital is greater than the Net Working Capital Threshold Ceiling.

"***Estimated Stock Consideration***" means the number of shares of Buyer Common Stock, rounded to the nearest whole share, equal to:

(a) 2,359,108, *minus* (if positive) or *plus* the absolute value of (if negative)

(b) an amount equal to

(i) the sum of:

(A) the Estimated Net Debt Amount (which amount may be positive or negative), *plus*

(B) the Estimated Net Working Capital Deficit (if any), *minus*

(C) the Estimated Net Working Capital Excess (if any);

divided by (ii) the Closing VWAP.

"***Exchange Act***" means the Securities Exchange Act of 1934, as amended and the rules and regulations promulgated thereunder.

"***Excluded Liabilities***" means Losses directly attributable to the Liabilities set forth on Schedule 1.1(c), including the Specified Litigation and Specified Tax Proceedings (but only to the extent of any payments or penalties required to be paid pursuant to the Final Determination of the Specified Tax Proceedings), but excluding any Losses (a) arising out of, resulting from or related to Buyer's participation in or control of the Specified Litigation Proceedings or Specified Tax Proceedings (except to the extent any of the Self-Defense Conditions is satisfied (but excluding from the determination of whether the Self-Defense Condition set forth in clauses (B) and (C)(I) of the definition thereof is satisfied, clause (iii) of the definition of Control Conditions)), any matter to which Buyer has consented in writing, or Buyer's review of any documents, filings or materials in connection with the Specified Litigation Proceedings or Specified Tax Proceedings in accordance with Sections 7.14 and 7.5(c), respectively (provided, however, that no Losses arising out of, resulting from or related to any action taken by Buyer that

is not directly related to the Specified Litigation Proceedings or the Specified Tax Proceedings shall be excluded) or (b) included in or otherwise accounted for in the calculation of Net Working Capital or the stock consideration adjustment pursuant to Article III.

"***Facilities***" is defined in Section 5.5(c).

"***FCPA***" means the Foreign Corrupt Practices Act of 1977, as amended.

"***FIFRA***" means the Federal Insecticide, Fungicide & Rodenticide Act, as amended.

"***Final Closing Date Balance Sheet***" is defined in Section 3.2(a).

"***Final Closing Statement***" is defined in Section 3.2(a).

"***Final Determination***" means (a) a decision, judgment, decree or other order by any court of competent jurisdiction, which decision, judgment, decree or other order has become final and non-appealable, (b) a closing agreement made under Section 7121 of the Code (or a comparable agreement under U.S. state or local or non-U.S. law) with the relevant Governmental Authority or other administrative settlement with or final administrative decision by the relevant Governmental Authority, (c) a final disposition of a claim for refund, or (d) any agreement between Buyer and Seller which they agree will have the same effect as an item in the foregoing clauses (a), (b) or (c) for purposes of this Agreement.

"***Final Stock Consideration***" means the number of shares of Buyer Common Stock, rounded to the nearest whole share, equal to:

(a) 2,359,108, *minus* (if positive) or *plus* the absolute value of (if negative)

(b) an amount equal to

(i) the sum of:

(A) the Net Debt Amount (which amount may be positive or negative), *plus*

(B) the Unpaid Transaction Costs, *plus*

(C) the Net Working Capital Deficit (if any), *minus*

(D) the Net Working Capital Excess (if any);

divided by (ii) the Closing VWAP.

"***Financial Statements***" is defined in Section 5.12(a).

"***FLSA***" is defined in Section 5.18(a)(i).

"***Fraud***" means, with respect to a Person, a knowing and intentional misrepresentation of a material fact or concealment of a material fact by such Person with respect to any representation or warranty in this Agreement (or the corresponding Disclosure Schedule, as applicable) (but not, for the avoidance of doubt, in any other actual or alleged representation or warranty made orally or in writing), or a knowing and intentional concealment of facts by such Person with respect to such representations and warranties. Notwithstanding the foregoing,

"Fraud" does not include any claim based on constructive knowledge, negligent misrepresentation, recklessness or a similar theory.

"***FWPCA***" means the federal Water Pollution Control Act, as amended.

"***GAAP***" means generally accepted accounting principles in the United States, as in effect from time to time, as consistently applied by the Company.

"***Government Contract***" is defined in Section 5.8(a)(xx).

"***Government Official***" means any officer or employee of a Governmental Authority, a public international organization, or any department or agency thereof or any person acting in an official capacity for such Governmental Authority, including (i) a foreign official as defined in the FCPA, (ii) an officer or employee of a government-owned, controlled, operated enterprise, such as a national oil company, and (iii) any non-U.S. political party or party official or any candidate for non-U.S. political office.

"***Governmental Authority***" means any governmental, quasi-governmental, state, tribal, municipal, regional, provincial, county, city or other political subdivision of the United States or any other country, or any agency, or court foreign or domestic, or statutory or regulatory body thereof.

"***Hazardous Material***" means any chemical, product, material, waste or substance that, whether by its nature or its use, is regulated by, or as to which liability is imposed under any Environmental Law, including:

(a) hazardous wastes, as defined in RCRA or in any other Environmental Law;

(b) hazardous substances, as defined in CERCLA or in any other Environmental Law;

(c) toxic substances, as defined in TSCA or in any other Environmental Law;

(d) pollutants or contaminants, as defined in the CAA or the FWPCA, or in any other Environmental Law;

(e) insecticides, fungicides, or rodenticides, as defined in FIFRA or in any other Environmental Law;

(f) petroleum, crude oil, or any derivatives thereof; and

(g) gasoline or any other petroleum product or byproduct, polychlorinated biphenyls, asbestos, urea formaldehyde, per- and poly-fluoroalkyls, radioactive materials or radon.

"***HCERA***" is defined in Section 5.19(g).

"***Healthcare Reform Laws***" is defined in Section 5.19(g).

"***Improper Payment Laws***" means the FCPA, any legislation implementing the Organization for Economic Cooperation and Development Convention on Combating Bribery of Foreign Official in International Business Transactions, and any other applicable law regarding anti-bribery or illegal payments or gratuities.

"***Indemnified Party***" means a Buyer Indemnified Party or Seller Indemnified Party, as applicable.

"***Indemnifying Party***" is defined in Section 8.4(a).

"***Independent Accountant***" is defined in Section 3.2(b).

"***Insurance Policies***" is defined in Section 5.22.

"***Intellectual Property Rights***" means all proprietary, industrial and intellectual property rights in the United States and foreign, including: (a) patents, patent applications, utility models or statutory invention registrations (whether or not filed), and invention disclosures; (b) trademarks, service marks, logos, designs, trade names, trade dress, domain names and corporate names and registrations and applications for registration thereof (whether or not filed) and the goodwill associated therewith; (c) copyrights, whether registered or unregistered, and registrations and applications for registration thereof (whether or not filed) and other works of authorship, whether or not published; (d) trade secrets, proprietary information, confidential information, know-how, inventions, customer lists and information, supplier lists, manufacturer lists, manufacturing and production processes and techniques, blueprints, drawings, schematics, manuals, software, firmware and databases; (e) domain names and uniform resource locators and all contractual rights relating to the foregoing; (f) the right to sue and collect damages for any past, present, and future infringement, misappropriation, or other violation of any of the foregoing; and (g) moral rights relating to any of the foregoing.

"***Interest***" means (a) capital stock, membership interests, partnership interests, other equity interests, rights to profits or revenue and any other similar interest; (b) any security or other interest convertible into or exchangeable or exercisable for any of the foregoing; and (c) any right (contingent or otherwise) to acquire any of the foregoing.

"***Interim Balance Sheet***" is defined in Section 5.12(a).

"***Interim Financial Statements***" is defined in Section 5.12(a).

"***Joint Development Agreement***" is defined in Section 5.8(a)(xiii).

"***Key Employee***" means each of Adam Doyle, Richard Ramos and Shawn Skiehar.

"***Knowledge***" or any similar phrase (a) with respect to Seller, means the actual knowledge, after reasonable due inquiry of their direct reports, of Adam Doyle, Renee Sass and Richard Ramos and (b) with respect to Buyer, means the actual knowledge, after reasonable due inquiry of their direct reports, of Chris Baker and Keefer Lehner.

"***Leased Equipment***" is defined in Section 5.6(a).

"***Legal Requirement***" means any law, statute, code, ordinance, order, rule, rules of common law, regulation, judgment, decree, injunction, franchise, permit, certificate, license, or authorization of any Governmental Authority.

"***Liabilities"*** means any and all debts, liabilities, penalties, fees, commitments, and obligations, of any kind or nature whatsoever, whether accrued or unaccrued, liquidated or unliquidated, known or unknown, asserted or unasserted, absolute or contingent, matured or unmatured or determined or determinable, including those arising under any law, action or order from a Governmental Authority and those arising under any Contract.

"***Lien***" means any lien (statutory or other), assignment (as security), pledge, hypothecation, claim, restriction, easement, right of way, servitude, encroachment or overlapping of improvements, exception to title, charge, security interest, mortgage, deed of trust, encumbrance, or any other security agreement or preferential agreement having substantially all the same economic effect as any of the foregoing (including any conditional sale or other title retention agreement and any capital lease).

"***Loss***" means, collectively, any loss, liability, damages, cost, expense, Tax, judgment, penalty, fine, interest or amount paid in settlement or expenses related to any of the foregoing (including reasonable and documented costs of investigation and out-of-pocket legal and other professional fees and expenses).

"***Material Contract***" is defined in Section 5.8(a).

"***Material Waiver***" means a waiver by the Company of a provision of a Material Contract which waiver will result in the Company either (a) receiving materially less monetary consideration under the Material Contract in the aggregate than the Company would have received without the waiver, or (b) assuming materially greater liability under the Material Contract in the aggregate than the Company would have assumed without the waiver.

"***NASDAQ***" is defined in Section 6.7.

"***Net Debt Amount***" means an amount (which amount may be positive or negative) equal to (a) the total Debt of the Company as of immediately prior to the Closing, *plus* (b) $1,700,000 *less* (c) Cash held by the Company as of immediately prior to the Closing.

"***Net Working Capital***" means total current assets of the Company (excluding Cash) less total current liabilities (including current Tax liabilities, but excluding Debt (whether long-term or the current portion thereof) and Transaction Costs) of the Company, in each case, calculated in accordance with Schedule 3.1 as of immediately prior to the Closing. For the avoidance of doubt, for purposes of the foregoing, Tax assets and deferred Tax liabilities shall not be taken into account.

"***Net Working Capital Deficit***" means the amount, if any, by which the Net Working Capital is less than the Net Working Capital Threshold Floor.

"***Net Working Capital Excess***" means the amount, if any, by which the Net Working Capital is greater than the Net Working Capital Threshold Ceiling.

"***Net Working Capital Threshold Ceiling***" means $11,100,000.

"***Net Working Capital Threshold Floor***" means $10,500,000.

"***Non-Recourse Party***" is defined in Section 9.9.

"***Notice of Claim***" is defined in Section 8.5.

"***Off-the-Shelf Software***" means non-exclusive licenses for software that is (a) licensed under "shrink-wrap" or "click-through" contracts or agreements; (b) generally commercially available on reasonable terms through commercial distributors or in a retail store; and (c) licensed for a fee of no more than $100,000 per year; provided, however, that the software provided pursuant to the Company's Contract with UKG is hereby deemed to be Off-the-Shelf Software.

"***OPA***" means the Oil Pollution Act of 1990, as amended.

"***Ordinary Course of Business***" means, with respect to a Person, actions taken by such Person only if such actions are taken in the ordinary course of the normal, day-to-day operations of such Person, but shall not include actions that are in violation of any Legal Requirement or Contracts to which such Person is a party.

"***Organizational Documents***" means, with respect to a particular Person (other than a natural person), the certificate or articles of incorporation, bylaws, partnership agreement, limited liability company agreement, trust agreement or similar organizational document or agreement, as applicable, of such Person.

"***OSHA***" means the federal Occupational Safety and Health Act, as amended.

"***Overpayment***" is defined in Section 3.3(a).

"***Owned Intellectual Property***" is defined in Section 5.9(a).

"***Party***" and "***Parties***" are defined in the preamble.

"***Permit***" means all licenses, permits, certificates of authority, authorizations, approvals, registrations, qualifications, clearances, certificates, waivers, consents, exemptions, variances, franchises and similar consents, in each case by or of a Governmental Authority.

"***Permitted Liens***" means, with respect to any Person:

(a) Liens for current period Taxes which are not yet due and payable or Taxes that are being contested in good faith and for which adequate reserves have been established on the Financial Statements in accordance with GAAP;

(b) Liens arising by operation of law, including materialman's, mechanic's, repairman's, laborer's, warehousemen, carrier's, employee's, contractor's and operator's Liens arising in the Ordinary Course of Business but only to the extent such Liens secure obligations that, as of the Closing, are not due and payable and are not being contested unless being contested in good faith and a reserve or other appropriate provision, if any, as required by GAAP is made therefor in the financial statements of such Person;

(c) with respect to the Real Property, defects, irregularities in title, easements, encroachments, easements, rights of way, covenants, conditions, servitudes, conditions, restrictions, exceptions, reservations, limitations and other non-monetary Liens (whether affecting fee interests, a landlord's interest in leased properties or a tenant's interest in leased properties) that (i) are contained in any document filed or recorded in the real property records of the appropriate county or parish to reflect title thereto, creating, transferring, limiting, encumbering or reserving or granting any rights in such property that do not, and are not reasonably likely to, materially impair the current use or value of the Real Property subject thereto, (ii) are disclosed on any title commitment, title policy, title report or surveys made available prior to the Closing Date, or (iii) individually or in the aggregate, do not, and are not reasonably likely to, materially impair the current use or value of the Real Property subject thereto;

(d) Liens affecting a landlord's interest in any of the real property leased to such Person or its Subsidiaries so long as such Lien does not breach and is not reasonably likely to

breach a customary covenant of quiet enjoyment (due to the existence of a non-disturbance agreement or other arrangement in which the tenant's interest is recognized and protected);

(e) matters which would be disclosed by an accurate survey or inspection of the Real Property that do not, and are not reasonably likely to, materially impair the use or value of such Real Property;

(f) zoning restrictions and any rights reserved to or vested in any Governmental Authority to control or regulate any of the Real Property in any manner, and all applicable laws, rules, regulations and orders with respect thereto;

(g) as to the portion of the Real Property lying under public roads, highways and waterways, the rights of the public to the use thereof;

(h) pledges or deposits to secure public or statutory obligations or appeal bonds arising or incurred in the Ordinary Course of Business;

(i) pledges or deposits under workers' compensation legislation, unemployment insurance Legal Requirements or similar Legal Requirements, in each case arising or incurred in the Ordinary Course of Business;

(j) Liens created by or on behalf of Buyer or any of its Affiliates;

(k) Liens arising solely from restrictions under securities Legal Requirements or contained in the Organizational Documents of the Company;

(l) with respect to the Company, Liens created by Buyer's (or any of its Affiliate's or Representative's) examination or inspection of the Company's assets; and

(m) Liens listed on Schedule 1.1(d).

"***Person***" means any natural person, firm, limited partnership, general partnership, association, corporation, limited liability company, company, trust, other organization (whether or not a legal entity), public body or government, including any Governmental Authority.

"***Personal Information***" means any information relating to an identified or identifiable natural person, device or household.

"***Personal Property***" is defined in Section 5.6(c).

"***Plan***" and "***Plans***" are defined in Section 5.19(a).

"***Post-Closing Proceeds***" is defined in Section 7.9.

"***PPACA***" is defined in Section 5.19(g).

"***Private Placement Legend***" is defined in Section 2.1(b).

"***Proprietary Software***" means all Software owned or purported to be owned by the Company other than Off-the-Shelf Software.

"***Protected Person***" is defined in Section 7.12(a).

"***Qualified Expenses***" is defined in Section 2.6(d).

"***R&W Insurance Policy***" means the buyer-side representations and warranties insurance policy to be issued by Beazley USA Services, Inc.

"***RCRA***" means the Resource Conservation and Recovery Act, as amended.

"***Real Property***" is defined in Section 5.5(c).

"***Receivables***" means all accounts receivable, bills receivable and trade accounts receivable of the Company, together with any unpaid interest accrued on such items and any security or collateral for such items, including recoverable deposits.

"***Recoupment Action***" is defined in Section 7.14(b).

"***Registered Intellectual Property***" is defined in Section 5.9(a).

"***Registration Rights and Lock-Up Agreement***" is defined in Section 2.4(f).

"***Release***" means any depositing, spilling, leaking, pumping, pouring, placing, emitting, discarding, abandoning, emptying, discharging, migrating, injecting, escaping, leaching, dumping, or disposing into the indoor or outdoor environment.

"***Replacement Date***" is defined in Section 7.15(b).

"***Research Institution***" is defined in Section 5.9(f).

"***Restrictive Covenant Agreement***" is defined in Section 2.4(h):

"***Restrictive Legend***" means the following restrictive legend to be placed on the Buyer Common Stock issued to Seller as Estimated Stock Consideration:

THIS SECURITY IS ALSO SUBJECT TO ADDITIONAL RESTRICTIONS ON TRANSFER AS SET FORTH IN SECTION 4 OF THE REGISTRATION RIGHTS AND LOCK-UP AGREEMENT, DATED AS OF MARCH 8, 2023, AS MAY BE AMENDED FROM TIME TO TIME, BY AND BETWEEN KLX ENERGY SERVICES HOLDINGS, INC. AND GREENE'S HOLDING CORPORATION, AND THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE THEREWITH.

"***SARA***" means the Superfund Amendments and Reauthorization Act of 1986, as amended.

"***Scheduled Leases***" is defined in Section 5.5(b).

"***Scheduled Permits***" is defined in Section 5.7.

"***Scheduled Personal Property***" is defined in Section 5.6(b).

"***SEC***" means the U.S. Securities and Exchange Commission.

"***Securities Act***" means the Securities Act of 1933, as amended.

"***Self-Defense Conditions***" is defined in Section 8.4(a).

"***Seller***" is defined in the preamble.

"***Seller Consolidated Group***" means any Consolidated Group of which each of (i) the Company and (ii) Seller or an Affiliate of Seller (other than the Company), is or was a member on or prior to the Closing Date.

"***Seller Consolidated Return***" means any Tax Return of a Seller Consolidated Group.

"***Seller Credit Support***" is defined in Section 7.15(a).

"***Seller Indemnified Parties***" means Seller and its Affiliates (excluding, following the Closing, the Company), and the successors and assigns of any of the foregoing.

"***Seller Related Parties***" means, collectively, Seller, its Affiliates and their respective directors, officers, managers, employees, owners, advisors, agents and representatives.

"***Seller Sponsor Persons***" means Denham IV Continuation Fund LP and Trace Capital Management LP.

"***Severance Benefit Contract***" means each Contract set forth on Schedule 7.13(a).

"***Sidley***" is defined in Section 9.12.

"***Software***" means any and all (a) computer programs, including any and all software implementations of algorithms, models and methodologies, whether in source code or object code form; (b) descriptions, flow-charts and other work product used to design, plan, organize and develop any of the foregoing; and (c) all documentation, including user manuals and other training documentation related to any of the foregoing.

"***Specified Contract Rights***" has the meaning set forth in Section 7.3.

"***Specified Contracts***" has the meaning set forth in Section 7.3.

"***Specified Litigation***" means the matters set forth on Schedule 1.1(e).

"***Specified Litigation Proceedings***" is defined in Section 7.14(a).

"***Specified Remediation Matters***" means the matters set forth on Schedule 1.1(f).

"***Specified Tax Proceeding***" is defined in Section 7.5(c).

"***Subsidiary***" means, with respect to any Person, (a) any corporation, partnership, limited liability company or other entity a majority of the Interests of which having voting power under ordinary circumstances to elect at least a majority of the board of directors or other Persons performing similar functions is at the time owned or controlled, directly or indirectly, by such Person or by one or more of the other direct or indirect Subsidiaries of such Person or a combination thereof (regardless of whether, at the time, Interests of any other class or classes will have, or might have, voting power by reason of the occurrence of any contingency), (b) a partnership in which such Person or any direct or indirect Subsidiary of such Person is a general partner or (c) a limited liability company in which such Person or any direct or indirect Subsidiary of such Person is a managing member or manager.

"***Surrendered Adjustment Shares***" is defined in Section 3.3(a)(i).

"***Tail Policy***" is defined in Section 7.12(b).

"***Tax***" or "***Taxes***" means any taxes, assessments, fees and other governmental charges imposed by any Governmental Authority, including income, profits, gross receipts, net proceeds, alternative or add-on minimum, ad valorem, real property (including assessments, fees or other charges imposed by any Governmental Authority that are based on the use or ownership of real property), personal property (tangible and intangible), value added, turnover, sales, use, environmental, stamp, leasing, lease, user, excise, duty, franchise, capital stock, transfer, registration, license, withholding, social security (or similar), unemployment, disability, payroll, employment, fuel, excess or windfall profits, occupational, premium, severance, estimated, or other similar charge of any kind whatsoever, including any interest, penalty, or addition thereto or with respect to any Tax Return, whether disputed or not; any liability for the payment of any amounts of the type described in clause (a) as a result of being a member of a Consolidated Group for any period; and any liability for the payment of any amounts of the type described in clauses (a) or (b) as a result of the operation of law or any express or implied obligation to indemnify any other Person.

"***Tax Proceeding***" is defined in Section 7.5(b).

"***Tax Return***" means any return, report, election, document, estimated tax filing, declaration, claim for refund, property tax rendition, information return or other filing relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"***Third-Party Claim***" is defined in Section 8.4(a).

"***Top Customer Group***" is defined in Section 5.17(b).

"***Top Customers***" is defined in Section 5.26(a).

"***Top Suppliers***" is defined in Section 5.26(b).

"***Transaction Costs***" means (i) all fees and expenses payable to the Company's advisors and other fees from and expenses of professional service firms incurred by the Company or for which the Company is liable in anticipation of or incident to the negotiation, execution and delivery of this Agreement, any Transaction Document or the transactions contemplated hereby or thereby, or in connection with or in anticipation of any alternative transactions with respect to the Company, including all fees, costs and expenses of legal counsel, financial advisors, accountants, or other representatives and consultants, in each case to the extent unpaid as of immediately prior to Closing, (ii) all "single trigger" sale, change of control or transaction bonuses, stay or retention bonuses, exit bonuses or similar bonuses that become payable solely as a result of the Transactions (including the employer portion of any employment or payroll Taxes arising as a result of any such payments, regardless of whether or not such amounts are then due and payable or deferred under Section 2302 of the CARES Act (or any similar provision of state or local law)), but excluding any payments pursuant to any Severance Benefit Contract and any obligation with respect to the deliverable set forth in Section 2.4(k), (iii) all obligations of Seller or the Company payable under the Company's or Seller's incentive plans or similar plans (including the Company's 2022 Short-Term Annual Incentive Plan), but excluding any obligation with respect to the deliverable set forth in Section 2.4(k), and (iv) the costs and expenses of the Tail Policy.

"***Transaction Documents***" means this Agreement and all other agreements, conveyances, documents, instruments and certificates delivered at the Closing pursuant to this Agreement.

"***Transactions***" means the transactions contemplated by this Agreement and the Transaction Documents.

"***Transfer Agent***" means Computershare.

"***Transfer Agent Documentation***" means a written instruction letter, a stock medallion guaranty, an incumbency certificate, a completed spreadsheet in the form required by the Transfer Agent or any other documentation required by the procedures of the Transfer Agent to effect a contemplated transaction in the Buyer Common Stock.

"***Transfer Taxes***" is defined in Section 7.5(d).

"***Treasury Regulations***" means the regulations (including temporary regulations) promulgated by the United States Department of the Treasury pursuant to and in respect of provisions of the Code. All references in this Agreement to sections of the Treasury Regulations shall include any corresponding provision or provisions of succeeding, similar or substitute, temporary or final Treasury Regulations.

"***TSCA***" means the Toxic Substances Control Act, as amended.

"***Underpayment***" is defined in Section 3.3(c).

"***Unpaid Transaction Costs***" is defined in Section 3.2(a).

EXHIBIT B
REGISTRATION RIGHTS AND LOCK-UP AGREEMENT

[Intentionally Omitted]

EXHIBIT C
FORM OF EMPLOYMENT AGREEMENT

[Intentionally Omitted]

EXHIBIT D
R&W INSURANCE POLICY

[Intentionally Omitted]

EXHIBIT E
ESCROW AGREEMENT

[Intentionally Omitted]

REGISTRATION RIGHTS AND LOCK-UP AGREEMENT

This Registration Rights and Lock-Up Agreement (this "**Agreement**") is made and entered into as of March 8, 2023, by and among KLX Energy Services Holdings, Inc., a Delaware corporation ("**Parent**"), Greene's Holding Corporation, a Delaware corporation (the "**Stockholder**") and any Transferee or Permitted Assignee (each as defined herein) who becomes a party to this Agreement by entering into a joinder agreement in the form attached hereto as Exhibit A. Parent, the Stockholder and any Transferee or Permitted Assignee are sometimes referred to herein individually as a "**Party**" and collectively as the "**Parties**".

WHEREAS, Parent and the Stockholder have entered into that certain Purchase and Sale Agreement, dated as of the date hereof (as the same may be amended or supplemented, the "**Purchase Agreement**"), pursuant to which Parent will acquire all of the issued and outstanding equity interests (the "**Transaction**") of Greene's Energy Group, LLC, a Texas limited liability company ("**Greene's**");

WHEREAS, upon the consummation of the Transaction, subject to the terms of the Purchase Agreement, the Stockholder shall receive the Purchased Common Stock (defined herein) as consideration for the issued and outstanding equity interests of Greene's; and

WHEREAS, Parent and the Stockholder desire to enter into this Agreement, to provide the Stockholder with certain rights relating to the registration of shares of Purchased Common Stock to be received by it pursuant to the Transaction.

NOW, THEREFORE, in consideration of the foregoing and the mutual and dependent covenants hereinafter set forth, the Parties hereto hereby agree as follows:

1. Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"**Additional Registration Rights Holder**" means a holder, other than an Existing Holder, of shares of Common Stock with contractual registration rights that are not Registrable Securities.

"**Affiliate**" of a Person means any other Person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, such Person. The term "control" (including the terms "controlling", "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise; provided that, for the purposes of this Agreement, the Stockholder shall not be deemed an Affiliate of Parent or any of its subsidiaries, and neither Parent nor any of its subsidiaries shall be deemed an Affiliate of the Stockholder.

"**Agreement**" has the meaning set forth in the preamble.

"**Board**" means the board of directors (or any successor governing body) of Parent.

"**Business Day**" means any day other than a Saturday, a Sunday or a legal holiday for commercial banks in New York, New York.

"**Closing Date**" has the meaning given to such term in the Purchase Agreement.

"**Commission**" means the Securities and Exchange Commission or any other federal agency administering the Securities Act and the Exchange Act at the time.

"**Common Stock**" means the common stock, par value $0.01 per share, of Parent.

"**Controlling Person**" means a "controlling person" within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act.

"**DTC**" has the meaning set forth in Section 6(r).

"**EDGAR**" has the meaning set forth in Section 10(c).

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"**Existing Holder**" means a holder of "Registrable Securities" as defined in and as subject to any of the Existing Registration Rights Agreements.

"**Existing Registration Rights Agreements**" means (i) that certain Registration Rights Agreement dated September 14, 2018 between Parent and Amin J. Khoury, (ii) that certain Registration Rights Agreement dated September 14, 2018 between Parent and Thomas P. McCaffrey, and (iii) that certain Registration Rights Agreement dated May 30, 2020, between Parent and the stockholders named therein.

"**Governmental Authority**" means any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of law), or any arbitrator, court or tribunal of competent jurisdiction.

"**Greene's**" has the meaning set forth in the recitals.

"**Inspectors**" has the meaning set forth in Section 6(h).

"**Opt-Out Notice**" has the meaning set forth in Section 3(a).

"**Parent**" has the meaning set forth in the preamble and includes Parent's successors by merger, acquisition, reorganization or otherwise.

"**Party**" and "**Parties**" have the meanings set forth in the preamble.

"**Permitted Assignee**" has the meaning set forth in Section 4(f).

"**Permitted Transfer**" has the meaning set forth in Section 4(b).

"**Person**" means an individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association or other entity.

"**Piggyback Sale**" has the meaning set forth in Section 3(a).

"**Prospectus**" means the prospectus or prospectuses included in any Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective Registration Statement in reliance on Rule 430A under the Securities Act or any successor rule thereto), as amended or supplemented by any prospectus supplement with respect to the terms of the offering of any portion of the Registrable Securities covered by such Registration Statement and by all other amendments and supplements to the prospectus, including post-effective amendments and all material incorporated by reference in such prospectus or prospectuses.

"**Purchase Agreement**" has the meaning set forth in the recitals.

"**Purchased Common Stock**" means the shares of Common Stock to be issued and sold to Stockholder pursuant to the Purchase Agreement.

"**Registrable Securities**" means the Purchased Common Stock beneficially owned by the Stockholder or a Permitted Assignee; provided, however, that such Common Stock shall cease to be Registrable Securities when (i) such Common Stock has been disposed of pursuant to an effective Registration Statement and the recipient thereof may trade such shares of Common Stock without restriction, (ii) such Common Stock is sold under circumstances in which all of the applicable conditions of Rule 144 under the Securities Act (or any successor rule under the Securities Act) are met and all restrictive legends have been removed from such Common Stock, (iii) such Common Stock beneficially owned by the Stockholder or a Permitted Assignee, on an individual basis, represents less than three percent (3%) of the aggregate number of shares of Common Stock then issued and outstanding and such Common Stock becomes eligible for immediate sale pursuant to Rule 144 (or any successor rule under the Securities Act) without time, volume or manner of sale restrictions, (iv) such Common Stock has been disposed of in a private transaction pursuant to which the Stockholder's rights have not been assigned in accordance with Section 4(f), or (v) such Common Stock ceases to be outstanding.

"**Registration Statement**" means any registration statement of Parent, including a Prospectus, amendments and supplements to such registration statement, including post-effective amendments, all exhibits and all material incorporated by reference in such registration statement.

"**Restricted Shares**" means 66.67% of the shares of Purchased Common Stock issued to Stockholder as of the Closing Date pursuant to the Purchase Agreement, rounded to the nearest whole share.

"**Rule 144**" means Rule 144 under the Securities Act or any successor rule thereto.

"**Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"**Selling Expenses**" means all underwriting discounts, selling commissions and stock transfer taxes applicable to the sale of Registrable Securities, and fees and disbursements of counsel for any holder of Registrable Securities, except for the reasonable fees and disbursements of counsel for the holders of Registrable Securities required to be paid by Parent pursuant to Section 7.

"**Shelf Registration**" has the meaning set forth in Section 2(a).

"**Shelf Registration Statement**" has the meaning set forth in Section 2(a).

"**Shelf Supplement**" means a supplement to a prospectus for the purpose of effecting an offering pursuant to Rule 415 under the Securities Act or any successor rule thereto.

"**Stockholder**" has the meaning set forth in the preamble.

"**Transaction**" has the meaning set forth in the recitals.

"**Transfer**" has the meaning set forth in Section 4(a).

"**Transferee**" has the meaning set forth in Section 4(a).

"**Underwritten Offering**" means a sale of Common Stock of Parent to an underwriter or underwriters on a firm commitment basis for reoffering to the public.

"**Underwritten Shelf Takedown**" has the meaning set forth in Section 2(b).

"**Underwritten Shelf Takedown Notice**" has the meaning set forth in Section 2(b).

2. Shelf Registration; Shelf Takedowns.

(a) At any time after the effective time of the Transaction, a holder of Registrable Securities shall have the right to request the registration under the Securities Act of all or any portion of their Registrable Securities pursuant to a Registration Statement on Form S-3 or the then appropriate form for an offering to be made on a delayed or continuous basis pursuant to Rule 415 under the Securities Act or any successor rule thereto (the "**Shelf Registration Statement**") for an offering on a delayed or continuous basis pursuant to Rule 415 under the Securities Act or any successor rule thereto (the "**Shelf Registration**"). Such request for the Shelf Registration shall specify the number of Registrable Securities requested to be included in the Shelf Registration. Upon receipt of any such request, Parent shall promptly (but in no event later than five (5) Business Days following receipt thereof) deliver notice of such request to all other holders of Registrable Securities, if any, who shall then have five (5) Business Days from the date such notice is given to notify Parent in writing of their desire to be included in such registration. Parent shall prepare and file with the Commission a Shelf Registration Statement covering all of the Registrable Securities that the holders thereof have requested to be included in such Shelf Registration within 45 days after the date on which the initial request is given and shall use commercially reasonable efforts to cause such Shelf Registration Statement to be declared effective by the Commission as soon as practicable thereafter. The Shelf Registration Statement shall provide for the resale pursuant to any method or combination of methods legally available to, and requested by, the holders of Registrable Securities. After the filing of the Shelf Registration Statement, and until all Registrable Securities covered by such Shelf Registration Statement have ceased to be Registrable Securities, Parent shall use its commercially reasonable efforts to ensure that such Shelf Registration Statement remains continuously effective.

(b) At any time that the Shelf Registration Statement is effective, if a holder of Registrable Securities covered by such Shelf Registration Statement delivers a notice to Parent (a "**Underwritten Shelf Takedown Notice**") stating that such holder intends to effect an Underwritten Offering of all or part of its Registrable Securities included in such Shelf Registration Statement (an "**Underwritten Shelf**

Takedown") and Parent is eligible to use such Shelf Registration Statement for such Underwritten Shelf Takedown, then Parent shall take all actions reasonably required, including amending or supplementing such Shelf Registration Statement, to enable such Registrable Securities to be offered and sold as contemplated by such Underwritten Shelf Takedown Notice. Each Underwritten Shelf Takedown Notice shall specify the number of Registrable Securities to be offered and sold under the Underwritten Shelf Takedown. Upon receipt of an Underwritten Shelf Takedown Notice, Parent shall promptly (but in no event later than two (2) Business Days following receipt thereof) deliver notice of such Underwritten Shelf Takedown Notice to all other holders of Registrable Securities, if any, who shall then have three (3) Business Days (or one (1) Business Day in connection with any overnight or bought Underwritten Offering) from the date such notice is given to notify Parent in writing of their desire to be included in such Underwritten Shelf Takedown. Parent shall prepare and file with the Commission a Shelf Supplement as soon as practicable after the date on which it received the Underwritten Shelf Takedown Notice and, if such Shelf Supplement is an amendment to such Shelf Registration Statement, shall use its commercially reasonable efforts to cause such Shelf Supplement to be declared effective by the Commission as soon as practicable thereafter. The priority for inclusion of Registrable Securities in an Underwritten Shelf Takedown will be determined as specified in Section 2(f).

(c) Parent shall not be obligated to effect any Underwritten Shelf Takedown within 90 days after the effective date of a previous Underwritten Shelf Takedown in which holders of Registrable Securities were permitted to register the offer and sale under the Securities Act, and actually sold, at least 50% of the Registrable Securities requested to be included therein. Additionally, Parent shall not be obligated to effect any Underwritten Shelf Takedown with respect to any offering that would reasonably be expected to result in net proceeds of less than $30 million to the participating holders of Registrable Securities.

(d) Parent may postpone or suspend for up to 90 days the effectiveness or use of the Shelf Registration Statement, the launch of any Underwritten Shelf Takedown or the filing of any Shelf Supplement if the Board determines in its reasonable good faith judgment that such use or filing would: (i) materially interfere with a significant acquisition, corporate organization, financing, securities offering or other similar transaction involving Parent; (ii) require premature disclosure of material information that Parent has a *bona fide* business purpose for preserving as confidential; or (iii) render Parent unable to materially comply with requirements under the Securities Act or Exchange Act; provided, that in such event the holders of a majority of the Registrable Securities initiating such Underwritten Shelf Takedown shall be entitled to withdraw such request and, if such request for an Underwritten Shelf Takedown is withdrawn, such Underwritten Shelf Takedown shall not count as one of the permitted Underwritten Shelf Takedowns hereunder and Parent shall pay all registration expenses in connection with such registration. Parent may delay or suspend under this Section 2(d) for not more than a total of 90 days during any 180-day period or 120 days during any 365-day period.

(e) Unless otherwise agreed by Parent and the holders of a majority of the Registrable Securities proposed to be included in any Underwritten Shelf Takedown, Parent, on the one hand, and the holders of the Registrable Securities (pursuant to the consent of the holders of a majority of the Registrable Securities proposed to be included in such Underwritten Shelf Takedown), on the other, shall each select an investment banking firm to act as one of the two managing underwriters in connection with such offering; provided, that such selection shall be subject to the consent of the other, which consent shall not be unreasonably withheld or delayed.

(f) Parent may include in any Underwritten Shelf Takedown any securities that are not Registrable Securities on behalf of Parent, on behalf of an Existing Holder or on behalf of an Additional Registration Rights Holder (so long as such securities are registered on a Shelf Registration Statement); provided, however, that if the managing underwriter of the requested Underwritten Shelf Takedown advises Parent and the holders of Registrable Securities in writing that in its reasonable and good faith opinion the number of shares of Common Stock proposed to be included in the Underwritten Shelf Takedown, including all Registrable Securities and all other shares of Common Stock proposed to be included in such Underwritten Offering, exceeds the number of shares of Common Stock that can be sold in such Underwritten Offering and/or the number of shares of Common Stock proposed to be included in such Underwritten Shelf Takedown would adversely affect the price per share of the Common Stock proposed to be sold in such Underwritten Offering, Parent shall include in such Underwritten Shelf Takedown (i) first, the shares of Common Stock that the holders of Registrable Securities requesting such registration or takedown and that the Existing Holders propose to sell, in accordance with the provisions of the Existing Registration Rights Agreements, and (ii) second, the shares of Common Stock proposed to be included therein by any remaining holders of Registrable Securities and any other Persons (including shares of Common Stock to be sold for the account of Parent or any Additional Registration Rights Holders) allocated among such Persons in such manner as they may agree. If the managing underwriter determines that less than all of the Registrable Securities proposed to be sold can be included in such offering, then the Registrable Securities

that are included in such offering shall be allocated pro rata among the respective holders thereof on the basis of the number of shares of Common Stock owned by each such holder or in such manner as they may agree.

3. Piggyback Sale.

(a) Whenever Parent proposes the offer and sale of any Common Stock to the public in an Underwritten Offering registered under the Securities Act (other than a registration (i) pursuant to a Registration Statement on Form S-8 (or other registration solely relating to an offering or sale to employees or directors of Parent pursuant to any employee stock plan or other employee benefit arrangement), (ii) pursuant to a Registration Statement on Form S-4 (or similar form that relates to a transaction subject to Rule 145 under the Securities Act or any successor rule thereto), or (iii) in connection with any dividend or distribution reinvestment or similar plan), whether for its own account or for the account of one or more stockholders of Parent (a "**Piggyback Sale**"), and the form of Registration Statement or Prospectus to be used may be used for the registration or offer or sale of Registrable Securities, Parent shall give prompt written notice (in any event no later than five (5) Business Days prior to the initiation of such offer and sale, or two (2) Business Days in connection with any overnight or bought Underwritten Offering) to the holders of Registrable Securities of its intention to effect such an offer and sale and, subject to Sections 3(b) through 3(e), shall include in such an offer and sale all Registrable Securities with respect to which Parent has received written requests for inclusion from the holders of Registrable Securities within three (3) Business Days (or one (1) Business Day in connection with any overnight or bought Underwritten Offering) after Parent's notice has been given to each such holder. Notwithstanding the foregoing, any holder of Registrable Securities may deliver written notice (an "**Opt-Out Notice**") to Parent requesting that such holder of Registrable Securities not receive from Parent any such notice; provided, however, that such holder of Registrable Securities may later revoke any such Opt-Out Notice in writing. Following receipt of an Opt-Out Notice from a holder of Registrable Securities (unless subsequently revoked), Parent shall not deliver any notice to such holder of Registrable Securities pursuant to this Section 3(a). Parent may postpone or withdraw such offering or sale at any time in its sole discretion.

(b) If a Piggyback Sale is initiated as a primary Underwritten Offering on behalf of Parent and the managing underwriter advises Parent and the holders of Registrable Securities (if any holders of Registrable Securities have elected to include Registrable Securities in such Piggyback Sale) in writing that in its reasonable and good faith opinion the number of shares of Common Stock proposed to be included in such registration or takedown, including all Registrable Securities and all other shares of Common Stock proposed to be included in such Underwritten Offering, exceeds the number of shares of Common Stock that can be sold in such offering and/or that the number of shares of Common Stock proposed to be included in any such registration or takedown would adversely affect the price per share of the shares of Common Stock to be sold in such offering, Parent shall include in such registration or takedown (i) first, the shares of Common Stock that Parent proposes to sell; (ii) second, the shares of Common Stock that any Existing Holder proposes to sell, in accordance with the provisions of the Existing Registration Rights Agreements; and (iii) third, the shares of Common Stock requested to be included therein by holders of Registrable Securities and any Additional Registration Rights Holders with registration rights entitling them to participate in such Underwritten Offering, allocated among such holders pro rata based on the number of shares of Common Stock held by each applicable holder or in such manner as they may agree.

(c) If a Piggyback Sale is initiated as an Underwritten Offering on behalf of any Existing Holder, and the managing underwriter advises Parent in writing that in its reasonable and good faith opinion the number of shares of Common Stock proposed to be included in such registration or takedown, including all Registrable Securities and all other shares of Common Stock proposed to be included in such Underwritten Offering, exceeds the number of shares of Common Stock that can be sold in such offering and/or that the number of shares of Common Stock proposed to be included in any such registration or takedown would adversely affect the price per share of the Common Stock to be sold in such offering, Parent shall include in such registration or takedown (i) first, the shares of Common Stock requested to be included therein by the Existing Holders, in accordance with the provisions of the Existing Registration Rights Agreements; and (ii) second, the shares of Common Stock requested to be included therein by the holders of Registrable Securities and any Additional Registration Rights Holders with registration rights entitling them to participate in such Underwritten Offering, allocated among such holders pro rata on the basis of the number of shares of Common Stock held by each applicable holder or in such manner as they may agree.

(d) If a Piggyback Sale is initiated as an Underwritten Offering on behalf of any Additional Registration Rights Holder, and the managing underwriter advises Parent in writing that in its reasonable and good faith opinion the number of shares of Common Stock proposed to be included in such registration or takedown, including all Registrable Securities and all other shares of Common Stock proposed to be included in such Underwritten Offering, exceeds the number of shares of Common Stock that can be sold in

such offering and/or that the number of shares of Common Stock proposed to be included in any such registration or takedown would adversely affect the price per share of the Common Stock to be sold in such offering, Parent shall include in such registration or takedown (i) first, the shares of Common Stock requested to be included therein by the Additional Registration Rights Holders requesting such registration or takedown and the Existing Holders, in accordance with the provisions of the Existing Registration Rights Agreements; and (ii) second, the shares of Common Stock requested to be included therein by the holders of Registrable Securities and by any Additional Registration Rights Holders with registration rights entitling them to participate in such Underwritten Offering, allocated among such holders pro rata on the basis of the number of shares of Common Stock held by each applicable holder or in such manner as they may agree.

(e) If any Piggyback Sale is initiated as a primary Underwritten Offering on behalf of Parent, Parent shall select the investment banking firm or firms to act as the managing underwriter or underwriters in connection with such offering.

4. Lock-Up.

(a) Subject to Sections 4(c) and 4(d), the Stockholder and any Transferee shall not, directly or indirectly, sell, offer or agree to sell, or otherwise transfer, or loan or pledge, through swap or hedging transactions, or grant any option to purchase, make any short sale or otherwise dispose of (or enter into any transaction or device that is designed to result or would be reasonably likely to result in the disposition by any Person at any time in the future of) (a "**Transfer**"), of any of the Restricted Shares, whether any such transaction is to be settled by delivery of any such Restricted Shares or other equity interests, other securities, in cash or otherwise, except as permitted by Section 4(b).

(b) Notwithstanding anything to the contrary in Section 4(a), and subject to the other terms and conditions of this Agreement, the Stockholder and any Transferee may Transfer Restricted Shares as set forth below (each, a "**Permitted Transfer**"):

(i) in the case of an individual, as a *bona fide* gift or gifts;

(ii) in the case of an individual, by will or by intestacy;

(iii) in the case of an individual, to any trust for the direct or indirect benefit of the Stockholder or Transferee or the immediate family of the Stockholder or Transferee, who obtained Restricted Shares in connection with the Transaction, provided that any such transfer shall not involve a disposition for value;

(iv) in the case of an individual, for *bona fide* tax or estate planning purposes;

(v) in the case of an individual, pursuant to domestic relations or court orders;

(vi) to the Stockholder's controlled Affiliates; and

(vii) to the Stockholder's direct shareholders in the form of a dividend or distribution.

Parent shall be given written notice prior to any Permitted Transfer, stating the name and address of each such transferee (a "**Transferee**") and identifying the securities being Transferred, and, as a condition to the effectiveness of such Transfer, each such Transferee shall assume in writing responsibility for its obligations under this Agreement, by executing a joinder agreement in the form attached hereto as Exhibit A. Subject to Section 4(c), the Stockholder and each Transferee agrees and consents to the entry of stop transfer instructions with Parent's transfer agent and registrar against the transfer of any Restricted Shares except in compliance with the foregoing restrictions; provided that, subject to the requirements of securities laws, Parent shall cause such stop transfer instructions with respect to Restricted Shares to be terminated immediately upon expiration of the lock-up period relating to such Restricted Shares described in this Section 4.

(c) The Restricted Shares shall cease to be "Restricted Shares" for the purpose of this Section 4 and shall be released from the restrictions on Transfer in Section 4(a) on the dates and in the amounts set forth below:

(i) 50% of the Restricted Shares, on the date that is six (6) months following the Closing Date;

(ii) the remaining Restricted Shares, on the date that is twelve months following the Closing Date.

(d) Notwithstanding the foregoing, any or all of the Restricted Shares may be Transferred pursuant to any merger, consolidation, sale or other similar transaction of the Parent, which definitive agreement has been approved or recommended by the Board or a committee thereof.

(e) Notwithstanding the foregoing, the Closing Adjustment Shares (as defined in the Purchase Agreement) may not be Transferred until the Contract Legend (as defined in the Purchase Agreement) is removed from such shares.

(f) The Stockholder may assign its rights to cause Parent to register Registrable Securities solely to the Transferee listed on Exhibit B hereto (the "**Permitted Assignee**"). The Parent shall be given written notice prior to any such assignment, stating the name and address of such Permitted Assignee and identifying the Registrable Securities being Transferred and, unless already bound hereby, as a condition to the effectiveness of such assignment, each such Permitted Assignee shall, as a condition to the effectiveness of such assignment, assume in writing responsibility for its rights and obligations under this Agreement, by executing a joinder agreement in the form attached hereto as Exhibit A.

5. Holdbacks; Other Restrictions and Acknowledgements.

(a) In connection with any Underwritten Offering, if requested by the managing underwriter, each of the Stockholder and any Permitted Assignee participating in such Underwritten Offering agrees to enter into customary agreements restricting the public sale or distribution of equity securities of Parent (including sales pursuant to Rule 144 under the Securities Act) during the period commencing on the launch of such offering but no earlier than 10 days prior to the "pricing" of such Underwritten Offering and continuing for not more than 90 days after the date of the "final" Prospectus (or "final" prospectus supplement if the Underwritten Offering is made pursuant to a Shelf Registration Statement), pursuant to which such Underwritten Offering shall be made, or such lesser period as is required by the lead managing underwriter(s); provided that, notwithstanding the foregoing, (i) the duration of the foregoing restrictions shall be no longer than the duration of the shortest restriction imposed by the underwriters on the Stockholder or any Permitted Assignee or the officers or directors on whom a restriction is imposed and (ii) that the restrictions set forth in this Section 5(a) shall not apply to any Registrable Securities that are included in such Underwritten Offering by such holder.

(b) In connection with any Underwritten Shelf Takedown, Parent, if requested by the managing underwriter, will not effect any public sale or distribution of any common equity (or securities convertible into or exchangeable or exercisable for common equity) (other than a registration statement on Form S-4, Form S-8 or any successor forms thereto or any other form for the registration of securities issued or to be issued in connection with a merger, acquisition or employee benefit plan) for its own account within 90 days after the effective date of such Underwritten Offering except as may otherwise be agreed between Parent and the lead managing underwriter(s) of such Underwritten Offering.

(c) Parent covenants and agrees during the term of this Agreement, without the prior written consent of a majority of the then-outstanding Registrable Securities, not to enter into any other registration rights agreement that contains registration rights in favor of a third party that would have priority to the rights of holders of Registrable Securities contained in this Agreement.

6. Registration Procedures. If and whenever the holders of Registrable Securities request that the offer and sale of any Registrable Securities be registered under the Securities Act or any Registrable Securities be distributed in a Shelf Registration pursuant to the provisions of this Agreement, Parent shall use its commercially reasonable efforts to effect the offer and sale of such Registrable Securities under the Securities Act in accordance with the intended method of disposition thereof, and pursuant thereto Parent shall as soon as reasonably practicable and as applicable:

(a) subject to Section 2, prepare and file with the Commission a Registration Statement covering such Registrable Securities and use its commercially reasonable efforts to cause such Registration Statement to be declared effective;

(b) prepare and file with the Commission such amendments, post-effective amendments and supplements to such Registration Statement and the Prospectus used in connection therewith as may be necessary to keep such Registration Statement effective and to comply with the provisions of the Securities

Act with respect to the disposition of all Registrable Securities subject thereto until the date on which all the Registrable Securities subject thereto have been sold pursuant to such Registration Statement, subject to Section 2(a);

(c) within a reasonable time before filing such Registration Statement, Prospectus or amendments or supplements thereto with the Commission, furnish to one counsel selected by the holders of a majority of the Registrable Securities included in such Registration Statement, Prospectus or amendments or supplements thereto copies of such documents proposed to be filed, which documents shall be subject to the review, comment and approval of such counsel;

(d) notify each selling holder of Registrable Securities, promptly after Parent receives notice thereof, of the time when such Registration Statement has been declared effective or a supplement to any Prospectus forming a part of such Registration Statement has been filed with the Commission;

(e) furnish to each selling holder of Registrable Securities such number of copies of the Prospectus included in such Registration Statement (including each preliminary Prospectus) and any supplement thereto (in each case including all exhibits and documents incorporated by reference therein) and such other documents as such seller may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such seller;

(f) use its commercially reasonable efforts to register or qualify such Registrable Securities under such other securities or "blue sky" laws of such jurisdictions as any selling holder reasonably requests and do any and all other acts and things which may be reasonably necessary or advisable to enable such holders to consummate the disposition in such jurisdictions of the Registrable Securities owned by such holders; provided, that Parent shall not be required to qualify generally to do business, subject itself to general taxation or consent to general service of process in any jurisdiction where it would not otherwise be required to do so but for this Section 6(f);

(g) notify each selling holder of such Registrable Securities, at any time when a Prospectus relating thereto is required to be delivered under the Securities Act, of the happening of any event that would cause the Prospectus included in such Registration Statement to contain an untrue statement of a material fact or omit any fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, and, at the request of any such holder, Parent shall prepare and file as soon as practicable a supplement or amendment to such Prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such Prospectus shall not contain an untrue statement of a material fact or omit to state any fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(h) make available for inspection by any selling holder of Registrable Securities, any underwriter participating in any disposition pursuant to such Registration Statement and any attorney, accountant or other agent retained by any such holder or underwriter (collectively, the "**Inspectors**"), all financial and other records, pertinent corporate documents and properties of Parent, and cause Parent's officers, directors and employees to supply all information reasonably requested by any such Inspector in connection with such Registration Statement;

(i) provide a transfer agent and registrar (which may be the same entity) for all such Registrable Securities not later than the effective date of such registration;

(j) use its commercially reasonable efforts to cause such Registrable Securities to be listed on each securities exchange on which the Common Stock is then listed;

(k) in connection with an Underwritten Offering, enter into such customary agreements (including underwriting and lock-up agreements in customary form) and take all such other customary actions as the holders of such Registrable Securities or the managing underwriter of such offering reasonably request in order to expedite or facilitate the disposition of such Registrable Securities (including, without limitation, making appropriate officers of Parent available to participate in "road show" and other customary marketing activities (including one-on-one meetings with prospective purchasers of the Registrable Securities));

(l) otherwise use its commercially reasonable efforts to comply with all applicable rules and regulations of the Commission and make available to its holders an earnings statement (in a form that satisfies the provisions of Section 11(a) of the Securities Act and Rule 158 under the Securities Act or any successor rule thereto) no later than 30 days after the end of the 12-month period beginning with the first day of Parent's first full fiscal quarter after the effective date of such Registration Statement, which

earnings statement shall cover said 12-month period, and which requirement will be deemed to be satisfied if Parent timely files complete and accurate information on Forms 10-K, 10-Q and 8-K under the Exchange Act and otherwise complies with Rule 158 under the Securities Act or any successor rule thereto;

(m) in connection with any Underwritten Offering, furnish to each selling holder of Registrable Securities and each underwriter, if any, with (i) a written legal opinion of Parent's outside counsel, dated the closing date of the offering, in form and substance as is customarily given in opinions of registrants' counsel to underwriters in underwritten registered offerings; and (ii) on the date of the applicable Prospectus, on the effective date of any post-effective amendment to the applicable Registration Statement and at the closing of the offering, dated the respective dates of delivery thereof, a comfort letter signed by Parent's independent certified public accountants in form and substance as is customarily given in accountants' letters to underwriters in underwritten registered offerings;

(n) without limiting Section 6(f), use its commercially reasonable efforts to cause such Registrable Securities to be registered with or approved by such other governmental agencies or authorities as may be necessary by virtue of the business and operations of Parent to enable the holders of such Registrable Securities to consummate the disposition of such Registrable Securities in accordance with their intended method of distribution thereof;

(o) notify the holders of Registrable Securities promptly of any request by the Commission for the amending or supplementing of such Registration Statement or Prospectus or for additional information;

(p) advise the holders of Registrable Securities, promptly after it shall receive notice or obtain knowledge thereof, of the issuance of any stop order by the Commission suspending the effectiveness of such Registration Statement or the initiation or threatening of any proceeding for such purpose and promptly use its commercially reasonable efforts to prevent the issuance of any stop order or to obtain its withdrawal at the earliest possible moment if such stop order should be issued;

(q) permit any holder of Registrable Securities which holder, in its sole and exclusive judgment, might be deemed to be an underwriter or a Controlling Person of Parent, to participate in the preparation of such Registration Statement and to require the insertion therein of language, furnished to Parent in writing, which in the reasonable judgment of such holder and its counsel should be included;

(r) cooperate with the holders of the Registrable Securities to facilitate the timely preparation and delivery of certificates representing the Registrable Securities to be sold pursuant to such Registration Statement free of any restrictive legends and representing such number of shares of Common Stock and registered in such names as the holders of the Registrable Securities may reasonably request a reasonable period of time prior to sales of Registrable Securities pursuant to such Registration Statement; provided, that Parent may satisfy its obligations hereunder without issuing physical stock certificates through the use of the facilities of The Depository Trust Company ("**DTC**");

(s) not later than the effective date of such Registration Statement, provide a CUSIP number for all Registrable Securities and provide the applicable transfer agent with printed certificates for the Registrable Securities which are in a form eligible for deposit with DTC; provided, that Parent may satisfy its obligations hereunder without issuing physical stock certificates through the use of the facilities of DTC;

(t) take no direct or indirect action prohibited by Regulation M under the Exchange Act; provided, that, to the extent that any prohibition is applicable to Parent, Parent will take all commercially reasonable action to make any such prohibition inapplicable; and

(u) otherwise use its commercially reasonable efforts to take all other steps necessary to effect the registration of such Registrable Securities contemplated hereby.

7. Expenses. All expenses (other than Selling Expenses) incurred by Parent in complying with its obligations pursuant to this Agreement and in connection with the registration and disposition of Registrable Securities shall be paid by Parent, including, without limitation, all (i) registration and filing fees (including, without limitation, any fees relating to filings required to be made with, or the listing of any Registrable Securities on, any securities exchange or over-the-counter trading market on which the Registrable Securities are listed or quoted); (ii) underwriting expenses (other than fees, commissions or discounts); (iii) expenses of any audits incident to or required by any such registration; (iv) fees and expenses of complying with securities and "blue sky" laws (including, without limitation, fees and disbursements of counsel for Parent in connection with "blue sky" qualifications or exemptions of the Registrable Securities) of any domestic jurisdictions, reasonably requested by the holders of Registrable Securities; (v) printing expenses; (vi) messenger, telephone and delivery expenses; (vii) fees and expenses of Parent's counsel and accountants; (viii) Financial Industry Regulatory Authority, Inc. filing fees (if

any); and (ix) reasonable fees and expenses of one counsel for the holders of Registrable Securities participating in such registration as a group (selected by the holders of a majority of the Registrable Securities being sold in any offering). In addition, Parent shall be responsible for all of its internal expenses incurred in connection with the consummation of the transactions contemplated by this Agreement (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties) and the expense of any annual audits. All Selling Expenses relating to the offer and sale of Registrable Securities registered under the Securities Act pursuant to this Agreement shall be borne and paid by the holders of such Registrable Securities, in proportion to the number of Registrable Securities included in such registration for each such holder.

8. Indemnification.

(a) Parent shall indemnify and hold harmless, to the fullest extent permitted by law, each holder of Registrable Securities, such holder's officers, directors, managers, members, partners, stockholders, employees and Affiliates, each underwriter, broker or any other Person acting on behalf of such holder of Registrable Securities and each other Controlling Person, if any, who controls any of the foregoing Persons, against all losses, claims, actions, damages, liabilities and expenses, joint or several, to which any of the foregoing Persons may become subject under the Securities Act or otherwise, insofar as such losses, claims, actions, damages, liabilities or expenses arise out of or are based upon any untrue or alleged untrue statement of a material fact contained in any Registration Statement, Prospectus, preliminary Prospectus, free writing prospectus (as defined in Rule 405 under the Securities Act or any successor rule thereto) or any amendment thereof or supplement thereto or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of a Prospectus, preliminary Prospectus or free writing prospectus, in light of the circumstances under which they were made) not misleading; and shall reimburse such Persons for any legal or other expenses reasonably incurred by any of them in connection with investigating or defending any such loss, claim, action, damage or liability, except insofar as the same are caused by or contained in any information furnished in writing to Parent by such holder expressly for use therein or by such holder's failure to deliver a copy of the Registration Statement, Prospectus, preliminary Prospectus, free writing prospectus (as defined in Rule 405 under the Securities Act or any successor rule thereto) or any amendments or supplements thereto (if the same was required by applicable law to be so delivered) after Parent has furnished such holder with a sufficient number of copies of the same prior to any written confirmation of the sale of Registrable Securities. This indemnity shall be in addition to any liability Parent may otherwise have.

(b) In connection with any registration in which a holder of Registrable Securities is participating, such holder shall furnish to Parent in writing such information as Parent reasonably requests for use in connection with any such Registration Statement or Prospectus and, to the extent permitted by law, shall indemnify and hold harmless, Parent, each director of Parent, each officer of Parent who shall sign such Registration Statement, each underwriter, broker or other Person acting on behalf of the holders of Registrable Securities and each Controlling Person who controls any of the foregoing Persons against any losses, claims, actions, damages, liabilities or expenses resulting from any untrue or alleged untrue statement of material fact contained in the Registration Statement, Prospectus, preliminary Prospectus, free writing prospectus (as defined in Rule 405 under the Securities Act or any successor rule thereto) or any amendment thereof or supplement thereto or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of a Prospectus, preliminary Prospectus or free writing prospectus, in light of the circumstances under which they were made) not misleading, but only to the extent that such untrue statement or omission is contained in any information so furnished in writing by such holder; provided, that the obligation to indemnify shall be several, not joint and several, for such holder and shall not exceed an amount equal to the net proceeds (after underwriting fees, commissions or discounts) actually received by such holder from the sale of Registrable Securities pursuant to such Registration Statement. This indemnity shall be in addition to any liability the selling holder may otherwise have.

(c) Promptly after receipt by an indemnified party of notice of the commencement of any action involving a claim referred to in this Section 8, such indemnified party shall, if a claim in respect thereof is made against an indemnifying party, give written notice to the latter of the commencement of such action. The failure of any indemnified party to notify an indemnifying party of any such action shall not (unless such failure shall have a material adverse effect on the indemnifying party) relieve the indemnifying party from any liability in respect of such action that it may have to such indemnified party hereunder. In case any such action is brought against an indemnified party, the indemnifying party shall be entitled to participate in and to assume the defense of the claims in any such action that are subject or potentially subject to indemnification hereunder, jointly with any other indemnifying party similarly notified to the extent that it may wish, with counsel reasonably satisfactory to such indemnified party, and after written notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be responsible for any legal or other expenses subsequently

incurred by the indemnified party in connection with the defense thereof; provided, that, if (i) any indemnified party shall have reasonably concluded that there may be one or more legal or equitable defenses available to such indemnified party which are additional to or conflict with those available to the indemnifying party, or that such claim or litigation involves or could have an effect upon matters beyond the scope of the indemnity provided hereunder, or (ii) such action seeks an injunction or equitable relief against any indemnified party or involves actual or alleged criminal activity, the indemnifying party shall not have the right to assume the defense of such action on behalf of such indemnified party without such indemnified party's prior written consent (but, without such consent, shall have the right to participate therein with counsel of its choice) and such indemnifying party shall reimburse such indemnified party and any Controlling Person of such indemnified party for that portion of the fees and expenses of any counsel retained by the indemnified party which is reasonably related to the matters covered by the indemnity provided hereunder. If the indemnifying party is not entitled to, or elects not to, assume the defense of a claim, it shall not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable judgment of any indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim. In such instance, the conflicting indemnified parties shall have a right to retain one separate counsel chosen by the holders of a majority of the Registrable Securities included in the registration, at the expense of the indemnifying party.

(d) If the indemnification provided for hereunder is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, claim, damage, liability or action referred to herein, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amounts paid or payable by such indemnified party as a result of such loss, claim, damage, liability or action in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other hand in connection with the statements or omissions that resulted in such loss, claim, damage, liability or action as well as any other relevant equitable considerations; provided, that the maximum amount of liability in respect of such contribution shall be limited, in the case of each holder of Registrable Securities, to an amount equal to the net proceeds (after underwriting fees, commissions or discounts) actually received by such seller from the sale of Registrable Securities effected pursuant to such registration. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party, whether the violation of the Securities Act or any other similar federal or state securities laws or rule or regulation promulgated thereunder applicable to Parent and relating to action or inaction required of Parent in connection with any applicable registration, qualification or compliance was perpetrated by the indemnifying party or the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Parties agree that it would not be just and equitable if contribution pursuant hereto were determined by pro rata allocation or by any other method or allocation which does not take account of the equitable considerations referred to herein. No Person guilty or liable of fraudulent misrepresentation within the meaning of Section 11(f) of the Securities Act shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

9. Participation in Underwritten Registrations. No Person may participate in any registration hereunder that is underwritten unless such Person (a) agrees to sell such Person's securities on the basis provided in any underwriting arrangements approved by the Person or Persons entitled hereunder to approve such arrangements and (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements.

10. Rule 144 Compliance. With a view to making available to the holders of Registrable Securities the benefits of Rule 144 and any other rule or regulation of the Commission that may at any time permit a holder to sell securities of Parent to the public without registration, Parent shall:

(a) use commercially reasonable efforts to make and keep public information available, as those terms are understood and defined in Rule 144;

(b) use commercially reasonable efforts to file with the Commission in a timely manner all reports and other documents required of Parent under the Securities Act and the Exchange Act; and

(c) furnish to any holder so long as such holder owns Registrable Securities, promptly upon request, (i) a written statement by Parent as to its compliance with the reporting requirements of Rule 144 and of the Securities Act and the Exchange Act, (ii) a copy of the most recent annual or quarterly report of Parent, unless available in the Electronic Data Gathering, Analysis and Retrieval database of the Commission ("**EDGAR**"), (iii) such other reports and documents so filed or furnished by Parent as such

holder may reasonably request in connection with the sale of Registrable Securities without registration and, unless such reports or documents are available in EDGAR and (iv) the opinion of Parent's counsel, in form and substance reasonably acceptable to the transfer agent for the Common Stock, relating to such matters as such transfer agent may reasonably request in connection with the removal of any restrictive legends contained on such Common Stock.

11. Recapitalization, Exchanges, Etc. Affecting the Securities. The provisions of this Agreement shall apply to the full extent set forth herein with respect to any and all Common Stock of Parent or any successor or assign of Parent (whether by merger, consolidation, sale of assets or otherwise) that may be issued in respect of, in exchange for or in substitution of, the Registrable Securities, and shall be appropriately adjusted for combinations, splits, recapitalizations, pro rata distributions and the like occurring on or after the date of this Agreement.

12. Termination. This Agreement shall terminate and be of no further force or effect with respect to the Stockholder, any Transferee or any Permitted Assignee when such Person shall no longer beneficially own any Registrable Securities or Restricted Shares; provided, that the provisions of Section 7 and Section 8 shall survive any such termination.

13. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given or made as follows:

(a) if sent by registered or certified mail in the United States return receipt requested, upon receipt;

(b) if sent by nationally recognized overnight air courier, one (1) Business Day after mailing;

(c) if sent by facsimile transmission, when transmitted and receipt is confirmed;

(d) if sent by e-mail transmission, with a copy sent on the same day in the manner provided in Section 13(a), Section 13(b) or Section 13(c), when transmitted and receipt is confirmed; and if otherwise actually personally delivered, when delivered. All communications to the Parties shall be sent to the following addresses (or any other address that any such Party may designate by written notice to the other Party):

If to Parent:

KLX Energy Services Holdings, Inc.
3040 Post Oak Boulevard, 15th Floor
Houston, TX 77056
Phone:
Attention: Max Bouthillette
Email:

With copies (which shall not constitute notice) to:

Vinson & Elkins LLP
845 Texas Avenue, Suite 4700
Houston, Texas 77002
Attention: Sarah Morgan
Katherine Frank
Email: smorgan@velaw.com
kfrank@velaw.com

If to Stockholder:

Greene's Holding Corporation
c/o Denham Capital Management LP
700 Louisiana Street, Suite 3700
Attention: Mr. Tony Fiore; Ms. Renee Sass
Email:

With copies (which shall not constitute notice) to:

Sidley Austin LLP
1000 Louisiana Street, Suite 5900
Houston, TX 77002
Attention: George Vlahakos; Atman Shukla

Email: gvlahakos@sidley.com; ashukla@sidley.com

If to a Transferee or Permitted Assignee, to the address set forth on the applicable joinder agreement signature page.

14. Entire Agreement. This Agreement and any related exhibits and schedules thereto, constitutes the sole and entire agreement of the Parties to this Agreement with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. Notwithstanding the foregoing, in the event of any conflict between the terms and provisions of this Agreement, the terms and conditions of this Agreement shall control.

15. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective successors and permitted assigns. Parent may assign this Agreement at any time in connection with a sale or acquisition of Parent, whether by merger, consolidation, sale of all or substantially all of Parent's assets, or similar transaction, without the consent of the other Parties; provided, that the successor or acquiring Person agrees in writing to assume all of Parent's rights and obligations under this Agreement. The Stockholder may assign its rights under this Agreement in accordance with Section 4(f).

16. No Third-Party Beneficiaries. This Agreement is for the sole benefit of the Parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever, under or by reason of this Agreement; provided, however, the Parties hereto hereby acknowledge that the Persons set forth in Section 8 are express third-party beneficiaries of the obligations of the Parties hereto set forth in Section 8.

17. Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

18. Amendments and Waivers. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by Parent and the holders of a majority of the then-outstanding Registrable Securities. No waiver by any Party hereto of any default, misrepresentation or breach of warranty or covenant hereunder, regardless of whether intentional, shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

19. Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

20. Remedies. Each holder of Registrable Securities that is a Party hereto in addition to being entitled to exercise all rights granted by law, including recovery of damages, shall be entitled to specific performance of its rights under this Agreement. Parent acknowledges that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Agreement and Parent hereby agrees to waive the defense in any action for specific performance that a remedy at law would be adequate.

21. Governing Law; Submission to Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware. Any legal suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby may be instituted in the Delaware Chancery Courts located in Wilmington, Delaware, or, if such court shall not have jurisdiction, any federal court of the United States of America or other Delaware state court located in Wilmington, Delaware, and appropriate appellate courts therefrom, and each Party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding. Service of process, summons, notice or other document by mail to such Party's address set forth herein shall be effective service of process for any suit, action or other proceeding brought in any such court. The Parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action or any proceeding in such courts, and irrevocably waive and agree not to plead or claim in any such court that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

22. Waiver of Jury Trial. Each Party acknowledges and agrees that any controversy which may arise under this Agreement is likely to involve complicated and difficult issues and, therefore, each such Party irrevocably and unconditionally waives any right it may have to a trial by jury in respect of any legal action arising out of or relating to this Agreement or the transactions contemplated hereby. Each Party to this Agreement certifies and acknowledges that (a) no representative of the other Party has represented, expressly or otherwise, that such other Party would not seek to enforce the foregoing waiver in the event of a legal action, (b) such Party has considered the implications of this waiver, (c) such Party makes this waiver voluntarily and (d) such Party has been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this Section 22.

23. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but which together shall constitute one and the same instrument. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

24. Further Assurances. Each of the Parties to this Agreement shall, and shall cause their controlled Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and to give effect to the transactions contemplated hereby.

(SIGNATURE PAGES FOLLOW)

IN WITNESS WHEREOF, this Agreement has been executed and delivered as of the date first written above.

KLX ENERGY SERVICES HOLDINGS, INC.

By: /s/ Max L. Bouthillette
Name: Max L. Bouthillette
Title: Executive Vice President, General Counsel, Chief Compliance Officer and Secretary

GREENE'S HOLDING CORPORATION

By: /s/ Renee Sass
Name: Renee Sass
Title: Chief Financial Officer

Exhibit A

FORM OF JOINDER AGREEMENT TO
REGISTRATION RIGHTS AND LOCK-UP AGREEMENT

The undersigned hereby agrees to be bound by the terms and provisions of that certain Registration Rights and Lock-Up Agreement, dated as of March 8, 2023 (the "**Registration Rights Agreement**"), by and among KLX Energy Services Holdings, Inc., a Delaware corporation ("**Parent**"), Greene's Holding Corporation, a Delaware corporation, and any Transferees or Permitted Assignee (as defined in the Registration Rights Agreement) who may become party thereto from time to time, and to join in the Registration Rights Agreement as if the undersigned were originally a Party thereto.

(SIGNATURE PAGE FOLLOWS)

IN WITNESS WHEREOF, the undersigned has executed this joinder agreement as of [DATE].

Name:

Address:

Exhibit B

PERMITTED ASSIGNEES

[Intentionally Omitted]

KLX ENERGY SERVICES HOLDINGS, INC.

LONG TERM INCENTIVE PLAN

RESTRICTED STOCK UNIT GRANT NOTICE

Pursuant to the terms and conditions of the KLX Energy Services Holdings, Inc. Long Term Incentive Plan, as amended from time to time (the "***Plan***"), KLX Energy Services Holdings, Inc. (the "***Company***") hereby grants to the individual listed below ("***you***" or the "***Participant***"), the number of Restricted Stock Units (the "***RSUs***") set forth below. This award of RSUs (this "***Award***") is subject to the terms and conditions set forth herein and in the Restricted Stock Unit Agreement attached hereto as Exhibit A (the "***Agreement***") and the Plan, each of which is incorporated herein by reference. Capitalized terms used but not defined herein shall have the meanings set forth in the Plan.

Participant:	
Date of Grant:	
Total Number of Restricted Stock Units:	
Vesting Commencement Date:	
Vesting Schedule:	Except as expressly provided in Section 3 of the Agreement, (i) one-third of the RSUs shall vest on the first anniversary of the Vesting Commencement Date, (ii) one-third of the RSUs shall vest on the second anniversary of the Vesting Commencement Date and (iii) one-third of the RSUs shall vest on the third anniversary of the Vesting Commencement Date, in each case, so long as you remain continuously employed by, or you continuously provide services to, the Company or an affiliate, as applicable, from the Date of Grant through each such vesting date.

By your signature below, you agree to be bound by the terms and conditions of the Plan, the Agreement and this Restricted Stock Unit Grant Notice (this "***Grant Notice***"). You acknowledge that you have reviewed the Agreement, the Plan and this Grant Notice in their entirety and fully understand all provisions of the Agreement, the Plan and this Grant Notice. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Committee regarding any questions or determinations that arise under the Agreement, the Plan or this Grant Notice. This Grant Notice may be executed in one or more counterparts (including portable document format (.pdf) and facsimile counterparts), each of which shall be deemed to be an original, but all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the Company has caused this Grant Notice to be executed by an officer thereunto duly authorized, and the Participant has executed this Grant Notice, effective for all purposes as provided above.

COMPANY

KLX Energy Services Holdings, Inc.

By:
Name: Christopher J. Baker
Its: President & Chief Executive Officer

PARTICIPANT

Name:

EXHIBIT A

RESTRICTED STOCK UNIT AGREEMENT

This Restricted Stock Unit Agreement (together with the Grant Notice to which this Agreement is attached, this "***Agreement***") is made as of the Date of Grant set forth in the Grant Notice to which this Agreement is attached by and between KLX Energy Services Holdings, Inc., a Delaware corporation (the "***Company***"), and [ ] (the "***Participant***").

Capitalized terms used but not specifically defined herein shall have the meanings specified in the Plan or the Grant Notice.

1. **Award**. In consideration of the Participant's past and/or continued employment with, or service to, the Company or its affiliates and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, effective as of the Date of Grant set forth in the Grant Notice (the "***Date of Grant***"), the Company hereby grants to the Participant the number of RSUs set forth in the Grant Notice on the terms and conditions set forth in the Grant Notice, this Agreement and the Plan, which is incorporated herein by reference as a part of this Agreement. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control. To the extent vested, each RSU represents the right to receive one Share, or a cash amount specified herein, subject to the terms and conditions set forth in the Grant Notice, this Agreement and the Plan. Unless and until the RSUs have become vested in accordance with this Agreement, the Participant will have no right to receive any Shares or other payments in respect of the RSUs, except as otherwise specifically provided for in the Plan or this Agreement (including Section 9(b)). Prior to settlement of this Award, the RSUs and this Award represent an unsecured obligation of the Company, payable only from the general assets of the Company.

2. **Vesting of RSUs**. Except as otherwise set forth in Section 3, the RSUs shall vest in accordance with the vesting schedule set forth in the Grant Notice. Unless and until the RSUs have vested in accordance with such vesting schedule, the Participant will have no right to receive any dividends or other distribution with respect to the RSUs.

3. **Effect of Termination of Employment or Service**.

(a) Termination Generally. Subject to the following sentence and the terms and conditions of any applicable employment agreement, in the event of the Participant's termination of employment or service with the Company prior to the vesting of all RSUs hereunder for any reason other than those set forth in Section 3(b) and Section 3(c), all unvested RSUs shall be cancelled immediately without consideration as of the date of such termination. For the avoidance of doubt, in the event that the Participant becomes a consultant or director of the Company following termination of the Participant's employment with the Company, no termination of employment or service shall be deemed to occur for purposes of the continued vesting of the RSUs hereunder until such time as the Participant is no longer an employee, a consultant or a director of the Company.

(b) Death or Disability. If, prior to the vesting of all RSUs hereunder, the Participant's employment or service with the Company is terminated due to the Participant's Disability or death, then all unvested RSUs shall vest immediately as of the date of termination.

(c) Involuntary Termination Following a Change in Control. If, prior to the vesting of all RSUs hereunder, the Participant's employment or service with the Company is terminated by the Company without Cause (as defined below) or by the Participant for Good Reason (as defined

below), in each case, on or within twelve (12) months following a Change in Control, then all unvested RSUs shall vest immediately as of the date of such termination.

(d) For purposes of this Section 3, the following definitions shall apply:

(i) Cause. "***Cause***" shall mean the Company having "Cause" to terminate the Participant's employment or service, as such term is defined in any relevant employment or consulting agreement between the Participant and the Company; *provided* that, in the absence of such agreement containing such definition, the Company shall have "Cause" to terminate the Participant's employment or services upon: (i) the Participant's gross negligence, gross neglect or willful misconduct in the performance of the Participant's employment duties that results in a material adverse effect on the Company, (ii) the Participant's conviction for, deferred adjudication of, or plea of no contest or nolo contendere to a felony, or (iii) the Participant's material breach of any material provision of this Agreement.

(ii) Good Reason. "***Good Reason***" shall mean the Participant having "Good Reason" to terminate the Participant's employment or service, as such term is defined in any relevant employment or consulting agreement between the Participant and the Company; *provided* that, in the absence of such agreement containing such definition, the Participant shall have "Good Reason" to terminate the Participant's employment or services upon: (i) the material breach of any of Company's obligations under this Agreement without the Participant's written consent; or (ii) the change of the Participant's title or the assignment to the Participant of any duties that materially adversely alter the nature or status of the Participant's office, title, and responsibilities, including reporting responsibilities, or action by Company that results in the material diminution of the Participant's position, duties or authorities, from those in effect immediately prior to such change in title, assignment or action, in each case, without the Participant's written consent; provided that, (A) the Participant must provide written notice to the Company of such condition in accordance with this Agreement within 45 days of the initial existence of the condition; (B) the condition specified in such notice must remain uncorrected for 30 days after receipt of such notice by the Company; and (C) the date of termination of the Participant's employment or service with the Company must occur within 90 days after such notice is received by the Company.

4. **Settlement of RSUs**. As soon as administratively practicable following the vesting of RSUs pursuant to Section 2 or 3, but in no event later than 60 days after an applicable vesting date, the Company shall deliver to the Participant, in the sole discretion of the Committee, in settlement of the RSUs that vest on such vesting date: (i) a number of Shares equal to the number of RSUs that vested, (ii) a cash amount equal to the product of the VWAP (as defined below) of a Share on such vesting date and the number of RSUs that vested, or (iii) any combination of the foregoing. Any Shares issued hereunder shall be delivered either by delivering one or more certificates for such Shares to the Participant or by entering such Shares in book-entry form, as determined by the Committee in its sole discretion. The value of Shares shall not bear any interest owing to the passage of time. Neither this Section 4 nor any action taken pursuant to or in accordance with this Agreement shall be construed to create a trust or a funded or secured obligation of any kind.

For purposes of this Agreement, (x) "***VWAP***" means, as of any specified valuation date, the volume-weighted average price of the Common Stock over the period of 30-days preceding the specified valuation date and (y) VWAP shall be calculated at the direction of the Committee and its determination of the VWAP shall be final and binding.

5. **Tax Withholding**. To the extent that the receipt, vesting or settlement of this Award results in compensation income or wages to the Participant for federal, state, local and/or foreign

tax purposes, the Participant shall make arrangements satisfactory to the Company for the satisfaction of obligations for the payment of withholding taxes and other tax obligations relating to this Award, which arrangements include the delivery of cash or cash equivalents, Shares (including previously owned Shares, net settlement, a broker-assisted sale, or other cashless withholding or reduction of the amount of shares otherwise issuable or delivered pursuant to this Award), other property, or any other legal consideration the Committee deems appropriate. If such tax obligations are satisfied through net settlement or the surrender of previously owned Shares, the maximum number of Shares that may be so withheld (or surrendered) shall be the number of Shares that have an aggregate Fair Market Value on the date of withholding or surrender equal to the aggregate amount of such tax liabilities determined based on the greatest withholding rates for federal, state, local and/or foreign tax purposes, including payroll taxes, that may be utilized without creating adverse accounting treatment for the Company with respect to this Award, as determined by the Committee. The Participant acknowledges that there may be adverse tax consequences upon the receipt, vesting or settlement of this Award or disposition of the underlying shares and that the Participant has been advised, and hereby is advised, to consult a tax advisor. The Participant represents that he is in no manner relying on the Board, the Committee, the Company or any of its affiliates or any of their respective managers, directors, officers, employees or authorized representatives (including, without limitation, attorneys, accountants, consultants, bankers, lenders, prospective lenders and financial representatives) for tax advice or an assessment of such tax consequences.

6. **Non-Transferability**. During the lifetime of the Participant, the RSUs may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the Shares underlying the RSUs have been issued, and all restrictions applicable to such shares have lapsed. Neither the RSUs nor any interest or right therein shall be liable for the debts, contracts or engagements of the Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means, whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

7. **Compliance with Applicable Law**. Notwithstanding any provision of this Agreement to the contrary, the issuance of Shares hereunder will be subject to compliance with all applicable requirements of applicable law with respect to such securities and with the requirements of any stock exchange or market system upon which the Shares may then be listed. No Shares will be issued hereunder if such issuance would constitute a violation of any applicable law or regulation or the requirements of any stock exchange or market system upon which the Shares may then be listed. In addition, Shares will not be issued hereunder unless (a) a registration statement under the Securities Act is in effect at the time of such issuance with respect to the shares to be issued or (b) in the opinion of legal counsel to the Company, the shares to be issued are permitted to be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary for the lawful issuance and sale of any Shares hereunder will relieve the Company of any liability in respect of the failure to issue such shares as to which such requisite authority has not been obtained. As a condition to any issuance of Shares hereunder, the Company may require the Participant to satisfy any requirements that may be necessary or appropriate to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect to such compliance as may be requested by the Company.

8. **Legends**. If a Share certificate is issued with respect to Shares delivered hereunder, such certificate shall bear such legend or legends as the Committee deems appropriate in order to reflect the restrictions set forth in this Agreement and to ensure compliance with the terms and provisions of this Agreement, the rules, regulations and other requirements of the Securities and Exchange Commission, any applicable laws or the requirements of any stock exchange on which the Share is then listed. If the Shares issued hereunder are held in book-entry form, then such entry will reflect that the shares are subject to the restrictions set forth in this Agreement.

9. **Rights as a Stockholder; Dividend Equivalents**.

(a) The Participant shall have no rights as a stockholder of the Company with respect to any Shares that may become deliverable hereunder unless and until the Participant has become the holder of record of such Shares, and no adjustments shall be made for dividends in cash or other property, distributions or other rights in respect of any such Shares, except as otherwise specifically provided for in the Plan or this Agreement (including Section 9(b)).

(b) Each RSU subject to this Award is hereby granted in tandem with a corresponding dividend equivalent ("***DER***"), which DER shall remain outstanding from the Date of Grant until the earlier of the settlement or forfeiture of the RSU to which the DER corresponds. Each vested DER entitles the Participant to receive payments, subject to and in accordance with this Agreement, in an amount equal to any dividends paid by the Company in respect of the Share underlying the RSU to which such DER relates. The Company shall establish, with respect to each RSU, a separate DER bookkeeping account for such RSU (a "***DER Account***"), which shall be credited (without interest) on the applicable dividend payment dates with an amount equal to any dividends paid during the period that such RSU remains outstanding with respect to the Share underlying the RSU to which such DER relates. Upon the vesting of an RSU, the DER (and the DER Account) with respect to such vested RSU shall also become vested. Similarly, upon the forfeiture of a RSU, the DER (and the DER Account) with respect to such forfeited RSU shall also be forfeited. DERs shall not entitle the Participant to any payments relating to dividends paid after the earlier to occur of the date that the applicable RSU is settled in accordance with Section 4 or the forfeiture of the RSU underlying such DER. Payments with respect to vested DERs shall be made as soon as practicable, and within 60 days, after the date that such DER vests. The Participant shall not be entitled to receive any interest with respect to the payment of DERs.

10. **Execution of Receipts and Releases**. Any issuance or transfer of Shares or other property to the Participant or the Participant's legal representative, heir, legatee or distributee, in accordance with this Agreement shall be in full satisfaction of all claims of such person hereunder. As a condition precedent to such payment or issuance, the Company may require the Participant or the Participant's legal representative, heir, legatee or distributee to execute (and not revoke within any time provided to do so) a release and receipt therefor in such form as it shall determine appropriate; provided, however, that any review period under such release will not modify the date of settlement with respect to vested RSUs.

11. **No Right to Continued Employment, Service or Awards**. Nothing in the adoption of the Plan, nor the award of the RSUs thereunder pursuant to the Grant Notice and this Agreement, shall confer upon the Participant the right to continued employment by, or a continued service relationship with, the Company or any affiliate, or any other entity, or affect in any way the right of the Company or any such affiliate, or any other entity to terminate such employment or other service relationship at any time. The grant of the RSUs is a one-time benefit and does not create any contractual or other right to receive a grant of Awards or benefits in lieu of Awards in the future. Any future Awards will be granted at the sole discretion of the Company.

12. **Notices**. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Participant at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing. Any notice that is delivered personally or by overnight courier or telecopier in the manner provided herein shall be deemed to have been duly given to the Participant when it is mailed by the Company or, if such notice is not mailed to the Participant, upon receipt by the Participant. Any notice that is addressed and mailed in the manner herein provided shall be conclusively presumed to have been given to the party to whom it is addressed at the close of business, local time of the recipient, on the fourth day after the day it is so placed in the mail.

13. **Consent to Electronic Delivery; Electronic Signature**. In lieu of receiving documents in paper format, the Participant agrees, to the fullest extent permitted by law, to accept electronic delivery of any documents that the Company may be required to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports and all other forms of communications) in connection with this and any other Award made or offered by the Company. Electronic delivery may be via a Company electronic mail system or by reference to a location on a Company intranet to which the Participant has access. The Participant hereby consents to any and all procedures the Company has established or may establish for an electronic signature system for delivery and acceptance of any such documents that the Company may be required to deliver, and agrees that his or her electronic signature is the same as, and shall have the same force and effect as, his or her manual signature.

14. **Agreement to Furnish Information**. The Participant agrees to furnish to the Company all information requested by the Company to enable it to comply with any reporting or other requirement imposed upon the Company by or under any applicable statute or regulation.

15. **Entire Agreement; Amendment**. This Agreement and the Plan constitute the entire agreement with regard to the subject matter hereof. They supersede all other agreements, representations or understandings (whether oral or written and whether express or implied) that relate to the subject matter hereof. The Board or the Committee shall have the power to alter, amend, modify or terminate the Plan or this Agreement at any time; *provided*, *however*, that no such termination, amendment or modification may adversely affect, in any material respect, the Participant's rights under this Agreement without the Participant's consent. Notwithstanding the foregoing, the Company shall have broad authority to amend this Agreement without the consent of the Participant to the extent it deems necessary or desirable (i) to comply with or take into account changes in or interpretations of, applicable tax laws, securities laws, employment laws, accounting rules and other applicable laws, rules and regulations, (ii) to ensure that the RSUs are not subject to taxes, interest and penalties under Section 409A, (iii) to take into account unusual or nonrecurring events or market conditions, or (iv) to take into account significant acquisitions or dispositions of assets or other property by the Company. Any amendment, modification or termination shall, upon adoption, become and be binding on all persons affected thereby without requirement for consent or other action with respect thereto by any such person. The Committee shall give written notice to the Participant in accordance with Section 12 of any such amendment, modification or termination as promptly as practicable after the adoption thereof. The foregoing shall not restrict the ability of the Participant and the Company by mutual consent to alter or amend the terms of the Restricted Stock in any manner that is consistent with the Plan and approved by the Committee.

16. **Severability and Waiver**. If a court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, then the invalidity or unenforceability of such provision shall not affect the validity or enforceability of any other provision of this

Agreement, and all other provisions shall remain in full force and effect. Waiver by any party of any breach of this Agreement or failure to exercise any right hereunder shall not be deemed to be a waiver of any other breach or right. The failure of any party to take action by reason of such breach or to exercise any such right shall not deprive the party of the right to take action at any time while or after such breach or condition giving rise to such rights continues.

17. **Clawback**. Notwithstanding any provision in the Grant Notice, this Agreement or the Plan to the contrary, to the extent required by (a) applicable law, including, without limitation, the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, any Securities and Exchange Commission rule or any applicable securities exchange listing standards and/or (b) any policy that may be adopted or amended by the Board from time to time, all Shares issued hereunder shall be subject to forfeiture, repurchase, recoupment and/or cancellation to the extent necessary to comply with such law(s) and/or policy.

18. **Governing Law**. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED THEREIN, EXCLUSIVE OF THE CONFLICT OF LAWS PROVISIONS OF DELAWARE LAW.

19. **Successors and Assigns**. The Company may assign any of its rights under this Agreement without the Participant's consent. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein and in the Plan, this Agreement will be binding upon the Participant and the Participant's beneficiaries, executors, administrators and the person(s) to whom the RSUs may be transferred by will or the laws of descent or distribution.

20. **Headings**. Headings are for convenience only and are not deemed to be part of this Agreement.

21. **Counterparts**. The Grant Notice may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument. Delivery of an executed counterpart of the Grant Notice by facsimile or portable document format (.pdf) attachment to electronic mail shall be effective as delivery of a manually executed counterpart of the Grant Notice.

22. **Section 409A**. Notwithstanding anything herein or in the Plan to the contrary, the RSUs granted pursuant to this Agreement are intended to be exempt from the applicable requirements of section 409A of the Internal Revenue Code of 1986, as amended (the "***Section 409A***"), and shall be limited, construed and interpreted in accordance with such intent. Nevertheless, to the extent that the Committee determines that the RSUs may not be exempt from Section 409A, then, if the Participant is deemed to be a "specified employee" within the meaning of the Section 409A, as determined by the Committee, at a time when the Participant becomes eligible for settlement of the RSUs upon his "separation from service" within the meaning of Section 409A, then to the extent necessary to prevent any accelerated or additional tax under Section 409A, such settlement will be delayed until the earlier of: (a) the date that is six months following the Participant's separation from service and (b) the Participant's death. Notwithstanding the foregoing, the Company and its affiliates make no representations that the RSUs provided under this Agreement are exempt from or compliant with Section 409A, and in no event shall the Company or any affiliate be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of non-compliance with Section 409A.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-227321, 333-238870, 333-240198, and 333-253151 on Form S-8, and Registration Statement No. 333-256149 on Form S-3 of our report dated March 9, 2023, relating to the financial statements of KLX Energy Services Holdings, Inc. (the “Company”) appearing on Form 10-K for the year ended December 31, 2022.

/s/ Deloitte & Touche LLP

Houston, Texas
March 9, 2023

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) AND RULE 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Christopher J. Baker, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2022 of KLX Energy Services Holdings, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 9, 2023

/s/ Christopher J. Baker
Christopher J. Baker
President, Chief Executive Officer and Director

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) AND RULE 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Keefer M. Lehner, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2022 of KLX Energy Services Holdings, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 9, 2023

/s/ Keefer M. Lehner
Keefer M. Lehner
Executive Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF
CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of KLX Energy Services Holdings, Inc. (the "Company") for the year ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christopher J. Baker, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 9, 2023

/s/ Christopher J. Baker
Christopher J. Baker
President, Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION OF
CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of KLX Energy Services Holdings, Inc. (the "Company") for the year ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Keefer M. Lehner, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 9, 2023

/s/ Keefer M. Lehner
Keefer M. Lehner
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)