

Form 20-F

Commission File Number: 001-38091

(Exact name of Registrant as specified in its charter)

British Virgin Islands
(Jurisdiction of incorporation or organization)

Stefan Angeli
Chief Financial Officer
777 Post Oak Blvd., Suite 730
Houston, Texas 77056
Phone (832) 925-3777

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Securities registered or to be registered pursuant to Section 12(g) of the Act.

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act. None.

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the Annual Report:

As of December 31, 2024, there were 96,045,856 ordinary shares and 35,540,380 warrants outstanding.

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

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. 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, or an emerging growth company. See definition of “large accelerated filer,” “accelerated filer,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

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

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, 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 ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☒

International Financial Reporting Standards as issued by the International Accounting Standards Board ☐

Other ☐

If this is an Annual Report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☐ No ☐

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS	5
BASIS OF THIS ANNUAL REPORT ON FORM 20-F	7
FINANCIAL INFORMATION AND CURRENCY OF FINANCIAL STATEMENTS	7
PART I	8
ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS	8
ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE	8
ITEM 3. KEY INFORMATION	8
A. [RESERVED]	8
B. CAPITALIZATION AND INDEBTEDNESS	8
C. REASONS FOR THE OFFER AND USE OF PROCEEDS	8
D. RISK FACTORS	8
ITEM 4. INFORMATION ON THE COMPANY	34
A. HISTORY AND DEVELOPMENT OF THE COMPANY	34
B. BUSINESS OVERVIEW	34
C. ORGANIZATIONAL STRUCTURE	41
D. PROPERTY, PLANTS, AND EQUIPMENT	41
ITEM 4A. UNRESOLVED STAFF COMMENTS	41
ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS	42
A. OPERATING RESULTS	42
B. LIQUIDITY AND CAPITAL RESOURCES	49
C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, ETC.	53
D. TREND INFORMATION	53
E. CRITICAL ACCOUNTING ESTIMATES	53
ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES	55
A. DIRECTORS AND SENIOR MANAGEMENT	55
B. COMPENSATION	58
C. BOARD PRACTICES	60
D. EMPLOYEES	63
E. SHARE OWNERSHIP	64
F. DISCLOSURE OF A REGISTRANT’S ACTION TO RECOVER ERRONEOUSLY AWARDED COMPENSATION	64
ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS	64
A. MAJOR SHAREHOLDERS	64
B. RELATED PARTY TRANSACTIONS	65
C. INTERESTS OF EXPERTS AND COUNSEL	65
ITEM 8. FINANCIAL INFORMATION	65
A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION	65
B. SIGNIFICANT CHANGES	65

<u>ITEM 9. THE OFFER AND LISTING</u>	65
<u>A. OFFER AND LISTING DETAILS</u>	65
<u>B. PLAN OF DISTRIBUTION</u>	65
<u>C. MARKETS</u>	66
<u>D. SELLING SHAREHOLDERS</u>	66
<u>E. DILUTION</u>	66
<u>F. EXPENSES OF THE ISSUE</u>	66
<u>ITEM 10. ADDITIONAL INFORMATION</u>	66
<u>A. SHARE CAPITAL</u>	66
<u>B. MEMORANDUM AND ARTICLES OF ASSOCIATION</u>	66
<u>C. MATERIAL CONTRACTS</u>	69
<u>D. EXCHANGE CONTROLS</u>	70
<u>E. TAXATION</u>	70
<u>F. DIVIDENDS AND PAYING AGENTS</u>	72
<u>G. STATEMENT BY EXPERTS</u>	72
<u>H. DOCUMENTS ON DISPLAY</u>	72
<u>I. SUBSIDIARY INFORMATION</u>	72
<u>J. ANNUAL REPORT TO SECURITY HOLDERS</u>	72
<u>ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	72
<u>ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES</u>	73
<u>A. DEBT SECURITIES</u>	73
<u>B. WARRANTS AND RIGHTS</u>	73
<u>C. OTHER SECURITIES</u>	73
<u>D. AMERICAN DEPOSITORY SHARES</u>	73
<u>PART II</u>	74
<u>ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES</u>	74
<u>ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS</u>	74
<u>ITEM 15. CONTROLS AND PROCEDURES</u>	74
<u>ITEM 16. RESERVED</u>	76
<u>ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT</u>	76
<u>ITEM 16B. CODE OF ETHICS</u>	76
<u>ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES</u>	77
<u>ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES</u>	77
<u>ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS</u>	77
<u>ITEM 16F. CHANGE IN REGISTRANT’S CERTIFYING ACCOUNTANT</u>	77

<u>ITEM 16G. CORPORATE GOVERNANCE</u>	78
<u>ITEM 16H. MINE SAFETY DISCLOSURE</u>	78
<u>ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS</u>	78
<u>ITEM 16J. INSIDER TRADING POLICIES</u>	78
<u>ITEM 16K. CYBERSECURITY</u>	78
<u>PART III</u>	79
<u>ITEM 17. FINANCIAL STATEMENTS</u>	79
<u>ITEM 18. FINANCIAL STATEMENTS</u>	79
<u>ITEM 19. EXHIBITS</u>	79
<u>REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	82
<u>CONSOLIDATED BALANCE SHEETS</u>	84
<u>CONSOLIDATED STATEMENTS OF OPERATIONS</u>	85
<u>CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME</u>	86
<u>CONSOLIDATED STATEMENTS SHAREHOLDERS' EQUITY</u>	87
<u>CONSOLIDATED STATEMENTS OF CASH FLOWS</u>	88
<u>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</u>	89
<u>1. DESCRIPTION OF BUSINESS</u>	89
<u>2. BASIS OF PRESENTATION</u>	89
<u>3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>	90
<u>4. REVENUE</u>	98
<u>5. ACCOUNTS RECEIVABLE</u>	99
<u>6. SERVICE INVENTORIES</u>	99
<u>7. PROPERTY, PLANT, & EQUIPMENT</u>	100
<u>8. GOODWILL, INTANGIBLE, AND OTHER ASSETS</u>	100
<u>9. LEASING</u>	102
<u>10. DEBT</u>	103
<u>11. EMPLOYEE BENEFITS</u>	105
<u>12. INCOME TAXES</u>	107
<u>13. COMMITMENTS AND CONTINGENCIES</u>	110
<u>14. SHARE-BASED COMPENSATION</u>	110
<u>15. EQUITY</u>	112
<u>16. EARNINGS PER SHARE</u>	112
<u>17. FAIR VALUE ACCOUNTING</u>	114
<u>18. RELATED PARTY TRANSACTIONS</u>	115
<u>19. REPORTABLE SEGMENTS</u>	115
<u>Exhibit 8.1</u>	
<u>Exhibit 11.1</u>	
<u>Exhibit 12.1</u>	
<u>Exhibit 12.2</u>	
<u>Exhibit 13.1</u>	
<u>Exhibit 13.2</u>	
<u>Exhibit 15.1</u>	
<u>Exhibit 97</u>	

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 20-F (this “Annual Report”) contains forward-looking statements (as such term is defined in Section 27A of the Securities Act of 1933, as amended, (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Any and all statements contained in this Annual Report that are not statements of historical fact may be deemed forward-looking statements. Terms such as “may,” “might,” “would,” “should,” “could,” “project,” “estimate,” “predict,” “potential,” “strategy,” “anticipate,” “attempt,” “develop,” “plan,” “help,” “believe,” “continue,” “intend,” “expect,” “future,” and terms of similar import (including the negative of any of these terms) may identify forward-looking statements. However, not all forward-looking statements may contain one or more of these identifying terms. Forward-looking statements in this Annual Report may include, without limitation, statements regarding our ability to implement our remediation plan in connection with the material weakness in our internal control over financial reporting, the plans and objectives of management for future operations, projections of income or loss, earnings or loss per share, capital expenditures, dividends, capital structure or other financial items, our future financial performance, including any such statement contained in a discussion and analysis of financial condition by management or in the results of operations included pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”), expansion plans and opportunities, completion and integration of acquisitions and the assumptions underlying or relating to any such statement.

The forward-looking statements are not meant to predict or guarantee actual results, performance, events or circumstances and may not be realized because they are based upon our current projections, plans, objectives, beliefs, expectations, estimates and assumptions and are subject to a number of risks and uncertainties and other influences, many of which we have no control over, including the impact of the extent of any material weakness or significant deficiencies in our internal control over financial reporting and any action taken by the SEC including potential fines or penalties arising out of the SEC inquiry. Actual results and the timing of certain events and circumstances may differ materially from those described by the forward-looking statements as a result of these risks and uncertainties. Factors that may influence or contribute to the accuracy of the forward-looking statements or cause actual results to differ materially from expected or desired results may include, without limitation:

- Changing commodity prices, market volatility and other market trends that affect our customers’ demand for our services;
- Public health crises and other catastrophic events;
- The level of capital spending by our customers;
- Political, market, financial and regulatory risks, including those related to the geographic concentration of our operations and customers;
- Our operations, including maintenance, upgrades and refurbishment of our assets, may require significant capital expenditures, which may or may not be available to us;
- Operating hazards inherent in our industry and the ability to secure sufficient indemnities and insurance;
- Our ability to successfully integrate acquisitions;
- Competition, including capital and technological advances; and
- Other risks and uncertainties set forth in Part I, Item 3D, “Risk Factors,” included in this Annual Report.

Readers are cautioned not to place undue reliance on forward-looking statements because of the risks and uncertainties related to them and to the risk factors. We disclaim any obligation to update the forward-looking statements contained in this Annual Report to reflect any new information or future events or circumstances or otherwise, except as required by law. Readers should read this Annual Report in conjunction with the discussion under Part I, Item 3D, “Risk Factors,” included in this Annual Report, our consolidated financial statements and the related notes thereto included in this Annual Report, other documents which we may furnish from time to time with the SEC, and other announcements we may make from time to time.

BASIS OF THIS ANNUAL REPORT ON FORM 20-F

On June 6, 2018, National Energy Services Reunited Corp. (“NESR,” the “Company,” “we,” “our,” “us” or similar terms) acquired all of the issued and outstanding equity interests of NPS Holdings Limited (“NPS”) and Gulf Energy S.A.O.C. (“GES” and, together with NPS, the “Subsidiaries”) (collectively, the “NPS/GES Business Combination”). On June 1, 2020, and May 5, 2021, respectively, NESR further expanded its footprint within the Middle East and North Africa (“MENA”) region when its NPS subsidiary acquired Sahara Petroleum Services Company S.A.E. (“SAPESCO”) and specific oilfield service lines of Action Energy Company W.L.L. (“Action”) (collectively with the NPS/GES Business Combination, the “Business Combinations”). On July 1, 2022, NESR acquired a minority stake in W. D. Von Gonten Engineering LLC (“WDVGE” or the “WDVGE Investment”) a premier Reservoir Characterization and Geological & Geophysical (“G&G”) laboratory and consulting business formed from the merger of W. D. Von Gonten Laboratories LLC and W. D. Von Gonten & Co. Petroleum Engineering Consulting. See Note 8, *Goodwill, Intangible, and Other Assets*, to the consolidated financial statements included in Item 18, “*Financial Statements*,” of this Annual Report for further discussion of our most recent investments.

FINANCIAL INFORMATION AND CURRENCY OF FINANCIAL STATEMENTS

The financial statements included in Item 18, “*Financial Statements*,” of this Annual Report, have been prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”). Unless otherwise indicated, all references in this Annual Report to “dollars,” “\$,” or “US\$” are to U.S. dollars, which is the reporting currency of the consolidated financial statements.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. [RESERVED]

B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

D. RISK FACTORS

An investment in our ordinary shares or warrants involves a high degree of risk. You should consider carefully the following risk factors, as well as the other information contained in this Annual Report, before making an investment in our ordinary shares or warrants. Any of the risk factors described below could significantly and negatively affect our financial position, results of operations or cash flows. In addition, these risks represent important factors that can cause our actual results to differ materially from those anticipated in our forward-looking statements.

Risk Factor Summary

Risks Related to Our Business and Operations

- Trends in oil and natural gas prices affect the level of exploration, development, and production activity of our customers and the demand for our services and products, which could have a material adverse effect on our business, results of operations, and financial condition.
- Our business is dependent on capital spending by our customers, and reductions in capital spending could have a material adverse effect on our business, results of operations, and financial condition.
- Our assets require capital for maintenance, upgrades and refurbishment and we may require significant capital expenditures for new equipment.
- The geographic concentration of our operations and customers exposes us to the risks of the regional economy and other regional adverse conditions.
- We operate in multiple countries across the Middle East, North Africa, and Asia. Therefore our operations will be subject to political and economic instability and risk of government actions that could have a material adverse effect on our business, results of operations, and financial condition.
- Physical dangers are inherent in our operations and may expose us to significant potential liability and losses. Personnel and property may be harmed during the process of drilling for oil and natural gas.
- If we do not effectively or efficiently integrate the operations of businesses or companies we acquire, including the integration of the operations of our Subsidiaries, our future growth will be limited.
- We compete in a highly competitive industry, and many of our competitors are larger than us and have greater resources than we do.
- The inability to keep pace with technology developments could adversely affect our ability to maintain or grow market share.

Financial, Regulatory, Legal and Compliance Risks

- The matters identified in our Annual Report on Form 20-F for the year ended December 31, 2022, relating to restatement of our previously issued audited financial statements as of and for the year-ended December 31, 2020, may affect investor confidence and raise reputational issues and may subject us to additional risks and uncertainties, including increased professional costs and the increased risk from legal proceedings and regulatory inquiries.
- We continue to have a material weakness in our internal control over financial reporting which we are in the process of remediating. If the material weakness persists or if we fail to develop or maintain an effective system of internal control, we may not be able to report our financial results accurately or prevent fraud, which could have a material adverse effect on our business, ordinary shares, results of operations and/or financial condition.
- Impairment in the carrying value of goodwill could result in the incurrence of impairment charges.
- We may not be fully indemnified against financial losses in all circumstances where damage to or loss of property, personal injury, death or environmental harm occur.
- We operate in multiple countries and earn revenue in different currencies and as such may be exposed to risks arising from fluctuating exchange rates and currency control restrictions, which may limit our ability to reinvest earnings from operations in one country to fund the capital needs of our operations in other countries or to repatriate assets from some countries.
- Changes in or new interpretations of tax laws could impact the determination of our income tax liabilities for a tax year.
- Lack of consolidation of our fiscal results in a taxpaying jurisdiction prevents offsetting some losses against taxable profits.
- The owners of NESR ordinary shares are subject to tax risks due to the possibility of changes in tax rules and regulations in foreign countries.
- If our Subsidiaries are unable to comply with the restrictions and covenants in their debt agreements, they could default under the terms of such agreements, which could result in an acceleration of repayment.
- To service our indebtedness, we may require a significant amount of cash, and our ability to generate cash will depend on many factors beyond our control.
- Our borrowings under our various loan agreements and other financing arrangements expose us to interest rate risk and such arrangements also include restrictive covenants that may impact our Subsidiaries’ ability to make distributions to us.
- We are exposed to the credit risk of our customers and counterparties, and delay, non-payment, and/or non-performance by our customers could have an adverse effect on our financial condition, results of operations, or cash flows.
- Limitations on our ability to protect our intellectual property rights, including our trade secrets, could cause a loss in revenue and any competitive advantage.
- We may be subject to litigation if another party claims that we have infringed upon such third party’s intellectual property rights.
- Environmental compliance costs and liabilities could reduce our earnings and cash available for operations.
- We could be subject to substantial liability claims, which could adversely affect our financial condition, results of operations, and cash flows.
- Demand for our products and services could be reduced by existing and future legislation or regulations.
- Increased attention to climate change, ESG matters and conservation measures by regulators and investors may adversely impact our business.
- Some of our customers require bids for contracts in the form of long-term, fixed pricing contracts that require us to assume additional risks associated with cost over-runs, operating cost inflation, labor availability and productivity, supplier and contractor pricing and performance, and potential claims for liquidated damages.
- Our failure to comply with complex United States of America (“U.S.”) and foreign laws and regulations could have a material adverse effect on our operations.
- We and U.S. persons working for us are subject to sanctions and export control regimes adopted by the United States and other jurisdictions.
- Our operations in the Middle East and other countries could require us to incur additional costs in order to comply with U.S., United Kingdom (“UK”) and European Union (“EU”) sanctions-related regulations restricting or prohibiting activities with certain individuals and entities or in certain jurisdictions.
- We are subject to litigation risks that may not be covered by insurance.
- We may be unable to obtain or renew permits necessary for our operations, which could inhibit our ability to do business.
- We might require additional equity or debt financing to fund operations and/or future acquisitions.

Risks Related to Our Capital Structure

- The market price of our ordinary shares and warrants may decline.
- If securities or industry analysts do not publish or cease publishing research or reports about us, our business, or our market, or if they change their recommendations regarding our securities adversely, the price and trading volume of our ordinary shares and warrants could decline.
- We are a holding company. Our sole material asset is our equity interest in our Subsidiaries and we are accordingly dependent upon distributions from them to cover our corporate and other overhead expenses.
- Future sales of our ordinary shares could reduce our stock price, and any additional capital raised by us through the sale of equity or convertible securities may dilute your ownership in us.
- Because we currently have no plans to pay cash dividends on our ordinary shares, you may not receive any return on investment unless you sell your ordinary shares for a price greater than which what you paid for it.
- There is no guarantee that the warrants will be in the money, and they may expire worthless.
- We may redeem the warrants prior to their exercise at a time that is disadvantageous to warrant holders, thereby making their warrants worthless.

Other Risks Associated with Our Business

- Cybersecurity risks and threats could adversely affect our business.
- We depend on our suppliers to provide services and equipment in a timely manner and any delays, interruptions or failures by suppliers could expose us to increased costs or inability to meet contractual obligations.
- We have engaged in related party transactions, the termination of which may inhibit business, and such transactions present possible conflicts of interest that could have an adverse effect on us.
- The loss or unavailability of any of our executive officers or other key employees could have a material adverse effect on our business.
- Our growth potential and ability to operate could be materially and adversely affected if we cannot employ and retain technical personnel at a competitive cost.
- An investment in our securities may result in uncertain U.S. federal income tax consequences.
- Substantially all of our assets are located outside the United States; therefore, investors may not be able to enforce U.S. federal securities laws or their other legal rights.
- As a foreign private issuer in the United States, we are subject to different U.S. securities laws and rules than a domestic U.S. issuer.
- We may lose our foreign private issuer status in the future, which could result in significant additional costs and expenses to us.
- We are not subject to the supervision of the Financial Services Commission of the British Virgin Islands and so our shareholders are not protected by any regulatory inspections in the British Virgin Islands.
- Investors may face difficulties in protecting their interests, and their ability to protect their rights through the U.S. federal courts may be limited, because we are formed under British Virgin Islands law.
- Our amended and restated memorandum and articles of association permit the Board of Directors by resolution to create additional classes of securities, including shares with rights, preferences, designations and limitations as they determine which may have an anti-takeover effect.

Risk Factors

Risks Relating to Our Business and Operations

Trends in oil and natural gas prices affect the level of exploration, development, and production activity of our customers and the demand for our services and products, which could have a material adverse effect on our business, results of operations, and financial condition.

Demand for our services and products is sensitive to the level of exploration, development, and production activity of, and the corresponding capital spending by, oil and natural gas companies. The level of exploration, development, and production activity is directly affected by trends in oil and natural gas prices, which historically have been volatile and are likely to continue to be volatile. Prices for oil and natural gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and natural gas, market uncertainty, and a variety of other economic factors that are beyond our control. The following table illustrates the high degree of variability in Europe Brent spot prices per barrel over the last three years:

	Highest Closing Price	Lowest Closing Price
2022	\$ 133.18	\$ 76.02
2023	97.10	71.03
2024	93.12	70.31

A prolonged reduction in oil and natural gas prices could lead to depressed levels of exploration, development, and production activity and could have a material adverse effect on our business, results of operations and financial condition. Even the perception of longer-term lower oil and natural gas prices by oil and natural gas companies can result in the reduction or deferral of major expenditures given the long-term nature of many large-scale development projects.

Factors affecting the prices of oil and natural gas include:

- the global and regional level of supply and demand for oil and natural gas including liquefied natural gas imports and exports;
- governmental regulations, including the policies of governments regarding the exploration for and production and development of their oil and natural gas reserves, including environmental regulations;
- increased attention to ESG matters and conservation measures may adversely impact the oil and natural gas industry;
- weather conditions, natural disasters, and public health crises and threats;
- worldwide political, military, and economic conditions;
- the ability or willingness of the Organization of the Petroleum Exporting Countries (“OPEC”) and the expanded alliance known as OPEC+ (“OPEC+”) to set and maintain oil production levels and quotas and member country compliance with quotas;
- the level of oil and natural gas production by non-OPEC+ countries;
- oil refining capacity and shifts in end-customer preferences toward fuel efficiency and the use of natural gas;
- the cost of producing and delivering oil and natural gas;
- technological advances affecting energy consumption; and
- potential acceleration of the development of alternative fuels.

Our business is dependent on capital spending by our customers, and reductions in capital spending could have a material adverse effect on our business, results of operations, and financial condition.

Our business is directly affected by changes in capital expenditures by our customers and reductions in our customers’ capital spending could reduce demand for our services and products and have a material adverse effect on our business, results of operations, and financial condition. Most of our contracts can be cancelled or renegotiated by our customers at any time. Some of the items that may impact our customer’s capital spending include:

- oil and natural gas prices, including volatility of oil and natural gas prices and expectations regarding future prices;
- changes in government incentives and tax regimes;
- the inability of our customers to access capital on economically favorable terms;
- customer personnel changes; and
- adverse developments in the business or operations of our customers, including write-downs of reserves and borrowing base reductions under customer credit facilities.

The oil and natural gas industry has historically experienced periodic downturns, which have been characterized by diminished demand for our products and services and downward pressure on the prices that we are able to charge. Sustained market uncertainty can also result in lower demand and pricing for our products and services. A significant industry downturn, sustained market uncertainty, or increased availability of economical alternative energy sources could result in a reduction in demand for our products and services, which could adversely affect our business, financial condition, results of operations, cash flows and prospects. With respect to national oil company (“NOC”) customers, we are also subject to risk of policy, regime, currency and budgetary changes, all of which may affect our customers’ capital expenditures.

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

Our revenue is generated principally from providing services and related equipment as well as renting tools and equipment. Our tools and equipment require capital investment in maintenance, upgrades and refurbishment to maintain our competitiveness. 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. Additionally, increased demand, competition, advances in technology within our industry, and/or new emissions control, safety or other regulatory requirements in the geographies that we operate in may require us to update or replace existing equipment. Such demands on our capital or reductions in demand for our equipment 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, liquidity position, financial condition, prospects and results of operations.

The geographic concentration of our operations and customers exposes us to the risks of the regional economy and other regional adverse conditions. The credit risks of our concentrated customer base in the energy industry could result in losses. In addition, we depend on a small number of customers for a significant portion of our revenues. Therefore, the loss of any of these customers could result in a decline in our revenues and adversely affect our financial condition, results of operations or cash flows.

Our operations and our primary customers are located in the Middle East and North Africa and all are in the energy industry. Most of our customers are NOCs. Given the importance of NOCs, which dominate the petroleum industry in our countries of operation, our business is more susceptible to regional economic, budgetary and political conditions than other, more geographically diversified competitors. Any changes in market conditions, unforeseen circumstances, or other events affecting the area in which our assets are located could have a material adverse effect on our business, operating result, and financial condition.

Revenues from four customers individually accounted for 54%, 9%, 7% and 4% of the Company’s consolidated revenues in the year ended December 31, 2024, 44%, 8%, 7% and 5% of the Company’s consolidated revenues in the year ended December 31, 2023, and 40%, 9%, 7% and 7% of the Company’s consolidated revenues in the year ended December 31, 2022. Under the terms of our customer contracts, there is a risk of termination of one or more of such contracts and/or a lack of engagement in the same manner, or to the same level, as has been the case historically. The loss of all or even a portion of the business from a major customer, the failure to extend or replace the contracts with a major customer, or the extension or replacement of such contracts on less favorable terms, as a result of competition or otherwise, could adversely affect our financial condition, results of operations or cash flows.

We operate in multiple countries across the Middle East, North Africa, and Asia. Therefore, our operations will be subject to political and economic instability and risk of government actions that could have a material adverse effect on our business, results of operations, and financial condition.

We are exposed to risks inherent in doing business in each of the countries in which we operate. Our operations are subject to various risks unique to each country that could have a material adverse effect on our business, results of operations, and financial condition. With respect to any particular country, these risks may include but are not limited to:

- civil unrest, acts of terrorism, force majeure, war, other armed conflict, and sanctions;
- recent efforts toward modernization in the region could have unanticipated consequences to cause unrest or political change that could cause loss of contracts;
- inflation;
- currency fluctuations, devaluations, and conversion restrictions;
- government actions that may result in expropriation and nationalization of assets in that country;
- confiscatory taxation or other adverse tax policies;
- actions that limit or disrupt markets or our operations, restrict payments, limit the movement of funds or result in the deprivation of contract rights;
- actions that result in the inability to obtain or retain licenses required for operation; and
- retaliatory actions that may be taken by one country against other countries in the region.

Due to the unsettled political conditions in many oil-producing countries, our operations, revenue, and profits may be subject to the adverse consequences of war, the effects of terrorism, civil unrest, strikes, currency controls, and governmental actions. These and other risks described above could result in the loss of our personnel or assets, cause us to evacuate our personnel from certain countries, cause us to increase spending on security, cause us to cease operating in certain countries, disrupt financial and commercial markets, including the supply of and pricing for oil and natural gas, disrupt the supply of equipment required to operate in a country, result in labor shortages and generate greater political and economic instability in some of the geographic areas in which we operate. Any possible reprisals as a consequence of military or other action, such as acts of terrorism in the Middle East, could have a material adverse effect on our business, results of operations, and financial condition.

Physical dangers are inherent in our operations and may expose us to significant potential liability and losses. Personnel and property may be harmed during the process of drilling for oil and natural gas.

Drilling for and producing hydrocarbons, and the associated products and services that we provide, include inherent dangers that may lead to property damage or damage to geological formations, personal injury or loss of life, or the discharge of hazardous materials into the environment. Many of these events are outside our control. Typically, we provide products and services at a well site where our personnel and equipment are located together with personnel and equipment of our customer and third parties, such as other service providers. At many sites, we depend on other companies and personnel to conduct drilling operations in accordance with appropriate safety standards. From time to time, personnel are injured or equipment or property is damaged or destroyed as a result of accidents, failed equipment, faulty products or services, failure of safety measures, uncontained formation pressures or other dangers inherent in drilling for oil and natural gas. Any of these events can be the result of human error. With increasing frequency, our products and services are deployed on more challenging prospects both onshore and offshore, where the occurrence of the types of events mentioned above can have an even more catastrophic impact on people, equipment and the environment. These risks could expose us to substantial liability for personal injury, wrongful death, property damage, loss of oil and natural gas production, pollution and other environmental damages and could expose us to a variety of claims, losses and remedial obligations. In addition, interruption of customer activity as a result of such events could adversely affect our financial condition, results of operations and cash flows.

If we do not effectively or efficiently integrate the operations of businesses or companies we acquire, our future growth will be limited.

We may not achieve expected returns and other benefits as a result of various factors, including integration and collaboration challenges. The success of any acquisition is subject to various risks, including:

- the inability to integrate the operations of recently acquired assets;
- the diversion of management’s attention from other business concerns;
- the failure to realize expected volumes, revenues, profitability, or growth;
- the failure to realize any expected synergies and cost savings;
- the coordination of geographically disparate organizations, systems, and facilities;
- the assumption of unknown liabilities;
- the loss of customers or key employees; and
- potential environmental or regulatory liabilities and title problems.

The assessment by our management of these risks is inexact and may not reveal or resolve all existing and potential risks. Realization of any of these risks could adversely affect our financial condition, results of operations and cash flows.

We operate in a highly competitive industry, and many of our competitors are larger than us and have greater resources than we do.

Several of our primary competitors are diversified multinational companies with substantially larger operating staffs and greater capital resources. These larger competitors’ greater resources could allow them to better withstand industry downturns and to compete more effectively on the basis of technology, geographic scope and retained skilled personnel.

If we are unable to keep pace with technology developments in the industry, this could adversely affect our ability to maintain or grow market share.

The oilfield service industry is subject to the introduction of new drilling and completion techniques, services using new technologies, and emissions control requirements that could yield service innovations, some of which may be subject to patent or other intellectual property protections. Some of these new technologies may be disruptive and lead to the rapid replacement of existing technologies. We intend to introduce and integrate new technologies and procedures used by North American and European based oilfield service companies; however, we cannot be certain that we will be able to develop and implement new technologies or services on a timely basis or at an acceptable cost. The oilfield service industry is highly competitive and dominated by a few large players that have resources to invest in new technologies. Our ability to continually provide competitive technology and services can impact our ability to maintain or increase prices for our services, maintain market share, and negotiate acceptable contract terms with our customers. If we are unable to continue to acquire or develop competitive technology or deliver it to our customers in a timely and cost-competitive manner in the various markets we serve, it could adversely affect our financial condition, results of operations, and cash flows.

Financial, Regulatory, Legal and Compliance Risks

The matters identified in our Annual Report on Form 20-F for the year ended December 31, 2022, relating to restatement of our previously issued audited financial statements as of and for the year-ended December 31, 2020, may affect investor confidence and raise reputational issues and may subject us to additional risks and uncertainties, including increased professional costs and the increased risk from legal proceedings and regulatory inquiries.

As a consequence of the matters discussed in our Annual Report on Form 20-F for the year ended December 31, 2022, we have incurred, and may continue to incur, unanticipated costs for professional fees in connection therewith. We also have incurred significant costs in connection our remediation of our material weaknesses in internal control over financial reporting. See “Controls and Procedures” for additional information regarding such material weaknesses and such remediation process. We have become subject to a number of additional risks and uncertainties, including the increased risk from litigation and regulatory inquiries. On August 28, 2024, we reached a settlement of a civil administrative proceeding with the SEC related to the Company’s restatement of its previously issued financial statements for 2018 through 2020. The Company, without admitting or denying the findings, agreed to a cease-and-desist order regarding Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act and Rules 13a-1, 13a-15(a) - (c), and 13a-16 thereunder. As part of the settlement, the Company paid a civil monetary penalty to the SEC in the amount of \$400,000. In addition, if we are unable to successfully remediate our material weaknesses by August 28, 2025, we will have to pay the SEC an additional civil monetary penalty in the amount of \$1.2 million in connection with the SEC settlement and may face additional scrutiny from the SEC’s Enforcement Division. Any of the foregoing may affect investor confidence in the accuracy of our financial disclosures and may raise reputational risks for our business, both of which could harm our business and financial results.

We continue to have a material weakness in our internal control over financial reporting which we are in the process of remediating. If the material weakness persists or if we fail to develop or maintain an effective system of internal control, we may not be able to report our financial results accurately or prevent fraud, which could have a material adverse effect on our business, ordinary shares, results of operations and/or financial condition.

Effective internal control is necessary for us to provide reliable and accurate financial statements and to effectively prevent fraud. As described in Item 15, “Controls and Procedures,” we have concluded that our internal control over financial reporting and disclosure controls and procedures were not effective as of December 31, 2024, due to a material weakness in our internal control over financial reporting. Our Senior Management (defined below) failed to set an appropriate tone at the top sufficient to ensure a culture of compliance with the Company’s accounting, finance and internal control policies, including through:

- Lack of an effective organizational structure to promote effective internal control:
- Lack of effective communication protocols to ensure timely escalation and resolving of accounting issues; and

- Insufficient technical accounting resources with an appropriate level of accounting knowledge, experience and training commensurate with our structure and financial reporting requirements to appropriately analyze, record and disclose accounting matters timely and accurately in accordance with U.S. GAAP.

We are designing, implementing, and evaluating measures to remediate the material weakness. However, we cannot be certain that these measures will be successful or that we will be able to prevent future material weaknesses or significant deficiencies.

Furthermore, the efforts required to remediate those material weakness may cause a diversion of management’s time and attention, which could have a material adverse effect on our business, results of operations, financial position and cash flows.

Impairment in the carrying value of goodwill could result in the incurrence of impairment charges.

As of December 31, 2024, we had goodwill of \$645.1 million. We review the carrying value of our goodwill for impairment annually or more frequently if certain indicators are present. In the event we determine that the value of goodwill has become impaired, an accounting charge for the amount of the impairment during the period in which the determination is made may be recognized. While we have not recorded any impairment charge for goodwill for the periods presented in this Annual Report, future changes in our business and operations or external market conditions, among other factors, could require us to record an impairment charge for goodwill, which could lead to decreased assets and reduced income. If a significant write-down is required, the charge could have a material adverse effect on our financial condition and results of operations.

We may not be fully indemnified against financial losses in all circumstances where damage to or loss of property, personal injury, death or environmental harm occur.

As is customary in our industry, our contracts typically require that our customers indemnify us for claims arising from the injury or death of their employees (and those of their other contractors), the loss or damage of their equipment (and that of their other contractors), damage to the well or reservoir and pollution originating from the customer’s equipment or from the reservoir (including uncontained oil flow from a reservoir) and claims arising from catastrophic events, such as a well blowout, fire, explosion and from pollution below the surface. Conversely, we typically indemnify our customers for claims arising from the injury or death of our employees, the loss or damage of our equipment (other than equipment lost in the hole) or pollution originating from our equipment above the surface of the earth or water.

Our indemnification arrangements may not protect us in every case. For example, from time to time we may enter into contracts with less favorable indemnities or perform work without a contract that protects us. Our indemnity arrangements may also be held to be overly broad in some courts and/or contrary to public policy in some jurisdictions, and to that extent unenforceable. Additionally, some jurisdictions which permit indemnification nonetheless limit its scope by statute. We may be subject to claims brought by third parties or government agencies with respect to which we are not indemnified. Furthermore, the parties from which we seek indemnity may not be solvent, may become bankrupt, may lack resources or insurance to honor their indemnities or may not otherwise be able to satisfy their indemnity obligations to us. The lack of enforceable indemnification could expose us to significant potential liability and losses.

Further, our assets generally are not insured against loss from political violence such as war, terrorism or civil commotion. If any of our assets are damaged or destroyed as a result of an uninsured cause, we could recognize a loss of those assets.

We operate in multiple countries and earn revenue in different currencies and as such may be exposed to risks arising from fluctuating exchange rates and currency control restrictions, which may limit our ability to reinvest earnings from operations in one country to fund the capital needs of our operations in other countries or to repatriate assets from some countries.

A portion of our consolidated revenue and consolidated operating expenses is in foreign currencies. As a result, we will be subject to risks, including:

- foreign currency exchange risks resulting from changes in foreign currency exchange rates and the implementation of exchange controls; and
- potential limitations that might be imposed on their ability to reinvest earnings from operations in one country to fund the capital needs of our operations in other countries.

In the future, we may enter into foreign currency hedging contracts to reduce foreign currency volatility. However, we currently do not maintain foreign currency hedging contracts with respect to our foreign currencies, and any contracts we may enter into may not fully mitigate our foreign currency risk, may prove disadvantageous or may create additional risks.

Changes in or new interpretations of tax laws could impact the determination of our income tax liabilities for a tax year.

We have operations in 16 countries. Consequently, we are subject to the jurisdiction of a significant number of taxing authorities. The income earned in these various jurisdictions is taxed on differing bases, including income actually earned, income deemed earned, and revenue-based tax withholding. The final determination of our income tax liabilities involves the interpretation of local tax laws, tax treaties, and related regulations in each jurisdiction, as well as the significant use of estimates and assumptions regarding the scope of future operations and the nature of income earned and expenditures incurred. Changes in the operating environment, including changes in or new interpretations of tax laws, could impact the determination of our income tax liabilities for the year.

Effective January 1, 2018, the Gulf Cooperation Council (“GCC”) countries agreed to impose a value added tax (“VAT”) across the GCC, however, as of year-end 2024 only Bahrain, Saudi Arabia, the United Arab Emirates, and Oman formalized and/or implemented their plans. Under these VAT rules, most goods and services are taxed at rates ranging from 5-15%. Businesses subject to the VAT must keep detailed financial and business records. This includes collecting invoices and accounting for the goods or services bought and sold, as well as the VAT paid and charged going forward.

The Organization of Economic Cooperation and Development (“OECD”), which represents a coalition of member countries, issued various white papers addressing Tax Base Erosion and Jurisdictional Profit Shifting. The recommendations in these white papers are generally aimed at combating what they believe is tax avoidance. Numerous jurisdictions in which we operate have been influenced by these white papers as well as other factors and are increasingly active in evaluating changes to their tax laws. In addition, the OECD has advanced reforms focused on implementing a global minimum tax rate of at least 15% for large multinational corporations on a jurisdiction-by-jurisdiction basis, known as Pillar 2. On October 8, 2021, the OECD announced an accord endorsing and providing an implementation plan for Pillar 2 agreed upon by 136 nations. On December 15, 2022, the European Council formally adopted a European Union directive on the implementation of the plan by January 1, 2024. While the timing of the implementation of the accord is uncertain, when legislation is enacted to implement the accord in the jurisdictions in which we have operations, it could materially increase the amount of taxes we owe, thereby negatively affecting our results of operations and our cash flows from operations.

As noted above, Pillar 2 rules call for a global minimum tax of 15% on a per jurisdiction basis for multi-national enterprises with annual revenues of more than €750.0 million. Therefore, the Company will likely be subject to the global minimum tax but is still analyzing the impact of the new Pillar 2 rules to determine the overall impact to the Company going forward.

Lack of consolidation of our fiscal results in a taxpaying jurisdiction prevents offsetting some losses against taxable profits.

NESR is a British Virgin Islands business company. NESR is not taxed by the British Virgin Islands on income generated outside of the British Virgin Islands. As a result of our legal entity structure, annual fiscal losses in one of our subsidiaries may not be eligible to be offset against profits in another subsidiary within the same jurisdiction to reduce consolidated tax liabilities.

The owners of NESR ordinary shares are subject to tax risks due to the possibility of changes in tax rules and regulations in foreign countries.

The British Virgin Islands does not impose income taxes on British Virgin Islands companies for dividends received or subsidiary operating profits generated outside of the British Virgin Islands. The law could change to impose such taxes. In addition, our Subsidiaries operate in many countries that have different tax rates and systems which may change including jurisdictions that currently do not impose tax on corporations. U.S. shareholders must report on their tax returns all investments in foreign stocks, including ordinary shares.

If our Subsidiaries are unable to comply with the restrictions and covenants in their debt agreements, they could default under the terms of such agreements, which could result in an acceleration of repayment.

If our Subsidiaries are unable to comply with the restrictions and covenants in their debt agreements, they could default under the terms of these agreements. Our Subsidiaries’ ability to comply with these restrictions and covenants, including meeting financial ratios and tests, may be affected by events beyond their control. As a result, we cannot assure that our Subsidiaries will be able to comply with these restrictions and covenants or meet such financial ratios and tests.

If our Subsidiaries are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium (if any), and interest on their indebtedness, or if they otherwise fail to comply with the various covenants, including financial and operating covenants in the instruments governing their indebtedness they could default under the terms of the agreements governing such indebtedness. In the event of such a default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, the lenders under our Subsidiaries’ debt agreements could terminate their commitments to lend, cease making further loans, seize collateral and institute foreclosure proceedings against their assets, and our Subsidiaries could be forced into bankruptcy or liquidation. If any of these events occur, the assets of our Subsidiaries might not be sufficient to repay in full all of their outstanding indebtedness and we may be unable to find alternative financing. Even if we could obtain alternative financing, it might not be on terms that are favorable or acceptable to us or our Subsidiaries. Additionally, we may not be able to amend their debt agreements or obtain needed waivers on satisfactory terms.

To service our indebtedness, we may require a significant amount of cash, and our ability to generate cash will depend on many factors beyond our control.

Our ability to make payments on and to refinance our Subsidiaries’ indebtedness and to fund planned capital expenditures depends in part on our ability to generate cash in the future. Our growth and capital expenditure plan require substantial capital, and any inability to obtain such capital could lead to a decline in our ability to sustain our current business, access new service markets or grow our business. Our Subsidiaries’ debt is required to be repaid through an installment structure that may unduly strain our ability to meet our growth objectives. Our ability to service such indebtedness is, to a certain extent, subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. We cannot provide assurance that we will generate sufficient cash flow from operations, that we will realize operating improvements on schedule, or that future borrowings will be available to us in an amount sufficient to enable us to service and repay our Subsidiaries’ indebtedness or to fund their other liquidity needs. If we are unable to satisfy our Subsidiaries’ debt obligations, we may have to undertake alternative financing plans, such as:

- refinancing or restructuring their debt;
- selling assets;
- reducing or delaying capital investments; or
- seeking to raise additional capital.

Collection of receivables from work performed may not be sufficient to fund working capital needs. We have arranged financing in anticipation of our projected cash requirements, but events beyond our control could cause cash collection to be less than projected and cause us not to meet our Subsidiaries’ debt obligations.

We cannot provide assurance that any additional refinancing or debt restructuring would be possible, that any assets could be sold or that, if sold, the timing of the sales and the amount of proceeds realized from those sales would be favorable to us or that additional financing could be obtained on acceptable terms. Our inability to generate sufficient cash flows to satisfy the debt obligations, or to obtain alternative financing, could materially and adversely affect our business, financial condition, results of operations and prospects. For more information on our outstanding indebtedness and the terms and conditions related thereto, please see Note 10, Debt, to the consolidated financial statements.

Our borrowings under our various loan agreements and other financing arrangements expose us to interest rate risk and such arrangements also include restrictive covenants that may impact our Subsidiaries' ability to make distributions to us.

Our earnings are exposed to interest rate risk associated with \$386.6 million in borrowings under our various loan agreements and other financing arrangements as of December 31, 2024. Each of these arrangements requires the payment of floating interest rates based upon short-term interest rate indices. If interest rates increase, so will our interest costs, which may have a material adverse effect on our financial condition and results of operations.

Additionally, the terms of these financing arrangements, including the restrictive covenants therein, may restrict the ability of our Subsidiaries to make distributions to us, which could materially adversely affect our liquidity and financial condition.

We are exposed to the credit risk of our customers and counterparties, and delay, non-payment, and/or non-performance by our customers could have an adverse effect on our financial condition, results of operations, or cash flows.

We are subject to risks of loss resulting from non-payment or non-performance by our customers and other counterparties. Customers may also delay payments by imposing complex administrative processes, by disputing or rejecting invoices, or through other means. Any increase in the non-payment and non-performance by our customers could adversely affect our financial condition, results of operations, or cash flows. Lower commodity prices may result in a significant reduction in the liquidity of our customers and their ability to make payment or perform on their obligations to us. Furthermore, some of our customers may be leveraged and subject to their own operating and regulatory risks, which increases the risk that they may default on their obligations to us.

Limitations on our ability to protect our intellectual property rights, including our trade secrets, could cause a loss in revenue and any competitive advantage.

Some of our products or services, and the processes they use to produce or provide products and services, constitute trade secrets and confidential know how. We may lose employees who have knowledge of important trade secrets and who may not be prohibited in the relevant countries in which they work from using such trade secrets to compete with us. Our business may be adversely affected if any acquired patents are unenforceable, the claims allowed under their patents are not sufficient to protect our technology, our patent applications are denied, or our trade secrets are not adequately protected. In addition, our competitors may be able to independently develop technology that is similar to the technology used by us without infringing on our patents or gaining access to our trade secrets, which could adversely affect our financial condition, results of operations, and cash flows.

We may be subject to litigation if another party claims that we have infringed upon such party’s intellectual property rights.

The tools, techniques, methodologies, programs and components that we use to provide our services may infringe upon the intellectual property rights of others. Infringement claims may result in significant legal and other costs and may distract our management from running our core business. Royalty payments under licenses from third parties, if available, and developing non-infringing technologies would increase our costs. If licenses were required and not available, we might not be able to continue providing a particular service or product, which could adversely affect our financial condition, results of operations, and cash flows.

Environmental compliance costs and liabilities could reduce our earnings and cash available for operations.

We are subject to increasingly stringent laws and regulations relating to the importation and use, storage, handling, transportation, and disposal of hazardous materials, radioactive materials, chemicals and explosives, and to environmental protection and health and safety, including laws and regulations governing air emissions, hydraulic fracturing, water and other discharges and waste management and natural resources. For more information, see our regulatory disclosures titled “Environmental Regulation” and “Health and Safety Regulation.” We expect to incur capital and operating costs to comply with environmental laws and regulations. The technical requirements of these laws and regulations are becoming increasingly complex, stringent and expensive to implement.

Our operations use and generate hazardous substances and wastes. Accordingly, we could become subject to material liabilities relating to the investigation and clean-up of potentially contaminated properties, and to claims alleging personal injury or property damage as the result of exposures to, or releases of, hazardous substances or wastes. Applicable laws may provide for “strict liability” for remediation costs, damages to natural resources or threats to public health and safety. Strict liability can render a party liable for damages without regard to negligence or fault on the part of the party. Some environmental laws provide for joint and several liabilities for remediation of spills and releases of hazardous substances and wastes. Joint and several liability can render one party liable for all damages arising from a spill or release even if other parties also contributed to the spill or release.

In addition, stricter enforcement of existing laws and regulations, new laws and regulations, the discovery of previously unknown contamination or the imposition of new or increased requirements could require us to incur costs, become the basis for new or increased liabilities, subject us to certain government-imposed penalties or result in certain licenses being revoked. Any of these developments could reduce our earnings and cash available for operations or otherwise result in interruptions or delays in our operations that could have an adverse effect on our financial position.

We could be subject to substantial liability claims, which could adversely affect our financial condition, results of operations, and cash flows.

The technical complexities of our operations expose us to a wide range of significant health, safety and environmental risks. Our products and service offerings involve production-related activities, radioactive materials, chemicals, explosives, and other equipment and services that are deployed in challenging exploration, development, and production environments. An accident involving these services or equipment, or a failure of a product, could cause personal injury, loss of life, damage to or destruction of property, equipment or the environment, or suspension of operations. Our insurance may not protect us against liability for certain kinds of events, including events involving pollution, or against losses resulting from business interruption. Moreover, we may not be able to maintain insurance for certain risks or at levels of risk coverage or policy limits that we deem adequate. Any damages caused by our services or products that are not covered by insurance or are in excess of policy limits or subject to substantial deductibles, could adversely affect our financial condition, results of operations, and cash flows.

Demand for our products and services could be reduced by existing and future legislation or regulations.

Environmental advocacy groups and regulatory agencies in the United States and other countries have been focusing considerable attention on the emissions of carbon dioxide, methane and other greenhouse gases and their role in climate change. Existing or future legislation and regulations related to greenhouse gas emissions and climate change, as well as government or private sector initiatives to conserve energy or promote the use of alternative energy sources, or reduce greenhouse gas emissions, may significantly curtail demand and production of fossil fuels such as oil and natural gas in areas of the world where our customers operate and thus adversely affect future demand for our services. For more information, see our regulatory disclosure titled “Environmental Regulation.”

Some international, national and local governments and agencies have also adopted laws and regulations or are evaluating proposed legislation and regulations that are focused on the extraction of shale gas or oil using hydraulic fracturing. Hydraulic fracturing is a stimulation treatment routinely performed on oil and natural gas wells in low-permeability reservoirs. Specially engineered fluids with proppants are pumped at high pressure and rate into the reservoir interval to be treated, causing cracks in the target formation. Future hydraulic fracturing-related legislation or regulations could limit or ban hydraulic fracturing, or lead to operational delays and increased costs, including for the capture of fugitive methane emissions, and therefore reduce demand for our pressure pumping services. If such additional international, national, or local legislation or regulations are enacted, it could adversely affect our financial condition, results of operations, and cash flows.

Increased attention to climate change, ESG matters and conservation measures by regulators and investors may adversely impact our business.

Increasing attention to climate change, societal expectations on companies to address climate change, investor and societal expectations regarding voluntary ESG disclosures, and consumer demand for alternative forms of energy may result in increased costs, reduced demand for our services, reduced profits, increased investigations and litigation, 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 oil and natural gas products, additional governmental investigations, and private litigation against oil and natural gas operators. To the extent that societal pressures or political or other factors are involved, it is possible that such liability could be incurred without regard to our causation of or contribution to the asserted damage, or to other mitigating factors. All of these factors have the potential to adversely affect demand for our services, our financial condition, results of operations, and cash flows.

Moreover, while we may make voluntary statements regarding ESG matters from time to time, many of the statements in those voluntary disclosures are based on hypothetical expectations and assumptions that may or may not be representative of current or actual risks or events or forecasts of expected risks or events, including the costs associated therewith. Such expectations and assumptions are necessarily uncertain and may be prone to error or subject to misinterpretation given the long timelines involved and the lack of an established single approach to identifying, measuring and reporting on many ESG matters. Consequently, while we continue to examine potential ESG related risks and opportunities, set goals, and implement mitigation measures, we cannot guarantee that these efforts will be successful. In addition, as this is a continuously evolving area, we can provide no assurance that our current assessment of ESG-related risks and opportunities is comprehensive or that the risks we identify and our conclusions about their effects and potential mitigation will not be subject to change.

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. Such ratings are used by some investors to inform their investment and voting decisions. Unfavorable ESG ratings and recent activism directed at shifting funding away from companies with energy-related assets could lead to increased negative investor sentiment toward us and our industry and to the diversion of investment to other industries, which could have a negative impact on our stock price and our access to and costs of capital. Also, institutional lenders may decide not to provide funding for fossil fuel energy companies based on climate change related concerns, which could affect our access to capital.

Some of our customers require bids for contracts in the form of long-term, fixed pricing contracts that require us to assume additional risks associated with cost over-runs, operating cost inflation, labor availability and productivity, supplier and contractor pricing and performance, and potential claims for liquidated damages.

Some of our customers, primarily NOCs, require bids for contracts in the form of long-term, fixed pricing contracts that require us to provide integrated project management services outside our normal discrete businesses acting as project managers as well as service providers, and require us to assume additional risks associated with cost over-runs. In addition, NOCs often operate in countries with unsettled political conditions, war, civil unrest, or other types of community issues that may also result in cost over-runs, delays, and project losses.

Providing services on an integrated basis or long-term may also require us to assume additional risks associated with operating cost inflation, labor availability and productivity, supplier pricing and performance, and potential claims for liquidated damages. We might rely on third-party subcontractors and equipment providers to assist our customers with the completion of these types of contracts. To the extent that we cannot engage subcontractors or acquire equipment or materials in a timely manner and on reasonable terms or on terms consistent with the customer contract, our ability to complete a project in accordance with stated deadlines or at a profit may be impaired. If the amount we are required to pay for these goods and services exceeds the amount we have estimated in bidding for fixed-price work, we could experience losses in the performance of these contracts. These delays and additional costs may be substantial, and we may be required to compensate our customers for these delays. This may reduce the profit to be realized or result in a loss on a project and adversely affect our financial condition, results of operations, and cash flows.

Our failure to comply with complex U.S. and foreign laws and regulations could have a material adverse effect on our operations.

We are subject to complex U.S. and foreign laws and regulations, such as the U.S. Foreign Corrupt Practices Act and various other anti-bribery and anti-corruption laws. At this time, the U.K. Bribery Act has not been adopted to apply to British Virgin Islands companies, but does apply to any employees of us or our Subsidiaries that are U.K. citizens or residents, including any British overseas territory citizens, and any subsidiaries formed in the U.K. We or our employees may also be subject to trade controls (including export controls) and sanctions laws and regulations that restrict the movement of certain goods and technologies to, and certain operations in, various countries or dealings with certain persons. Thus, our ability to transfer people and products among certain countries and engage in certain transactions or activities will be subject to maintaining required licenses and complying with these laws and regulations. The internal controls, policies and procedures, and employee training and compliance programs we have implemented to deter prohibited practices may not be effective in preventing employees, contractors, agents or other persons acting on our behalf from violating or circumventing such internal policies or violating applicable laws and regulations. Any determination that we have violated or are responsible for violations of anti-bribery, trade controls, sanctions or anti-corruption laws could have a material adverse effect on our financial condition and may result in fines and penalties, administrative remedies or restrictions on business conduct, and could have a material adverse effect on our reputation and our business.

Regulatory enforcement and accountability mechanisms have steadily changed the financial landscape for companies organized in the British Virgin Islands. One major regulatory development came in 2014 following the enactment in the United States of the Foreign Account Tax Compliance Act (“FATCA”) which was designed primarily to reduce tax evasion by U.S. persons using overseas accounts and financial services entities or institutions. FATCA requires certain types of foreign entities to identify and report specific information to the United States Internal Revenue Service (“IRS”) about U.S. taxpayers holding foreign accounts and financial assets. The reporting obligations under FATCA were directly implemented into British Virgin Islands Law in 2014, in relation to BVI entities carrying on certain activities.

Another key regulatory change came following the British Virgin Islands’ implementation of the “Common Reporting Standard” (“CRS”) into its financial services legislation and oversight. CRS reporting in the British Virgin Islands commenced during the second half of 2017. CRS obligations were specifically designed to fight against tax evasion, and, as with FATCA, the CRS system requires certain types of financial services entities or institutions established in the CRS jurisdiction to report certain financial account information to their national tax or other relevant authority, who then share that information automatically on an annual basis with other CRS partner jurisdictions. We are not currently required to comply with either CRS or FATCA.

We and U.S. persons working for us are subject to sanctions and export control regimes adopted by the United States and other jurisdictions.

We and U.S. persons working for us are subject to laws, reporting requirements and sanctions imposed by the United States or by other jurisdictions where we do business that may restrict or even prohibit us, U.S. persons, or certain of our affiliates from doing business in certain countries, with certain individuals or entities, including in the oil and natural gas sector, or engaging in certain transactions or activities. Countries in the Middle East, Asia, and Africa are among the locations in which the United States, the United Nations, the United Kingdom and the European Union have imposed economic sanctions that may restrict or impede contracting and other transactions or dealings involving identified sanctioned countries or parties. We cannot predict what sanctions might be imposed in the future against any country in which we or our Subsidiaries might operate or might receive contracts for performing services. In addition, the U.S. Commerce Department and State Department administer export controls that regulate the types of commodities and technologies that can be sold or provided to certain countries or recipients if those items are subject to U.S. jurisdiction, and such controls are modified from time to time. Trade restrictions, export controls and sanctions could adversely impact our potential income, or our ability to pursue new undeveloped business objectives.

The U.S. government has implemented mechanisms to collect information from issuers related to certain business activities that might be sanctionable under the various U.S. sanctions programs. Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 requires an annual or quarterly “219 Report” to be filed with the SEC by any issuer, and requires the company to disclose certain business activities relating to U.S. sanctions, which includes certain activities involving the Iranian energy sector, even if the activity is not prohibited by U.S. sanctions for the foreign company. Such reporting of any future activities that we or our Subsidiaries may engage in, could initiate an investigation by the U.S. government and require us to engage counsel to monitor or respond to such investigations. A 219 Report is required for knowingly engaging in certain activities, including activities that constitute an investment in the Iranian energy sector of \$5 million each, or in the aggregate of over \$20 million in a 12-month period, among other types of transactions. A 219 Report is also required for knowingly engaging in any transaction with certain individuals or entities identified in the U.S. Department of the Treasury’s Office of Foreign Assets Control’s (“OFAC”) List of Specially Designated Nationals (“SDNs”) and Blocked Persons (“SDN List”), whether or not located in Iran, depending on the reason such persons were designated as SDNs. The risk of an investigation or inadvertent action that relates to sanctionable activity could increase costs and have an adverse impact on financial conditions and results of operations.

Our operations in the Middle East and other countries could require us to incur additional costs in order to comply with U.S., UK and EU sanctions-related regulations restricting or prohibiting activities with certain individuals and entities or in certain jurisdictions.

The U.S. government, the UK government and the EU have established lists of persons (individuals and entities) with which engaging in business by a person subject to the jurisdiction of such government authority is prohibited without a license. For example, the property and interests in property of persons identified on the SDN List are blocked when in the United States or in the possession or control of U.S. persons. U.S. persons are broadly prohibited from engaging in transactions or dealings of any nature with persons on the SDN List or with entities owned 50 percent or more (directly or indirectly) by persons on the SDN List. Non-U.S. persons are also prohibited from engaging in transactions or dealings with persons on the SDN List or with entities owned 50 percent or more (directly or indirectly) by persons on the SDN List, if such transactions or dealings involve U.S. persons or activity occurring from, through or within the United States. OFAC may designate an individual or entity on the SDN List for a variety of reasons, depending on the applicable sanctions program that serves as the authority for the designation. There is no advance notice or advance due process for the listed person. If any person were to be added to the SDN List, no U.S. persons can be involved in contracting with or providing services to, or otherwise engaging in transactions or dealings involving, such listed person without prior authorization. Disclosure in a 219 Report is also required for knowingly engaging in any transaction or dealing with certain SDNs.

Similarly, the UK government publishes a UK Sanctions List, which provides details of those persons designated under the UK Sanctions and Anti-Money Laundering Act 2018, and the Office of Financial Sanctions Implementation (“OFSI”) also publishes a Consolidated List of Financial Sanction Targets, which covers all financial sanctions designations imposed by the UK. UK financial sanctions apply to any individual or entity within the UK’s territory, or that carry out activities within the UK’s territory. UK nationals and entities, including their overseas branches, must comply with UK sanctions regardless of where they are located or where their activities take place. Financial sanctions measures can include targeted asset freezes on individuals and entities, which may prohibit any persons or companies from (i) dealing with funds or economic resources belonging to, or controlled by, a designated person, or (ii) making any funds available, directly, indirectly or otherwise for the benefit of a designated person. Any suspected or actual breach must be reported to the OFSI, and breaches of any financial sanctions may result in significant fines (or carry a penal sentence for individuals).

EU sanctions also target companies, groups, organizations, or individuals through similar measures including asset freezes or other economic measures. The European Commission similarly maintains an EU-specific consolidated list of persons, groups and entities subject to EU financial sanctions, with EU sanctions being binding on EU nationals or persons located in the EU or companies doing business in the EU.

Although we cannot be assured that no individual or entity in the Middle East or elsewhere with which we or our Subsidiaries have done business will be identified on the SDN List or other relevant denied party lists in the future, we have confirmed that to the best of our knowledge none of our key employees, key vendors, or any companies with which we are currently conducting business, nor or any of our Subsidiaries, their key employees, key vendors, or any company with which they are currently conducting business are listed on the SDN List or similar lists in the EU and UK. If any customer, employee or vendor were to be listed on the SDN List in the future (or similar lists in the EU and UK), we will need to incur costs to seek legal advice.

We are subject to litigation risks that may not be covered by insurance.

In the ordinary course of business, we and our Subsidiaries may become the subject of various claims, lawsuits, and administrative proceedings seeking damages or other remedies concerning our commercial operations, employees, and other matters. We maintain insurance to cover certain potential losses and are subject to various self-insurance retentions and deductibles under our insurance policies. It is possible, however, that a judgment could be rendered against us in cases in which we could be uninsured and beyond the amounts that we currently have reserved or anticipate incurring for such matters. If we were made a party to lawsuits to which our Subsidiaries are currently a party, we could be exposed to one or more judgments that are in excess of what our management may believe that it should pay and would not likely be covered by insurance. In addition, insurance coverage is increasingly expensive, including with respect to directors’ and officers’ liability insurance, or “D&O insurance.” We may not be able to maintain D&O insurance at a reasonable cost or in an amount adequate to satisfy any liability that may arise.

We may be unable to obtain or renew permits necessary for our operations, which could inhibit our ability to do business.

In order to perform our operations, we are required to obtain and maintain a number of government permits, licenses and approvals with terms and conditions containing a significant number of prescriptive limits and performance standards. While this is a common scenario for foreign investors operating in the region, we must comply with relevant foreign ownership restrictions and/or applicable licenses, permits, and approvals for the operation of foreign owned entities in the jurisdictions of the GCC. The GCC has made efforts to increase local content and in country value requirements. All the permits, licenses, approval limits, and standards require a significant amount of monitoring, record keeping, and reporting in order to demonstrate compliance with the underlying permit, license, approval limit or standard. Noncompliance or incomplete documentation of our compliance status may result in the imposition of fines, penalties and injunctive relief. A decision by a government agency to deny or delay the issuance of a new or existing material permit or other approval, or to revoke or substantially modify an existing permit or other approval, could adversely affect our ability to initiate or continue operations at the affected location or facility. Furthermore, such a decision could adversely affect our financial condition, results of operations, and cash flows.

We might require additional equity or debt financing to fund operations and/or future acquisitions.

We may need access to additional debt or equity capital to fund operations or to fund potential acquisitions. If additional capital is required, we may not be able to obtain debt and/or equity financing on terms favorable to us, or at all. The failure to obtain additional funding could result in a curtailment of our operations and future development, which in turn could adversely affect our business, results of operations, and financial condition.

The assessment by our management of these risks is inexact and may not reveal or resolve all existing and potential risks. Realization of any of these risks could adversely affect our financial condition, results of operations and cash flows.

Risks Related to Our Capital Structure

The market price of our ordinary shares and warrants may decline.

Fluctuations in the price of our ordinary shares and warrants could contribute to the loss of all or part of your investment. The trading price of our ordinary shares and warrants could be volatile and subject to wide fluctuations in response to various factors, some of which are beyond our control. Any of the factors listed below could have a material adverse effect on your investment and our ordinary shares and warrants may trade at prices significantly below the price you paid for them. In such circumstances, the trading price of our ordinary shares and warrants may not recover and may experience a further decline.

Factors affecting the trading price of our ordinary shares and warrants may include:

- actual or anticipated fluctuations in our quarterly financial results or the quarterly financial results of companies perceived to be similar to us;
- changes in the market’s expectations about our operating results;
- success of competitors;
- our operating results failing to meet the expectation of securities analysts or investors in a particular period;
- changes in financial estimates and recommendations by securities analysts concerning us or the market in general;
- operating and stock price performance of other companies that investors deem comparable to us;
- our ability to market new and enhanced products on a timely basis;
- changes in laws and regulations affecting our business;
- commencement of, or involvement in, litigation or regulatory inquiries involving us;
- changes in our capital structure, such as future issuances of securities or the incurrence of additional debt;
- the volume of securities available for public sale;
- any major change in our board or management;
- the sale of a substantial amount of our ordinary shares and warrants by our directors, executive officers or significant stockholders or the perception that such sales could occur; and
- general economic and political conditions such as recession, world health events, changes in interest rates, fuel prices, international currency fluctuations, and acts of war or terrorism.

Many of the factors listed above are beyond our control. In addition, broad market and industry factors may materially harm the market price of our ordinary shares and warrants irrespective of our operating performance. The stock market in general, including the Nasdaq Capital Market, has experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the particular companies affected. The trading prices and valuations of our ordinary shares and warrants, which currently trade on the Nasdaq Capital Market, may not be predictable. A loss of investor confidence in the market for retail stocks or the stocks of other companies which investors perceive to be similar to us could depress the price of our securities regardless of our business, prospects, financial conditions or results of operations. A decline in the market price of our ordinary shares and warrants also could adversely affect our ability to issue additional securities and our ability to obtain additional financing in the future.

If securities or industry analysts do not publish or cease publishing research or reports about us, our business, or our market, or if they change their recommendations regarding our securities adversely, the price and trading volume of our ordinary shares and warrants could decline.

The trading market for our ordinary shares and warrants relies in part on the research and reports that industry or financial analysts publish about us or our business. We do not control these analysts. Furthermore, if one or more of the analysts who do cover us downgrade or provide negative outlook on our stock or our industry, or the stock of any of our competitors, or publish inaccurate or unfavorable research about our business, the price of our ordinary shares and warrants could decline. If one or more of these analysts cease coverage of our business or fail to publish reports on us regularly, we could lose visibility in the market, which in turn could cause our stock price or trading volume to decline.

We are a holding company. Our sole material asset is our equity interest in our Subsidiaries and we are accordingly dependent upon distributions from them to cover our corporate and other overhead expenses.

We are a holding company and have no material assets other than our equity interest in our Subsidiaries. We have no independent means of generating revenue. To the extent the Subsidiaries have available cash, we intend to cause them to make non-pro rata payments to us to reimburse us for our corporate and other overhead expenses. To the extent that we need funds and the Subsidiaries are restricted from making such distributions or payments under applicable law or regulation or under the terms of any financing arrangements due to restrictive covenants or otherwise, or are otherwise unable to provide such funds, our liquidity and financial condition could be materially adversely affected.

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

We may sell additional securities in subsequent public or private offerings. On December 31, 2024, 96,045,856 ordinary shares were outstanding and 35,540,380 warrants were outstanding. Our outstanding ordinary shares do not include ordinary shares issuable upon exercise of the warrants, which may be resold in the public market.

Downward pressure on the market price of our ordinary shares that likely will result from sales of our ordinary shares issued in connection with the exercise of the warrants could encourage short sales of our ordinary shares by market participants. Generally, short selling means selling a security, contract or commodity not owned by the seller. The seller is committed to eventually purchase the financial instrument previously sold. Short sales are used to capitalize on an expected decline in the security’s price. Such sales of ordinary shares could have a tendency to depress the price of the stock, which could increase the potential for short sales.

We cannot predict the size of future issuances of our ordinary shares or the effect, if any, that future issuances and sales of shares of our ordinary shares will have on the market price of our ordinary shares. Sales of substantial amounts of our ordinary shares (including shares issued in connection with an acquisition), or the perception that such sales could occur, may adversely affect prevailing market prices of our ordinary shares.

Because we currently have no plans to pay cash dividends on our ordinary shares, you may not receive any return on investment unless you sell your ordinary shares for a price greater than which what you paid for it.

We currently do not expect to pay any cash dividends on our ordinary shares. Any future determination to pay cash dividends or other distributions on our ordinary shares will be at the discretion of the Board of Directors and will be dependent on our earnings, financial condition, operation results, capital requirements, and contractual, regulatory and other restrictions, including restrictions contained in the agreements governing any existing and future outstanding indebtedness we or our Subsidiaries may incur, on the payment of dividends by us or by our Subsidiaries to us, and other factors that our Board of Directors deems relevant.

As a result, you may not receive any return on an investment in our ordinary shares unless you sell the ordinary shares for a price greater than that what you paid for it.

There is no guarantee that the warrants will be in the money, and they may expire worthless.

The exercise price for our warrants is \$5.75 per one-half of an ordinary share. Warrants must be exercised for whole ordinary shares. The warrants were initially set to expire on June 6, 2023 (five years after the completion of the NPS/GES Business Combination) but were extended to June 6, 2025 and subsequently, June 6, 2026, by votes of the Company’s Board of Directors during 2022 and January 2025, respectively. The warrants are not “in the money” as of December 31, 2024, and there is a risk that they may expire worthless.

We may redeem the warrants prior to their exercise at a time that is disadvantageous to warrant holders, thereby making their warrants worthless.

We have the ability to redeem the warrants prior to their expiration at a price of \$0.01 per warrant, provided that (i) the last reported sale price of our ordinary shares equals or exceeds \$21.00 per share for any 20 trading days within the 30 trading-day period ending on the third business day before we send the notice of such redemption and (ii) on the date we give notice of redemption and during the entire period thereafter until the time the warrants are redeemed, there is an effective registration statement under the Securities Act covering the ordinary shares issuable upon exercise of the warrants and a current prospectus relating to them is available unless warrants are exercised on a cashless basis. Redemption of the outstanding warrants could force holders of warrants:

- to exercise their warrants and pay the exercise price therefor at a time when it may be disadvantageous for them to do so;
- to sell their warrants at the then-current market price when they might otherwise wish to hold their warrants; or
- to accept the nominal redemption price which, at the time the outstanding warrants are called for redemption, is likely to be substantially less than the market value of their warrants.

Other Risks Associated with Our Business

Cybersecurity risks and threats could adversely affect our business.

We rely heavily on information systems to conduct our business. There can be no assurance that the systems we have designed to prevent or limit the effects of cyber incidents or attacks will be sufficient to prevent or detect such incidents or attacks, or to avoid a material impact on our systems when such incidents or attacks do occur. If our systems for protecting against cybersecurity risks are circumvented or breached, this could result in the loss of our intellectual property or other proprietary information, including customer data, and disruption of our business operations.

A cyber incident or attack could result in the disclosure of confidential or proprietary customer information, employee information, theft or loss of intellectual property, damage to our reputation with our customers and the market, failure to meet customer requirements or customer dissatisfaction, theft or exposure to litigation and enforcement actions including under data privacy laws and regulations, damage to equipment (which could cause environmental or safety issues) and other financial costs and losses. In addition, as cybersecurity threats continue to evolve, we may be required to devote additional resources to continue to enhance our protective measures or to investigate or remediate any cybersecurity vulnerabilities. We do not presently maintain insurance coverage to protect against cybersecurity risks and such insurance may not be available to us in the future on acceptable terms and with the desired coverage limits if we seek to acquire it. If we procure such coverage in the future, we cannot ensure that it will be sufficient to cover any particular losses we may experience as a result of such cyberattacks.

We depend on our suppliers to provide services and equipment in a timely manner and any delays, interruptions or failures by suppliers could expose us to increased costs or inability to meet contractual obligations.

We rely on suppliers of equipment and spare parts as well as suppliers of technical labor to perform certain contractual obligations with our customers. Failure by suppliers to provide goods and services in a timely manner could lead to delays by us in fulfilling contractual obligations, the inability to fulfill such obligations, or additional costs in seeking replacement suppliers.

We have engaged in related party transactions, the termination of which may inhibit business, and such transactions present possible conflicts of interest that could have an adverse effect on us.

We rely at times upon services and products supplied by related parties if no other suitable alternatives are available.

In addition, these related party transactions create the possibility of conflicts of interest. Such a conflict could cause such persons to seek to advance their economic interests above ours. Further, the appearance of conflicts of interest created by related party transactions could impair the confidence of our investors. While the Audit Committee of our Board of Directors regularly reviews these transactions, related party transactions presenting a conflict of interest could have a material adverse effect on our liquidity, results of operations and financial condition.

The loss or unavailability of any of our executive officers or other key employees could have a material adverse effect on our business.

We depend on the efforts of our executive officers and other key employees to manage our operations. The loss or unavailability of any of our executive officers or other key employees could have a material adverse effect on our business. Although we expect all of our key personnel to remain with us, it is possible that we will lose some key personnel, the loss of which could negatively impact our business operations and profitability. In addition, the delivery of our services and products requires personnel with specialized skills and experience. Our ability to be productive and profitable will depend upon our ability to employ and retain such skilled workers.

Our growth potential and ability to operate could be materially and adversely affected if we cannot employ and retain technical personnel at a competitive cost.

Many of the products and services we provide and sell are complex and highly engineered and often must perform in harsh conditions. Our success depends upon our ability to employ and retain technical personnel with the ability to design, utilize, and enhance these services and products. A significant increase in the wages paid by competing employers could result in increased competition for the skilled labor force we require, increases in the wage rates that we must pay, or both. If either of these events were to occur, our cost structures could increase, our margins could decrease, and our growth potential, if any, could be impaired.

We are not subject to the supervision of the Financial Services Commission of the British Virgin Islands and so our shareholders are not protected by any regulatory inspections in the British Virgin Islands.

We are not an entity subject to any regulatory supervision in the British Virgin Islands by the Financial Services Commission. As a result, shareholders are not protected by any regulatory supervision or inspections by any regulatory agency in the British Virgin Islands and we are not required to observe any restrictions in respect of our conduct save as disclosed in this Annual Report or our amended and restated memorandum and articles of association.

An investment in our securities may result in uncertain U.S. federal income tax consequences.

An investment in our securities may result in uncertain U.S. federal income tax consequences. For example, the U.S. federal income tax consequences of a cashless exercise of warrants included in the units sold in our initial public offering is unclear under current U.S. law. Prospective investors are urged to consult their tax advisers with respect to these and other tax consequences when purchasing, holding or disposing of our securities.

Substantially all of our assets are located outside the United States; therefore, investors may not be able to enforce U.S. federal securities laws or their other legal rights.

Substantially all of our assets are located outside of the United States. Thus, it may be difficult, or in some cases not possible, for investors in the United States to enforce their legal rights or to enforce judgments of United States courts predicated upon civil liabilities and criminal penalties under United States laws.

As a foreign private issuer, we are subject to different U.S. securities laws and rules than a domestic U.S. issuer.

We are a foreign private issuer under the Exchange Act and, as a result, are exempt from certain rules under the Exchange Act. Under the Exchange Act we are subject to reporting obligations that, in certain respects, permit less detailed and/or less frequent disclosures than those of U.S. domestic reporting companies, which may limit the information publicly available to our shareholders. The rules we are exempt from include the proxy rules that impose certain disclosure and procedural requirements for proxy solicitations. In addition, we are not required to file periodic reports and financial statements with the SEC as frequently, promptly or in as much detail as U.S. companies with securities registered under the Exchange Act. We are not required to comply with Regulation FD, which imposes certain restrictions on the selective disclosure of material information. Moreover, our officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions of Section 16 of the Exchange Act and the rules under the Exchange Act with respect to their purchases and sales of our ordinary shares. Although the Company currently prepares its financial statements in accordance with U.S. GAAP, it is not required to do so, or to reconcile to U.S. GAAP, if it instead elects to prepare its financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. As a result of such varied reporting obligations, shareholders should not expect to receive the same information at the same time as information provided by U.S. domestic companies.

We may lose our foreign private issuer status in the future, which could result in significant additional costs and expenses to us.

As discussed above, we are a foreign private issuer, and therefore, we are not required to comply with all of the periodic disclosure and current reporting requirements of the Exchange Act. The determination of foreign private issuer status is made annually on the last business day of an issuer’s most recently completed second fiscal quarter, and, accordingly, the next determination will be made with respect to us on June 30, 2025. In the future, we would lose our foreign private issuer status if more than 50% of our outstanding voting securities are owned by U.S. residents. If we lose our foreign private issuer status, we will be required to file with the SEC periodic reports and registration statements on U.S. domestic issuer forms, which are more detailed and extensive than the forms available to a foreign private issuer. We will also have to comply with U.S. federal proxy requirements, and our officers, directors and 10% shareholders will become subject to the short-swing profit disclosure and recovery provisions of Section 16 of the Exchange Act. In addition, we will lose our ability to rely upon exemptions from certain corporate governance requirements under the listing rules of the exchanges. As a U.S. listed public company that is not a foreign private issuer, we will incur significant additional legal, accounting and other expenses that we will not incur as a foreign private issuer.

Investors may face difficulties in protecting their interests, and their ability to protect their rights through the U.S. federal courts may be limited, because we are formed under British Virgin Islands law.

We are a company formed under the laws of the British Virgin Islands. As a result, it may be difficult for investors to enforce judgments obtained in the United States courts against some of our directors or officers.

Our corporate affairs are governed by our amended and restated memorandum and articles of association, the BVI Business Companies Act, 2004, as amended (the “Companies Act”) and the common law of the British Virgin Islands. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary responsibilities of our directors to us under British Virgin Islands law are governed by the Companies Act and the common law of the British Virgin Islands. The common law of the British Virgin Islands is derived from English common law, and while the decisions of the English courts are of persuasive authority, they are not binding on a court in the British Virgin Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under British Virgin Islands law may not be as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the British Virgin Islands has a less developed body of securities laws as compared to the United States, and some states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law. In addition, while statutory provisions do exist in British Virgin Islands law for derivative actions to be brought in certain circumstances, shareholders in British Virgin Islands companies may not have standing to initiate a shareholder derivative action in a federal court of the United States. The circumstances in which any such action may be brought, and the procedures and defenses that may be available in respect to any such action, may result in the rights of shareholders of a British Virgin Islands company being more limited than those of shareholders of a company organized in the United States. Accordingly, shareholders may have fewer alternatives available to them if they believe that corporate wrongdoing has occurred.

The British Virgin Islands Courts are also unlikely:

- to recognize or enforce against us judgments of courts of the United States based on certain civil liability provisions of U.S. securities laws where that liability is in respect of penalties, taxes, fines or similar fiscal or revenue obligations of the company; and
- to impose liabilities against us, in original actions brought in the British Virgin Islands, based on certain civil liability provisions of U.S. securities laws that are penal in nature.

There is no statutory recognition in the British Virgin Islands of judgments obtained in the United States, although the courts of the British Virgin Islands will in certain circumstances recognize such a foreign judgment and treat it as a cause of action in itself which may be sued upon as a debt at common law so that no retrial of the issues would be necessary provided that:

- the U.S. court issuing the judgment had jurisdiction in the matter and the company either submitted to such jurisdiction or was resident or carrying on business within such jurisdiction and was duly served with process;
- the judgment is final and for a liquidated sum;
- the judgment given by the U.S. court was not in respect of penalties, taxes, fines or similar fiscal or revenue obligations of the company;
- in obtaining judgment there was no fraud on the part of the person in whose favor judgment was given or on the part of the court;
- recognition or enforcement of the judgment would not be contrary to public policy in the British Virgin Islands; and
- the proceedings pursuant to which judgment was obtained were not contrary to natural justice.

In appropriate circumstances, a British Virgin Islands Court may give effect in the British Virgin Islands to other kinds of final foreign judgments such as declaratory orders, orders for performance of contracts and injunctions.

As a result of all of the above, public shareholders may have more difficulty in protecting their interests in the face of actions taken by management or controlling shareholders than they would as public shareholders of a U.S. company.

Our amended and restated memorandum and articles of association permit the Board of Directors by resolution to create additional classes of securities, including shares with rights, preferences, designations and limitations as they determine which may have an anti-takeover effect.

Our amended and restated memorandum and articles of association permits the Board of Directors by resolution to amend the memorandum and articles of association to designate rights, preferences, designations and limitations attaching to the preferred shares as they determine in their discretion, without shareholder approval with respect to the terms or the issuance. If issued, the rights, preferences, designations and limitations of the preferred shares would be set by the Board of Directors and could operate to the disadvantage of the outstanding ordinary shares the holders of which would not have any pre-emption rights in respect of such an issue of preferred shares. Such terms could include, among others, preferences as to dividends and distributions on liquidation, or could be used to prevent possible corporate takeovers.

ITEM 4. INFORMATION ON THE COMPANY

A. HISTORY AND DEVELOPMENT OF THE COMPANY

The Company

National Energy Services Reunited Corp. is a British Virgin Islands business company headquartered in Houston, Texas. The Company, through its wholly-owned subsidiaries, NPS and GES, is a regional provider of products and services to the oil and natural gas industry primarily in the MENA region. Our principal executive offices are located at 777 Post Oak Blvd., Suite 730, Houston, Texas 77056 and our telephone number is +1 (832) 925 3777. Our registered agent in the British Virgin Islands is Intertrust Corporate Services (BVI) Limited, which is located at Luna Tower, Waterfront Drive, Road Town, Tortola, VG1110, British Virgin Islands.

History and Business Development

Formed in January 2017, NESR started as a special purpose acquisition company (“SPAC”) designed to invest in the oilfield services space globally. NESR filed a registration statement for its initial public offering in May 2017. In November 2017, NESR announced the acquisition of two oilfield services companies in the MENA region: NPS and GES. The formation of NESR as an operating entity was completed on June 7, 2018, after the transactions were approved by NESR shareholders. On June 1, 2020, NESR further expanded its footprint within the MENA region when its NPS subsidiary acquired SAPESCO. On May 5, 2021, NESR again expanded its footprint within the MENA region when its NPS subsidiary acquired specific oilfield service lines of Action. On July 1, 2022, NESR acquired a minority stake in WDVGE, a premier Reservoir Characterization and G&G laboratory and consulting business.

NESR’s revenues are primarily derived by providing production services (“Production Services”) such as hydraulic fracturing, coiled tubing, stimulation and pumping, cementing, nitrogen services, filtration services, pipelines and industrial services, production assurance, artificial lift services, completions and integrated production management. NESR also provides drilling and evaluation services (“Drilling and Evaluation Services”) such as rigs and integrated services, fishing and downhole tools, thru-tubing intervention, tubular running services, directional drilling, drilling and completion fluids, pressure control, well testing services, wireline logging services, and slickline services. NESR has significant operations throughout the MENA region including Saudi Arabia, Oman, Kuwait, United Arab Emirates, Iraq, Algeria, Egypt and Libya.

Capital Expenditures

During the three most recent fiscal years, the Company’s capital expenditures were \$295.7 million in the aggregate, comprising \$105.1 million during the year ended December 31, 2024, \$68.2 million during the year ended December 31, 2023, and \$122.4 million during the year ended December 31, 2022. The primary geographies for the Company’s capital expenditures were Saudi Arabia, Oman, Kuwait, and United Arab Emirates. The Company has utilized these capital expenditures to purchase equipment to support ongoing revenue growth. For more information on our capital expenditures and requirements, see Item 5B, “*Liquidity and Capital Resources.*”

Additionally, the Company’s Integrated Production Management (“IPM”) projects are focused on developing and managing production on behalf of the Company’s customers under long-term agreements. The Company invests its own services and products, and in some cases cash, into the field development activities and operations. Although in certain arrangements the Company is paid for a portion of the services or products it provides, generally the Company is not paid at the time of providing its services or upon delivery of its products. Instead, the Company is compensated based upon cash flow generated. The Company invested \$0 (zero) million, \$16.0 million, and \$17.4 million in IPM projects during the years ended December 31, 2024, 2023, and 2022, respectively. The Company has no plans for additional IPM capital expenditures as of the date of this filing.

Since March 2023, and continuing through December 31, 2026, the Company’s CFO was given final responsibility for the Company’s capital expenditure process, under the supervision of the Board of Directors.

Electronic Information about the Company

The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at <http://www.sec.gov>. Our Company website can be found at <http://www.nesr.com>. Information on our website is not incorporated into this Annual Report or otherwise made part of this Annual Report.

B. BUSINESS OVERVIEW

NESR is one of the largest oilfield services providers in the MENA region. The Company’s business consists of primarily upstream and midstream oilfield services with oil and natural gas companies as customers. The Company has organized its service lines into two reportable segments, Production Services and Drilling and Evaluation Services.

Principal Activities

Production Services. Our Production Services segment includes the results of operations from services that are generally offered and performed during the production stage of a well’s lifecycle. These services include, but are not limited to, the following:

- Hydraulic Fracturing – Hydraulic fracturing services are performed to enhance production of oil and natural gas from formations with low permeability and restricted flow of hydrocarbons. The process of hydraulic fracturing involves pumping a highly viscous, pressurized fracturing fluid, typically a mixture of water, chemicals and proppant, into a well casing or tubing in order to fracture underground mineral formations. These fractures release trapped hydrocarbon particles and free a channel for the oil or natural gas to flow freely to the wellbore for collection. Fracturing fluid mixtures include proppant that becomes lodged in the cracks created by the hydraulic fracturing process, “propping” them open to facilitate the flow of hydrocarbons upward through the well.
- Coiled Tubing – We provide various coiled tubing services ranging from basic nitrogen lifting, fishing, milling, clean-out, scale removal and other complex well applications. We employ design software to predict the performance of coiled tubing string and fluid behavior. The work history and integrity of each coiled tubing work string is constantly monitored in real-time to allow our engineers to continually evaluate developments in coiled tubing applications. Our coiled tubing units are suitable for both onshore and offshore.
- Stimulation and Pumping – We employ stimulation and pumping services in our operations. We currently offer acidizing of wells, cleaning jobs, the release of stuck pipes during drilling, pressure testing wells and inhibition jobs on gas wells.
- Cementing – We have over 25 years of experience in primary and remedial cementing services across the MENA region. Our cementing solutions include cementing equipment with complete automated density control capabilities, large volume batch mixers allowing larger volume of slurries to be mixed and pumped at homogeneous density and customized cement systems for specific applications such as gas migration, ultra-light weight, flexible cement, HTHP (high-temperature/high-pressure) and self-healing cement. We also have an extensive database of knowledge and experience.
- Nitrogen Services – We offer a complete nitrogen service package through our nitrogen fleets. Our equipment incorporates a combination of low, intermediate, and high-rate units. Our operational capabilities range from stand-alone nitrogen services such as freeing stuck drill pipe and unloading or cleaning out wellbores, to supplying our coiled tubing, stimulation and cementing service with the essential gaseous components necessary for positive results in various applications.
- Filtration Services – We provide filtration services through our two-stage, skid mounted, easy to handle filtration vessels. The primary and secondary filtration stages are usually carried out together. We have filtered thousands of barrels on rig sites for reduced damage drilling as well as for UBD (Under Balanced Drilling) operations. We also provide frac tanks and pumping units as necessary.
- Pipelines and Industrial Services – We provide pipeline services to plants and refineries including water filling and hydro testing, nitrogen purging, de-gassing and pressure testing, as well as cutting/welding and cooling down piping/vessels systems. Our equipment and resources include an existing fleet of nitrogen pump units, pig launchers and receivers, intelligent pigs, high rate pumping units at high and low pressure, and pipeline inspection services.
- Production Assurance – Our fleet of water well drilling rigs and portfolio of water treatment technologies (chemicals and filtration) allow us to serve the full water cycle. This includes the sourcing and treatment of water for oil and natural gas, municipal and industrial use and the disposal of water into selected aquifers. We also provide a portfolio of production assurance chemicals to assist hydrocarbon production from a specific reservoir in meeting the desired production target. This is achieved by collaborating with selected chemical companies and academic institutes and establishing an in-house technical team of engineers and laboratory capabilities.
- Artificial Lift Services – We provide vertical, deviated and horizontal rod pumping systems, analysis and optimization recommendations for fluid level and dynamometer testing, artificial lift optimization and data interpretation, long term monitoring and optimization, and associated field services. We also provide gas lift systems and downhole monitoring systems. We maintain a downhole pump workshop that is equipped with up-to-date equipment and tools, including pump testers, barrel honing and API beam pump gauges.
- Completions – We provide surface and subsurface safety systems, high-pressure packer systems, flow controls, service tools, expandable liner technology, VIT (Vacuum Insulated Tubing) technology for steam applications, and engineering capabilities with manufacturing capacity and testing facilities. We focus on in-country value by taking a systems approach to well completions for maximum recovery in addition to intelligent completion architectures.
- Integrated Production Management – These projects are focused on developing and managing production on behalf of the Company’s customers under long-term agreements. The Company invests its own services and products, and in some cases cash, into the field development activities and operations. Although in certain arrangements the Company is paid for a portion of the services or products it provides, generally the Company is not paid at the time of providing its services or upon delivery of its products. Instead, the Company is compensated based upon cash flow generated.

NESR Environmental and Decarbonization Applications (“NEDA”). The Company launched its NEDA service line in 2024, a reorganized version of the prior ESG IMPACT service line that was first conceptualized in 2021. NEDA is comprised of a portfolio of technology partnerships and investments aimed at mitigating climate change, enhancing water management and conservation, and minimizing environmental waste in the industry.

In 2024, NEDA made strides in developing a comprehensive mineral recovery process around its Zero Liquid Discharge (“ZLD”) water technology. As a result of the success of NESR’s water desalination and mineral recovery pilot projects in one of NESR’s key countries, the Company invested in Salttech BV, a Dutch provider of the Dynamic Vapor Recovery technology, which serves as a core process within the ZLD workflow. NESR is currently in discussions with a key customer to scale its resulting Zero Mineral and Liquid Discharge integrated process for produced water recycling.

Also in 2024, NEDA deployed a first-of-its-kind Continuous Emissions Monitoring pilot with its largest customer. The Qube Technologies platform is an existing investment within the NEDA portfolio as NESR had previously deployed the technology at-scale in Oman in 2023. The pilot in 2024 with NESR’s largest customer serves as a successful milestone for future commercial expansion in the region, as both cloud-related data security regulation is solidified and more comprehensive emissions monitoring techniques are adopted across MENA.

Finally, 2024 also saw the successful execution of a second-phase Carbon Capture & Sequestration (“CCS”) project in Indonesia, which positions NESR at the forefront of CCS-related reservoir evaluation projects in the country. Given the strategic emphasis of CCS in Indonesia, both at the country level and with operator partners, NESR expects CCS in Indonesia to be a core growth driver within the NEDA segment in the coming years.

As the frontier opportunities within NEDA are novel to the oil & gas industry, many of the technologies and applications are still in early development and are dependent on regulation and other sustainability-related drivers for future commercial viability. NESR’s strategy is to take a low-risk, capital-light approach to its NEDA investments and development projects, with the aim of proving technologies that have significant growth potential over the long-term.

The results of NEDA were not material to our Consolidated Statements of Operations for the years ended December 31, 2024, December 31, 2023, or December 31, 2022.

Drilling and Evaluation Services. Our Drilling and Evaluation Services segment includes the results of operations from services that are generally offered and performed during pre-production stages of a well’s lifecycle and related mainly to the operation of oil rigs. These services include, but are not limited to, the following:

- Rigs and Integrated Services – Our fleet of rigs range from 200 horsepower (HP) to 1,500 HP and offer drilling capabilities for all type of wells with depths up to 4,000 meters. Our fleet includes 750 HP truck-mounted, fast moving rigs, which are ideal for both light and heavy work over campaigns as both rigs are equipped with full edge mud systems that can handle normal drilling activities. In addition, we provide a “One Stop Solution” that includes delivering and managing the full spectrum of services involved in the upstream sector from the provision of the rig to completion and testing of the well.
- Fishing and Downhole – We provide highly innovative and reliable drilling tools and machine shop services for conventional and unconventional drilling applications. Our manufacturing capabilities include manufacturing flanges, subs, pup joints, pony drill collars and all types of cross overs. We also have the provision of threading and repair services for the oil and natural gas industry including the re-cutting of tubing and casing, repair of drilling and production tubulars and well heads.
- Thru-Tubing Intervention – We provide comprehensive oilfield solutions for all thru-tubing intervention requirements, from milling to thru-tubing fishing and thru-tubing well intervention.
- Tubular Running Services – We provide traditional Tubular Running Services operated by highly trained personnel focused on safety, quality, efficiency and well integrity. Our Casing Running Tool service enables simultaneous connection make-up, break-out, circulation and rotation, increasing the chance of getting casing to total depth safely and efficiently the first time.
- Directional Drilling – Our directional drilling services provide a suite of solutions from conventional to unconventional drilling applications, including directional drilling, measurement while drilling, logging while drilling, drilling optimization, drilling engineering, borehole surveying, and surface mud logging.

- Drilling and Completion Fluids – We provide drilling fluid systems and related technologies for a number of projects, including development drilling, exploration drilling and High-Pressure High-Temperature drilling, in accordance with international standards and regulations for both onshore and offshore projects.
- Pressure Control – With a full range of wellhead products, flow control equipment and frac equipment, we can provide safe and efficient drilling and production. From pre-engineered products, to fully customized designs, we offer solutions for a wide variety of applications.
- Well Testing Services – Our well testing services are used to measure solids, gas, oil and water produced from a well. We offer integrated well testing services in the exploration, appraisal and development phases of oil and natural gas wells. Our aim is to provide newer, faster and more precise testing results through innovation and superior service quality, and our services include surface well testing onshore and offshore, flow back packages, sand management, burner boom stack for gas flaring, smokeless burner, multi-phase flow meters (MPFM), zero-flaring packages, and water treatment and filtration.
- Wireline Logging Services – Our fleet of logging trucks, offshore units, logging tools and pressure control equipment provides a wide variety of cased-hole logging services to our clients, including production and injection performance evaluation, stimulation performance evaluation, water shutoff determination, tubing and multiple casing integrity, acoustic leak detection, perforation, pipe recovery, cased hole formation evaluation, and interval isolation and borehole seal.
- Slickline Services – Our slickline services cover the basic removal of scale, wax and sand build-up, setting plugs, changing out gas lift valves, fishing and other complex well applications.

Directional Drilling and Roya™ Technology Portfolio. Technology enhancement and expansion within the Drilling and Evaluation Services segment continues to be a strategic focus for the Company. Since 2021, the Company has entered into several strategic Drilling and Evaluation Services partnerships with other technology providers to bring enhanced technologies to its customers. Key partnerships include PHX Energy Services Corp., to bring leading directional drilling capabilities from North America to the MENA region; Beyond Energy Services & Technology Corp., to offer managed pressure drilling services; and Kinetic Pressure Control Limited, to develop its Kinetic Blowout Stopper (“KBOS”) technology in the MENA region and through which a number of KBOS units were deployed commercially in 2024.

In 2024, the Company launched its Roya™ advanced directional drilling technology platform to penetrate the high-end directional drilling market beyond the Company’s existing Drilling and Evaluation service offerings. The Roya™ advanced drilling platform is comprised of NESR’s RoyaStream™ measurement-while-drilling tool, its RoyaSeek™ logging-while-drilling tool, and its RoyaSteer™ rotary-steerable system. In the fourth quarter of 2024, the Company made its first delivery of a wellbore section under the Roya™ advanced drilling platform to a customer in Kuwait. In addition, NESR has secured multi-year directional drilling contracts for this technology in Kuwait, Oman and Saudi Arabia. While Roya™ represents a significant, strategic growth opportunity for the Company in the coming years, management expects to deploy this technology gradually and deliberately to ensure reliability and commercial success.

To date, the Company has not made significant expenditures on research and development activities aside from making strategic investments and partnerships with companies to expand the NESR Environmental & Decarbonization Applications (“NEDA”) and Drilling & Evaluation portfolios. These investments are individually insignificant but total \$24.3 million and \$15.2 million as of December 31, 2024, and December 31, 2023, respectively.

Principal Markets

The Company’s operations and activities are located within certain geographies, primarily in the MENA region. The revenue earned by geographic area, based on drilling location, was as follows for the periods presented (in US\$ thousands):

	Year ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Geographic Area:			
Domestic (British Virgin Islands)	\$ -	\$ -	\$ -
MENA	1,282,923	1,132,321	893,635
Rest of World	18,781	13,594	15,882
Total revenue	\$ 1,301,704	\$ 1,145,915	\$ 909,517

Seasonality

Seasonal changes in weather and significant weather events affect the demand and price of oil and therefore the demand for our services. Furthermore, customer spending patterns for oilfield services and products generally result in higher activity in the fourth quarter of each year as clients seek to utilize their annual budgets.

Sources and Availability of Raw Materials

We purchase various component parts in connection with delivering our products and services. These materials are generally, but not always, available from multiple sources and may be subject to price volatility. While we generally do not experience significant long-term shortages of these materials, we have from time-to-time experienced temporary shortages of particular component parts. We are always seeking ways to ensure the availability of resources, as well as managing costs of component parts.

Marketing Channels

We sell to our customers through direct and indirect channels. Our primary sales channel is through our direct sales force, which has a strong country focus with local teams close to the customer.

Intellectual Property

We own and control a variety of intellectual property, including but not limited to proprietary information and software tools and applications that, in the aggregate, are material to our business. No individual instance of intellectual property is material to the Company.

Customers

Revenues from four customers individually accounted for 54%, 9%, 7% and 4% of the Company’s consolidated revenues in the year ended December 31, 2024, 44%, 8%, 7% and 5% of the Company’s consolidated revenues in the year ended December 31, 2023, and 40%, 9%, 7% and 7% of the Company’s consolidated revenues in the year ended December 31, 2022.

Competition

We provide products and services in the MENA region in highly competitive markets, with competitors comprised of both small and large companies. Our revenues and earnings can be affected by several factors, including changes in competition, fluctuations in drilling and completion activity, perceptions of future prices of oil and natural gas, government regulation, disruptions caused by weather and general economic conditions. We believe that the principal competitive factors are price, performance, product and service quality, safety, response time and breadth of products and services.

Material Effects of Governmental Regulations

Our business is significantly affected by country, regional, local laws and other regulations. These laws and regulations relate to, among other things:

- worker safety standards;
- protection of the environment and natural resources;
- storage, handling, transportation, use and disposal of hazardous materials; and
- mobilization of our equipment to, and operations conducted at, our work sites.

Numerous permits are required for the conduct of our business and operation of our various facilities and equipment. These permits can be revoked, modified or renewed by issuing authorities based on factors both within and outside our control.

We cannot predict the level of enforcement of existing laws and regulations or how such laws and regulations may be interpreted by enforcement agencies or court rulings in the future. We also cannot predict whether additional laws and regulations will be adopted, including changes in regulatory oversight, increase of federal, state or local taxes, increase of inspection costs, or the effect such changes may have on us, our businesses or our financial condition. However, failure to comply with laws, regulations, or permits may result in fines, the imposition of remedial obligations, or other penalties that have a material impact on our operations, including (in some instances) the revocation of necessary authorizations.

Environmental Regulation

In the countries where we operate, we are subject to environmental laws and regulations governing the discharge of materials into the environment or otherwise relating to environmental protection and occupational health and safety, including regulations related to greenhouse gas emissions and hydraulic fracturing. The trend in environmental regulation has been to place more restrictions and limitations on activities that may adversely affect the environment, and thus any changes in environmental laws and regulations or re-interpretation of enforcement policies that result in more stringent and costly regulatory requirements could have a material adverse effect on our business, liquidity position, financial condition, results of operations and prospects. We may be unable to pass on such increased compliance costs to our customers. Where applicable we have obtained and maintain licenses to operate through the local ministry of environment or similar governmental authority. We have established and implemented an environmental health and safety management system based on ISO 14001 and OHSAS 18001. In addition, we remain accountable to each customer or operator we service and ensure that compliance is maintained based on each customer’s requirements. Although our operations are subject to a variety of regulations across multiple jurisdictions, a summary of the most pertinent regulations affecting our operations is provided below.

Air and Climate

Certain of our operations result in the emissions of regulated air pollutants, which may require permits in certain jurisdictions where we operate. Many countries impose limitations on air emissions and require adherence to certain maintenance, work practice, reporting, recordkeeping, and other requirements. Failure to obtain a permit or to comply with permit or other regulatory requirements could result in the imposition of sanctions, including administrative, civil and criminal penalties. In addition, we or our customers could be required to shut down or retrofit existing equipment, leading to additional capital or operating expenses and operational delays.

Additionally, the threat of climate change continues to attract considerable attention in the United States and foreign countries. Numerous proposals have been made and could continue to be made at multiple levels of government to monitor, limit and disclose existing emissions of greenhouse gases as well as to restrict or eliminate such future emissions. As a result, our operations as well as the operations of our oil and natural gas exploration and production customers are subject to a series of risks associated with the production and processing of fossil fuels and emission of greenhouse gases.

Multiple jurisdictions have adopted laws that require monitoring, reporting, disclosure or reduction of emissions of certain greenhouse gases from the oil and natural gas sector. Additionally, several jurisdictions have adopted policies to reduce the consumption of fossil fuels, which may ultimately result in decreased demand for our services. Internationally, the United Nations-sponsored Paris Agreement requires member states to submit non-binding, individually-determined reduction goals every five years after 2020. Most of the jurisdictions where we operate have ratified the Paris Agreement and, as a result, developed emissions reduction goals, several of which focus on reducing the emissions from the oil and natural gas sector or promoting the use of renewable energy or energy efficiency technologies.

Litigation risks are also increasing, as various parties (including individuals, local governments, and environmental activists) have brought suit in a number of jurisdictions. Although novel legal theories continue to be developed, many of these suits are brought on one of the following themes: (1) governments have a duty to reduce greenhouse gas emissions within their jurisdiction; (2) oil and natural gas companies are liable for various asserted damages associated with the production of fuels that contributed to climate change; or (3) oil and natural gas companies have been aware of the adverse effects of climate change for some time but failed to adequately disclose those impacts to investors or consumers.

There are also increasing financial risks for fossil fuel companies. Shareholders may elect in the future to shift some or all of their investments into non-energy related sectors. Institutional lenders who provide financing to fossil fuel energy companies also have become more attentive to sustainable lending practices and some of them may elect not to provide funding for fossil fuel energy companies. There is also a risk that financial institutions will be required to adopt policies that have the effect of reducing the funding provided to the fossil fuel sector. Multiple financial regulators have adopted, or are considering adopting, climate stress-testing or disclosure requirements.

The adoption and implementation of new or more stringent legislation, regulations or other regulatory initiatives that impose more stringent standards for greenhouse gas emissions from the oil and natural gas sector or otherwise restrict the areas in which this sector may produce oil and natural gas or generate greenhouse gas emissions could result in increased costs of compliance or costs of consuming, and thereby reduce demand for, oil and natural gas, which could reduce demand for our services and products. Additionally, litigation and financial risks may result in our oil and natural gas customers restricting or cancelling production activities, incurring liability for infrastructure damages as a result of climatic changes, or impairing their ability to continue to operate in an economic manner, which also could reduce demand for our services and products.

Water

Most of the countries in which we operate have laws and regulations in place referencing water discharge particularly in the vicinity of inhabited areas or regulated waterways. Multiple jurisdictions also regulate the disposal of produced water associated with the hydraulic fracturing process. Restrictions and controls regarding the unauthorized discharge of pollutants, including produced waters and other oil and natural gas wastes, into regulated waters are in place but not always subject to formal assessments by the regulators. We are working to ensure that our facilities have adequate drainage, sumps, and appropriate sedimentation tanks where required, the integrity of primary and secondary containment systems, and that spill prevention controls and countermeasure plans are in place to minimize the impact of potential releases or spills.

Waste and Hazardous Materials

Our operations use and generate hazardous substances and wastes. Accordingly, we could become subject to material liabilities relating to the investigation and cleanup of potentially contaminated properties, and to claims alleging personal injury or property damage as the result of exposures to, or releases of, hazardous substances or wastes. Applicable laws may provide for “strict liability” for remediation costs, damages to natural resources or threats to public health and safety. Some environmental laws provide for joint and several liability for remediation of spills and releases of hazardous substances and wastes. Joint and several liability can render one party liable for all damages arising from a spill or release even if other parties also contributed to the spill or release.

Health and Safety Regulation

We are subject to certain requirements that regulate the protection of health and safety. We are committed to providing a safe workplace. Our health and safety (HSE) standards are influenced by a combination of the U.S. Occupational Safety and Health Act and the International Association of Oil and Gas Producers, a global forum whose members identify and share best practices to achieve improvements. Our HSE policy objectives include:

- identifying risks to health and safety and implementing measures to control risk to an acceptable level;
- periodically setting and publishing specific health and safety targets in consultation with employees and monitoring progress towards achieving such targets;
- providing appropriate financial and physical resources to implement our health and safety targets;
- recognizing that management of health and safety is a prime responsibility of line management;
- devoting sufficient resources to ensure environmentally friendly performance;
- encouraging full commitment of employees, by involving and consulting them on HSE matters;
- ensuring employees receive appropriate information and training;
- periodic reviewing and auditing our health and safety system to ensure its adequacy and effectiveness; and defining internal standards on HSE reporting, service quality reporting, injury and loss prevention, mechanical lifting, driving and journey management, hazard effects and management plan, environmental management, and audit and training.

We review and implement many practices to meet these objectives, but we cannot guarantee that we will implement every practice that we review or that these practices will fully achieve our stated objectives.

C. ORGANIZATIONAL STRUCTURE

For a full listing of our significant subsidiaries as of December 31, 2024, see Exhibit 8.1 to this Annual Report.

D. PROPERTY, PLANTS, AND EQUIPMENT

Properties

We have operations in 16 countries including Algeria, Bahrain, Chad, Congo, Egypt, India, Indonesia, Iraq, Kuwait, Libya, Oman, Qatar, Saudi Arabia, and United Arab Emirates (“UAE”). In most countries, we have localized support bases that house equipment and personnel that are used to deliver the services we provide. Additionally, we operate the NESR Oilfield Research & Innovation Center (“NORI”) in the heart of Saudi Arabia’s industrial research, technology, and academic hub, Dharan Techno Valley (“DTV”). NORI allows us the ability to drive energy sector research and innovation across the MENA region through activities such as providing advanced core analysis and reservoir studies for our customers. Our principal executive offices are in Houston, Texas, U.S., with our regional headquarters in Dubai, UAE. No single tangible fixed asset is individually material to our operations.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion and analysis should be read in conjunction with Item 3A, “Selected Financial Data” and the accompanying consolidated financial statements and related notes included in Item 18, “Financial Statements,” in this Annual Report.

A. OPERATING RESULTS

Overview

We are a provider of services to the oil and natural gas industry primarily in the MENA region. We currently operate in 16 countries, with a strong presence in Saudi Arabia, Oman, Kuwait, United Arab Emirates, Iraq, Algeria, Egypt and Libya. Our company was founded with a vision of creating a regional provider for oilfield services that offers a full portfolio of solutions for our customers with a focus on supporting the economies in which we operate. ESG considerations are central to our company, and we believe that employing local staff and fully integrating with regional economies is a critical part of the social component of our ESG philosophy. In addition, we have found that promoting high local content in our operations optimizes our cost structure, enhancing our ability to generate free cash flow in various commodity price environments. With its vast reserves of oil and natural gas, the MENA region continues to dominate in its role as a vital source of global energy supply and stability. Our services include a broad suite of offerings that are essential in the drilling and completion of new oil and natural gas wells and in the remedial work on existing wells, both onshore and offshore, including completion services and equipment and drilling and evaluation services and equipment.

Factors Affecting our Results of Operations

Global E&P Trends

We provide oilfield services to exploration and production companies with operations in the onshore and offshore oil and natural gas sectors in the MENA region. Demand for our services is mainly driven by our customers’ operations and is therefore linked to global commodity prices and expectations about future prices, rig activity and other factors.

Cyclical Nature of Sector

The oilfield services sector is a highly cyclical industry. As a result, our operating results can fluctuate from quarter to quarter and period to period. However, due to the lower average cost of production per barrel in the Middle East and the need for infrastructure spending to sustain or increase current production levels of these oil rich countries, we believe that we are less affected by oil price volatility as compared to oilfield services companies that operate in other regions, as discussed below.

Drilling Environments

Based on energy industry data, the bulk of oil production comes from onshore activity. We provide services to exploration and production (“E&P”) companies with both onshore and offshore drilling operations. Offshore drilling generally provides higher margins to service providers due to greater complexity, logistical challenges and the need for innovative solutions.

Geographic Concentration; Middle Eastern Operations

During the years ended December 31, 2024, December 31, 2023, and December 31, 2022, 99%, 99%, and 98%, respectively, of our revenue came from the MENA region, particularly the Middle East. The Middle East accounts for almost a third of global oil production, according to the Energy Institute Statistical Review of World Energy 2024 (73rd edition). Given the low break-even price of production, it is a key region for oilfield service companies. Most oil and natural gas fields in the Middle East are legacy fields on land or in shallow waters. These fields are largely engaged in development drilling activity, driven by the need for redevelopment, enhanced oil recovery via stimulation and the drilling of new production wells. Further, a number of gas fields scheduled to be developed in the near future will require oilfield services. As a result, our capital expenditure and related financing needs may increase materially in the future.

In addition, regional drilling operations may be impacted by local political and economic trends. Due to the concentration of our operations in the MENA region, and particularly the Middle East, our financial condition and results of operations may be impacted by geopolitical, political or economic instability affecting the countries in which we operate, including reduced production and drilling activities, extended periods of low oil prices and decreased oil demand, armed conflict, imposition of economic sanctions, changes in governments and currency devaluations, among others.

Many MENA countries rely on the energy sector as the major source of national revenues. Even at lower oil and natural gas prices, such oil and natural gas dependent economies have continued to maintain significant production and drilling activities. Further, given that Middle East markets have among the lowest break-even prices of production, they can continue to produce profitably at significantly lower commodity prices.

Key Components of Revenues and Expenses

Revenues

We earn revenue from our broad suite of oilfield services, including coiled tubing, hydraulic fracturing, cementing, stimulation and pumping, well testing services, drilling services and rental, fishing and remediation, drilling and workover rigs, nitrogen services, wireline logging services, turbines drilling, directional drilling, filtration services and slickline services, among others. Revenues are recognized when performance obligations are satisfied in accordance with contractual terms, in an amount that reflects the consideration the Company expects to be entitled to in exchange for services rendered or rentals provided. A performance obligation arises under contracts with customers to render services or provide rentals and is the unit of account under Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. The Company accounts for services rendered and rentals provided separately if they are distinct, and the service or rental is separately identifiable from other items provided to a customer and if a customer can benefit from the services rendered or rentals provided on its own or with other resources that are readily available to the customer. A contract’s transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. A contract’s standalone selling prices are determined based on the prices that the Company charges for its services rendered and rentals provided. Most of the Company’s performance obligations are satisfied over time, which is generally represented by a period of 30 days or less. The Company’s payment terms vary by the type of products or services offered. The term between invoicing and when the payment is due is typically 30-60 days per contract.

Cost of services

Cost of services primarily includes staff costs for service personnel, purchase of non-capitalized material, equipment and supplies (such as tools and rental equipment), depreciation relating to capital assets used in our operations, vehicle and equipment rental and maintenance and repair.

Selling, general and administrative (excluding Amortization) (“SG&A”) expense

SG&A expense, excluding Amortization, which is presented separately, primarily includes salary and employee benefits for non-production personnel (primarily management and administrative personnel), professional service fees, office facilities and equipment, office supplies and non-capitalized office equipment and depreciation of office furniture and fixtures.

Amortization

Amortization expense primarily includes amortization of intangible assets associated with acquired customer contracts, trademarks and tradenames.

Interest expense, net

Interest expense primarily consists of interest on outstanding debt, net of interest income.

Other income / (expense), net

Other income / (expense), net primarily consists of bank charges and foreign exchange gains and losses.

Key Performance Indicators

Historically, we have tracked two principal non-financial performance indicators that are important drivers of our results of operations: oil price and rig count. Oil price is important because the level of spending by E&P companies, our principal customers, is significantly influenced by anticipated future prices of oil, which is typically indicative of expected supply and demand. Changes in E&P spending, in turn, typically result in an increased or decreased demand for our services. Rig count, particularly in the regions in which we operate, is an indicator of the level of activity and spending by our E&P customers and has historically been an important indicator of our financial performance and activity levels. More recently, our customers in certain parts of the MENA region have increased their efforts to commercialize natural gas, particularly from unconventional formations. Over time, we anticipate that the market for natural gas will also become a key performance indicator for the Company.

The following table shows rig count (Source: Baker Hughes Published Rig Count Data) and oil prices (Source: U.S. Energy Information Administration - Brent – Europe) as of the dates indicated:

	As of December 31,		
	2024	2023	2022
Rig count:			
MENA	374	379	358
Rest of World – outside of North America	535	576	542
Total International Rig Count	909	955	900
Brent Crude (per barrel)	\$ 74.58	\$ 77.69	\$ 82.82

Basis of Presentation of Financial Information

Segments

We operate our business through two operating segments and report our results of operations through two reporting segments, Production Services and Drilling and Evaluation Services, which aggregate services performed during distinct stages of a typical life cycle of an oil well.

Production Services. Our Production Services segment includes the results of operations from services that are generally offered and performed during the production stage of a well’s lifecycle. These services mainly include hydraulic fracturing, coiled tubing, stimulation and pumping, cementing, nitrogen services, filtration services, pipelines and industrial services, production assurance, artificial lift services, completions and integrated production management. Our Production Services accounted for 67%, 69%, and 62%, of our revenues for the years ended December 31, 2024, 2023, and 2022, respectively.

Drilling and Evaluation Services. Our Drilling and Evaluation Services segment includes the results of operations from services that are generally offered and performed during pre-production stages of a well’s lifecycle and related mainly to the operation of oil rigs. The services mainly include rigs and integrated services, fishing and downhole tools, thru-tubing intervention, tubular running services, directional drilling, drilling and completion fluids, pressure control, well testing services, wireline logging services and slickline services. Our Drilling and Evaluation Services accounted for 33%, 31%, and 38%, of our revenues for the years ended December 31, 2024, 2023, and 2022, respectively. Please see Item 4B, “Business Overview” in this Annual Report for a description of our reportable segments.

Results of Operations

The discussions below relating to significant line items from our consolidated statements of operations are based on available information and represent our analysis of significant changes or events that impact the fluctuations in or comparability of reported amounts. Where appropriate, we have identified specific events and changes that affect comparability or trends. In addition, the discussions below for revenues are on an aggregate basis for each fiscal period, as the business drivers for all services are similar. All amounts in tables are in US\$ thousands, except share data and per share amounts.

2024 compared to 2023

The following table presents our Consolidated Statements of Operations data for the periods indicated:

Description	Year ended	
	December 31, 2024	December 31, 2023
Revenues	\$ 1,301,704	\$ 1,145,915
Cost of services	(1,093,031)	(997,265)
Gross profit	208,673	148,650
Selling, general and administrative expenses (excluding Amortization)	(52,195)	(49,173)
Amortization	(18,774)	(18,774)
Operating income	137,704	80,703
Interest expense, net	(39,881)	(45,826)
Other (expense) / income, net	(2,325)	(5,031)
Income before income tax	95,498	29,846
Income tax expense	(19,188)	(17,266)
Net income	\$ 76,310	\$ 12,580

Revenue. Revenue was \$1,301.7 million for the year ended December 31, 2024, compared to \$1,145.9 million for the year ended December 31, 2023.

The table below presents our revenue by segment for the periods indicated:

	Year ended	
	December 31, 2024	December 31, 2023
Reportable Segment:		
Production Services	\$ 878,076	\$ 785,642
Drilling and Evaluation Services	423,628	360,273
Total revenue	\$ 1,301,704	\$ 1,145,915

Production Services revenue was \$878.1 million for the year ended December 31, 2024, compared to \$785.6 million for the year ended December 31, 2023. The change in revenue was primarily due to increased well stimulation and hydraulic fracturing services.

Drilling and Evaluation Services revenue was \$423.6 million for the year ended December 31, 2024, compared to \$360.3 million for the year ended December 31, 2023. The change in revenue was primarily due to increased business activity in Saudi Arabia and Kuwait.

Cost of services. Cost of services was \$1,093.0 million for the year ended December 31, 2024, compared to \$997.3 million for the year ended December 31, 2023. On a percentage basis, cost of services was 84.0% of revenue during the year ended December 31, 2024, as compared to 87.0% of revenue for the year ended December 31, 2023, a 306-basis point reduction. The change in cost of services as percentage of total revenue is mainly due to improved utilization on a more efficient cost structure. Cost of services included depreciation expense of \$111.7 million and \$109.7 million for the year ended December 31, 2024, and the year ended December 31, 2023, respectively.

Gross profit. Gross profit as a percentage of total revenue was 16.0% and 13.0% for the year ended December 31, 2024, and the year ended December 31, 2023, respectively. The reason for the change is described under “Revenue” and “Cost of services.”

SG&A expenses. SG&A expenses, which represent costs associated with managing and supporting our operations, were \$52.2 million for the year ended December 31, 2024, compared to \$49.2 million for the year ended December 31, 2023. SG&A as a percentage of total revenue was 4.0% and 4.3% for the year ended December 31, 2024, and the year ended December 31, 2023, respectively. The increase in SG&A period over period is primarily due to increased compensation cost associated with employee contracts issued to Senior Management in the fourth quarter of 2023 that were charged to expense during 2024.

Amortization expense. Amortization expense was \$18.8 million for the year ended December 31, 2024, compared to \$18.8 million for the year ended December 31, 2023. Amortization expense is driven mainly by acquired intangible assets resulting from the acquisitions of GES and NPS in 2018, SAPESCO in 2020, and Action in 2021.

Interest expense, net. Interest expense, net, was \$39.9 million for the year ended December 31, 2024, compared to \$45.8 million for the year ended December 31, 2023. Interest expense, net, decreased period-over-period, due to lower debt levels during 2024 as compared to 2023.

Other (expense) / income, net. Other (expense) / income, net, was (\$2.3) million for the year ended December 31, 2024, compared to (\$5.0) million for the year ended December 31, 2023. The difference between periods is primarily due to a decrease in the amount of the other-than-temporary impairment recorded on the WDVGE investment during 2024 as compared to 2023 (see Note 8, *Goodwill, Intangible, and Other Assets*, to the consolidated financial statements included in Item 18, “Financial Statements,” of this Annual Report for further discussion).

Income tax expense. Income tax expense was \$19.2 million for the year ended December 31, 2024, compared to \$17.3 million for the year ended December 31, 2023. The high effective tax rates are mainly driven by recording valuation allowances against current year losses and recording liabilities on uncertain tax positions in various jurisdictions. See Note 12, *Income Taxes*, to our consolidated financial statements included in Item 18, “Financial Statements,” of this Annual Report.

Net income / (loss). As a result of the foregoing, net income was \$76.3 million for the year ended December 31, 2024, compared to a net income of \$12.6 million for the year ended December 31, 2023.

Supplemental Segment Operating Income Discussion

	Year ended	
	December 31, 2024	December 31, 2023
Reportable Segment⁽¹⁾:		
Production Services	\$ 146,869	\$ 111,060
Drilling and Evaluation Services	63,102	36,461

(1) See Note 19, *Reportable Segments*, to our consolidated financial statements included in Item 18, “Financial Statements,” of this Annual Report.

Production Services segment operating income was \$146.9 million for the year ended December 31, 2024, compared to \$111.1 million for the year ended December 31, 2023. The change in segment operating income was largely attributable to well stimulation and hydraulic fracturing services.

Drilling and Evaluation segment operating income was \$63.1 million for the year ended December 31, 2024, compared to \$36.5 million for the year ended December 31, 2023. The change in segment operating income in 2024 as compared to 2023 was primarily due to increased business activity in Saudi Arabia and Kuwait.

2023 compared to 2022

The following table presents our Consolidated Statements of Operations data for the periods indicated:

Description	Year ended	
	December 31, 2023	December 31, 2022
Revenues	\$ 1,145,915	\$ 909,517
Cost of services	(997,265)	(844,039)
Gross profit	148,650	65,478
Selling, general and administrative expenses (excluding Amortization)	(49,173)	(47,530)
Amortization	(18,774)	(18,865)
Operating income / (loss)	80,703	(917)
Interest expense, net	(45,826)	(34,126)
Other (expense) / income, net	(5,031)	5,242
Income / (Loss) before income tax	29,846	(29,801)
Income tax expense	(17,266)	(6,619)
Net income / (loss)	\$ 12,580	\$ (36,420)

Revenue. Revenue was \$1,145.9 million for the year ended December 31, 2023, compared to \$909.5 million for the year ended December 31, 2022.

The table below presents our revenue by segment for the periods indicated:

	Year ended	
	December 31, 2023	December 31, 2022
Reportable Segment:		
Production Services	\$ 785,642	\$ 567,249
Drilling and Evaluation Services	360,273	342,268
Total revenue	\$ 1,145,915	\$ 909,517

Production Services revenue was \$785.6 million for the year ended December 31, 2023, compared to \$567.2 million for the year ended December 31, 2022. The change in revenue was primarily due to increased hydraulic fracturing activity in Saudi Arabia, and higher coiled tubing activity across most of the Company’s operating locations. Additionally, activity was higher in Egypt due to production chemical sales, in Algeria due to cementing, and in Oman from IPM work.

Drilling and Evaluation Services revenue was \$360.3 million for the year ended December 31, 2023, compared to \$342.3 million for the year ended December 31, 2022. The change in revenue was primarily due to higher activity in wireline logging in Saudi Arabia and Iraq.

Cost of services. Cost of services was \$997.3 million for the year ended December 31, 2023, compared to \$844.0 million for the year ended December 31, 2022. On a percentage basis, cost of services was 87.0% of revenue during the year ended December 31, 2023, as compared to 92.8% of revenue for the year ended December 31, 2022, a 577-basis point reduction. The reduction in cost of services (on a percentage basis) was primarily due to efficiencies in compensation, product costs, and base fixed operating costs brought about by higher activity in Saudi Arabia, Abu Dhabi, Oman, Algeria, and Kuwait, combined with the impact on cost percentages of a full year of unconventional hydraulic fracturing activity in 2023 versus a partial year in 2022 on contract transition. Cost of services included depreciation expense of \$109.7 million and \$97.0 million for the year ended December 31, 2023, and the year ended December 31, 2022, respectively.

Gross profit. Gross profit as a percentage of total revenue was 13.0% and 7.2% for the year ended December 31, 2023, and the year ended December 31, 2022, respectively. The reason for the change is described under “Revenue” and “Cost of services.”

SG&A expenses. SG&A expenses, which represent costs associated with managing and supporting our operations, were \$49.2 million for the year ended December 31, 2023, compared to \$47.5 million for the year ended December 31, 2022. SG&A increased year-over-year primarily due to an increase in professional fees associated with the preparation and audit of our Annual Report on Form 20-F for the year ended December 31, 2022, which was filed with the U.S. SEC on December 29, 2023, and higher spend on activities designed to facilitate remediation of the Company’s material weaknesses. SG&A as a percentage of total revenue was 4.3% and 5.2% for the year ended December 31, 2023, and the year ended December 31, 2022, respectively, as SG&A expenses did not grow as quickly as total revenue during 2023.

Amortization expense. Amortization expense was \$18.8 million for the year ended December 31, 2023, compared to \$18.9 million for the year ended December 31, 2022. Amortization expense is driven mainly by acquired intangible assets resulting from the acquisitions of GES and NPS in 2018, SAPESCO in 2020, and Action in 2021.

Interest expense, net. Interest expense, net, was \$45.8 million for the year ended December 31, 2023, compared to \$34.1 million for the year ended December 31, 2022. Interest expense, net, increased year-over-year due to higher interest rates across geographies as central banks sought to reduce inflationary pressures through the year.

Other (expense) / income, net. Other (expense) / income, net, was (\$5.0) million for the year ended December 31, 2023, compared to \$5.2 million for the year ended December 31, 2022. The difference between periods is primarily due to the other-than-temporary impairment recorded on the WDVGE investment during 2023 (see Note 9, *Goodwill, Intangible, and Other Assets*, to the consolidated financial statements included in Item 18, “*Financial Statements*,” of this Annual Report for further discussion).

Income tax expense. Income tax expense was \$17.3 million for the year ended December 31, 2023, compared to \$6.6 million for the year ended December 31, 2022. The change in the effective tax rate from 2022 to 2023 is primarily the result of positive earnings in 2023, resulting in taxable income in multiple countries in addition to additional provisions for unrecognized tax benefits. During 2022, income tax expense was largely driven by additional provisions for unrecognized tax benefits. See Note 13, *Income Taxes*, to our consolidated financial statements included in Item 18, “*Financial Statements*,” of this Annual Report.

Net income / (loss). As a result of the foregoing, net income was \$12.6 million for the year ended December 31, 2023, compared to a net loss of (\$36.4) million for the year ended December 31, 2022.

Supplemental Segment Operating Income Discussion

	Year ended	
	December 31, 2023	December 31, 2022
Reportable Segment ⁽¹⁾ :		
Production Services	\$ 111,060	\$ 28,717
Drilling and Evaluation Services	36,461	33,473

(1) See Note 19, *Reportable Segments*, to our consolidated financial statements included in Item 18, “Financial Statements,” of this Annual Report.

Production Services segment operating income was \$111.1 million for the year ended December 31, 2023, compared to \$28.7 million for the year ended December 31, 2022. The change in segment operating income was largely attributable to the revenue growth during 2023, coupled with efficiencies in compensation, product costs, and base fixed operating costs.

Drilling and Evaluation segment operating income was \$36.5 million for the year ended December 31, 2023, compared to \$33.5 million for the year ended December 31, 2022. Similar to Production Services, the change in segment operating income was largely attributable to the revenue growth during 2023.

B. LIQUIDITY AND CAPITAL RESOURCES

Our objective is to maintain sufficient liquidity, adequate financial resources and financial flexibility to fund our operations. We had cash and cash equivalents of \$108.0 million as of December 31, 2024, and \$67.8 million as of December 31, 2023. Our outstanding borrowings were \$382.8 million as of December 31, 2024, and \$452.2 million as of December 31, 2023. Current available borrowing capacity totaled \$167.3 million and \$153.1 million as of December 31, 2024 and 2023, respectively. We believe that our cash on hand, cash flows generated from operations, and liquidity available through our credit facilities, including recently drawn facilities, will provide sufficient liquidity to manage our cash needs. See “Capital Resources” below.

Cash Flows

	(In US\$ thousands)		
	December 31,	Year ended December 31,	December 31,
	2024	2023	2022
Cash provided by (used in):			
Operating Activities	\$ 229,329	\$ 176,959	\$ 92,576
Investing Activities	(111,134)	(83,463)	(146,708)
Financing Activities	(78,060)	(104,528)	(72,795)
Effect of exchange rate changes on cash	-	-	8
Net change in cash and cash equivalents	\$ 40,135	\$ (11,032)	\$ (126,919)

Operating Activities

Cash flows provided by operating activities were \$229.3 million for the year ended December 31, 2024, compared to cash flows provided by operating activities of \$177.0 million for the year ended December 31, 2023. Cash flows from operating activities increased by \$52.4 million in the year ended December 31, 2024, compared to year ended December 31, 2023, primarily due to improved operating results as movement in non-cash transactions and operating assets and liabilities were substantially flat year-over-year.

Investing Activities

Cash flows used in investing activities were \$111.1 million for the year ended December 31, 2024, compared to cash flows used in investing activities of \$83.5 million for the year ended December 31, 2023. The difference between periods was primarily due to higher capital expenditures in 2024 offset in part by no additional IPM investments during 2024. Our principal recurring investing activity is the funding of capital expenditures to ensure that we have the appropriate levels and types of machinery and equipment in place to generate revenue from operations.

Financing Activities

Cash flows used in financing activities were \$78.1 million for the year ended December 31, 2024, compared to cash flows used in financing activities of \$104.5 million for the year ended December 31, 2023. The shift between 2023 and 2024 is primarily attributable to lower repayments of short-term borrowings in 2024 as compared to 2023, partially offset by higher repayments of long-term borrowings.

Material Cash Requirements from Contractual Obligations

The table below summarizes the payments due by fiscal year for our material cash requirements from contractual obligations as of December 31, 2024. Certain amounts included in this table are based on our estimates and assumptions about these obligations, including their duration, anticipated actions by third parties and other factors. The contractual cash obligations we will actually pay in future periods may vary from those reflected in the table below because the estimates and assumptions are subjective.

(In thousands)	Payments Due by Period				
	Total	Less than 1 year	1 – 3 years	3 – 5 years	More than 5 years
Principal payments for long-term debt ⁽¹⁾	\$ 326,735	68,735	258,000	-	-
Principal and interest payments for short-term debt ⁽²⁾	61,983	61,983	-	-	-
Estimated interest payments for long-term debt ⁽³⁾	52,633	23,355	29,278	-	-
Operating leases ⁽⁴⁾	49,545	6,148	6,613	5,484	31,300
Finance leases ⁽⁵⁾	5,567	-	5,567	-	-
Seller-provided installment financing for capital expenditures ⁽⁶⁾	1,297	1,297	-	-	-
Contractual commitments for capital expenditures ⁽⁷⁾	33,600	33,600	-	-	-
Employees’ end of service benefits ⁽⁸⁾	61,320	7,874	12,844	12,393	28,209
Total	\$ 592,680	202,992	312,302	17,877	59,509

(1) Amounts represent the cash payments for the principal amounts related to our long-term debt at December 31, 2024. Amounts for debt do not include any unamortized discounts or deferred issuance costs. Cash payments for interest are excluded from these amounts.

(2) Amounts represent the cash payments for the principal amounts and interest related to our short-term debt at December 31, 2024.

(3) Amounts represent the cash payments for interest on our long-term debt.

(4) Amounts represent the future minimum payments under non-cancelable operating leases with initial or remaining terms of one year or more. We enter into operating leases, some of which include renewal options; however, we have excluded renewal options from the table above unless it is anticipated that we will exercise such renewals.

(5) Represents gross future minimum payments under finance leases. We enter into finance leases for property, plant, and equipment when the terms of these leases are advantageous to immediate purchase or where other unique business factors exist.

(6) Represents future minimum under agreements to purchase capital assets using seller-provided installment financing.

(7) Contractual commitments for capital expenditures include agreements to purchase property, plant, and equipment that are enforceable and legally binding and specify all significant terms. Our performance is secured by letters of credit, as described in Item 5A, “Off- Balance Sheet Arrangements,” for \$2.3 million of this balance.

(8) Amount represents the expected payments of employees’ end of service benefits.

Credit Facilities

As of December 31, 2024, we had the following principal credit facilities and instruments outstanding or available:

2021 Secured Facilities Agreement

On November 4, 2021, the Company entered into a \$860 million Secured Facilities Agreement (the “2021 Secured Facilities Agreement”). At inception, the \$860 million 2021 Secured Facilities Agreement consisted of a \$430 million term loan due by November 4, 2027 (the “Term Loan” or “Secured Term Loan”), a \$80.0 million revolving credit facility due by November 4, 2025 (“RCF” or “Secured Revolving Credit Facility”), and a \$350 million working capital facility that renews annually by mutual agreement of the Lenders and the Company. Deferred debt issuance costs totaling \$3.7 million and \$5.3 million as of December 31, 2024, and December 31, 2023, respectively, have been assigned ratably to the term, revolving and working capital facilities and will be amortized to interest expense over periods of 6, 4, and 1 year(s), respectively. The amounts are shown as contra liabilities in the accompanying Consolidated Balance Sheets.

Borrowings under the Term Loan and RCF facilities incur interest based on the secured overnight financing rate (“SOFR”) for U.S. dollar denominated borrowings or the Saudi Arabian Interbank Offered Rate (“SAIBOR”) for Saudi Arabia Riyal borrowings plus 2.6% to 3.0% per annum, varying based on the Company’s Net Debt / EBITDA ratio as defined in the 2021 Secured Facilities Agreement. As of December 31, 2024, and December 31, 2023, this resulted in interest rates of 7.67% and 8.23%, respectively, for U.S. dollar denominated borrowings, and interest rates of 8.18% and 8.58%, respectively, for Saudi Arabian Riyal borrowings.

The RCF was obtained for general corporate and working capital purposes including capital expenditure related requirements and acquisitions (including transaction related expenses). The RCF requires the payment of a commitment fee each quarter. The commitment fee is computed at the rate of 25% of the margin on the facility lender’s available commitment for the relevant quarter. Under the terms of the RCF, the final settlement is due by November 4, 2025. The Company is permitted to make any prepayment under this RCF in multiples of \$5.0 million during this 4-year period up to November 4, 2025. Any unutilized balances from the RCF can be drawn down again during the 4-year tenure at the same terms. The Term Loan permits prepayment but once repaid, amounts may not be redrawn. As of December 31, 2024, and December 31, 2023, the Company had drawn \$322.5 million and \$387.0 million, respectively, of the Term Loan, and \$0.0 (zero) million and \$10.0 million, respectively, of the RCF. Additionally, as of December 31, 2024, and December 31, 2023, the Company had \$80.0 million and \$70.0 million, respectively, available to be drawn under the RCF.

The 2021 Secured Facilities Agreement also includes a working capital facility of \$305 million and \$325 million as of December 31, 2024, and December 31, 2023, respectively, for issuance of letters of guarantee, letters of credit and refinancing letters of credit into debt over a period of no more than two years, which carries an interest rate equal to SOFR for U.S. dollar denominated borrowings, or SAIBOR for Saudi Arabia Riyal borrowings, for the applicable interest period, plus a margin of 1.25% to 1.5% per annum. As of December 31, 2024, and December 31, 2023, this resulted in interest rates of 7.67% and 8.23%, respectively, for U.S. dollar denominated borrowings, and interest rates of 8.18% and 8.58%, respectively, for Saudi Arabian Riyal borrowings. The working facility requires the payment of a commitment fee each quarter. The commitment fee is computed at the rate of 0.3125% (25% of the margin) on the facility lender’s available commitment for the relevant quarter. As of December 31, 2024, and December 31, 2023, the Company had utilized \$226.6 million and \$178.6 million, respectively, under this working capital facility and the balance of \$78.4 million and \$146.4 million, respectively, was available to the Company.

The 2021 Secured Facilities Agreement includes covenants that specify maximum leverage (Net Debt / EBITDA) up to 3.50, minimum debt service coverage ratio (Cash Flow / Debt Service) of at least 1.25, and interest coverage (EBITDA / Interest) of at least 4.00. As of December 31, 2024, the Company was in compliance with all financial and non-financial covenants under the 2021 Secured Facilities Agreement.

Other Working Capital Facilities

The Company has also retained other legacy bilateral working capital facilities totaling \$13.3 million and \$13.4 million at December 31, 2024 and December 31, 2023, respectively. As of December 31, 2024, and December 31, 2023, the Company had utilized \$5.0 million and \$6.7 million, respectively, under this working capital facility and the balance of \$8.6 million and \$6.7 million, respectively, was available to the Company.

Utilization of the working capital facilities under both the legacy bilateral working capital facilities and 2021 Secured Facilities Agreement comprises letters of credit issued to vendors, guarantees issued to customers, vendors, and others, and short-term borrowings used to settle letters of credit. Once a letter of credit is presented for payment by the vendor, the Company at its election can settle the letter of credit from available cash or leverage short-term borrowings available under both the legacy HSBC arrangement and 2021 Secured Facilities Agreement that will be repaid quarterly over a period of up to two years. Until a letter of credit is presented for payment by the vendor, it is disclosed as an off-balance sheet obligation. For additional discussion of outstanding letters of credit and guarantees, see Note 13, *Commitments and Contingencies*.

Off-Balance Sheet Arrangements

Letters of Credit

The Company had outstanding letters of credit amounting to \$2.3 million and \$2.0 million as of December 31, 2024, and December 31, 2023, respectively.

Guarantee Agreements

In the normal course of business with customers, vendors and others, the Company has entered into off-balance sheet arrangements, such as surety bonds for performance, and other bank issued guarantees which totaled \$165.4 million and \$122.8 million as of December 31, 2024, and December 31, 2023, respectively. The Company has also entered into cash margin guarantees totaling \$4.2 million and \$3.6 million at December 31, 2024, and December 31, 2023, respectively. A liability is accrued when a loss is both probable and can be reasonably estimated. None of the off-balance sheet arrangements has, or is likely to have, a material effect on the Company’s consolidated financial statements.

Capital Resources

For the foreseeable future, we believe cash on hand, cash flows from operating activities and available credit facilities, including those of our Subsidiaries, will provide us with sufficient capital resources and liquidity to manage our working capital needs, meet contractual obligations, fund capital expenditures, and support the development of our short-term operating strategies.

We plan to pursue strategic acquisitions as an element of our business strategy. The timing, size or success of any acquisition and the associated potential capital commitments are unpredictable and uncertain. We may seek to fund all or part of any such acquisition with proceeds from debt or equity issuances, or may issue equity directly to the sellers in any such acquisition, or any combination thereof. Our ability to obtain capital for strategic acquisitions will depend on our future operating performance, financial condition and, more broadly, on the availability of equity and debt financing. Capital availability will be affected by prevailing conditions in our industry, the global economy, the global financial markets and other factors, many of which are beyond our control. Any additional debt service requirements we take on could be based on higher interest rates and shorter maturities and could impose a significant burden on our results of operations and financial condition, and the issuance of additional equity securities could result in significant dilution to our shareholders.

SEC Settlement

On August 28, 2024, we reached a settlement of a civil administrative proceeding with the SEC related to the Company’s restatement of its previously issued financial statements for 2018 through 2020. The Company, without admitting or denying the findings, agreed to a cease-and-desist order regarding Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act and Rules 13a-1, 13a-15(a) - (c), and 13a-16 thereunder. As part of the settlement, the Company paid a civil monetary penalty to the SEC in the amount of \$400,000.

Other Factors Affecting Liquidity

Customer receivables. In line with industry practice, we bill our customers for our services in arrears and are, therefore, subject to our customers delaying or failing to pay our invoices. In weak economic environments, we may experience increased delays and failures to pay our invoices due to, among other reasons, a reduction in our customers’ cash flow from operations and their access to the credit markets as well as unsettled political conditions. If our customers delay paying or fail to pay us a significant amount of our outstanding receivables, it could have a material impact on our liquidity, results of operations and financial condition.

Shelf registration statement. The Company does not have any effective shelf registration statements as of December 31, 2024.

Nasdaq Uplisting. Effective October 22, 2024, the Company’s ordinary shares and warrants were uplisted to the Nasdaq Capital Market. The Company’s shares continued to trade under the ticker symbol “NESR”, and its warrants continued to trade under the ticker symbol “NESRW”.

Capital Expenditure Commitments

The Company was committed to incur capital expenditures of \$33.6 million and \$15.4 million at December 31, 2024, and December 31, 2023, respectively. Substantially all of the commitments outstanding as of December 31, 2024, are expected to be settled during 2025.

C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, ETC.

We own and control a variety of intellectual property, including but not limited to proprietary information and software tools and applications that, in the aggregate, are material to our business. No individual instance of intellectual property is material to the Company. To date, the Company has not made significant expenditures on research and development activities aside from strategic investments and partnerships with companies to expand the NEDA and Drilling and Evaluation Services portfolios. Additionally, we operate NORI in the heart of Saudi Arabia’s industrial research, technology, and academic hub, DTV. NORI allows us the ability to drive energy sector research and innovation across the MENA region through activities such as providing advanced core analysis and reservoir studies for our customers.

D. TREND INFORMATION

Global E&P Trends and Oil Prices

See “– Global E&P Trends and Oil Prices” included in Item 5A, “Operating Results”.

E. CRITICAL ACCOUNTING ESTIMATES

We have defined a critical accounting estimate as one that is both important to the portrayal of either our financial condition or results of operations and requires us to make difficult, subjective or complex judgments or estimates about matters that are uncertain. We believe that the following are the critical accounting estimates used in the preparation of our consolidated financial statements. There are other items within our consolidated financial statements that require estimation and judgment, but they are not deemed critical as defined above. This discussion and analysis should be read in conjunction with our consolidated financial statements and related notes included in this Annual Report.

Goodwill

Goodwill is the excess cost of an acquired entity over the amounts assigned to assets acquired and liabilities assumed in a business combination. Goodwill is evaluated for impairment on an annual basis as of October 1, or more frequently if circumstances indicate an impairment may exist at the reporting unit level. When performing the annual impairment test we have the option of first performing a qualitative assessment to determine the existence of events and circumstances that would lead to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If such a conclusion is reached, we would then be required to perform a quantitative impairment assessment of goodwill. A quantitative assessment for the determination of impairment is made by comparing the carrying amount of each reporting unit with its fair value. Determining the fair value of a reporting unit is judgmental in nature and involves the use of significant estimates and assumptions and typically requires analysis of discounted cash flows and other market information, such as trading multiples, and comparable transactions. Cash flow analysis requires judgment regarding many factors, such as management’s projections of future cash flows, weighted-average cost of capital, and long-term growth rates. Market information requires judgmental selection of relevant market comparables. We assess the valuation methodology based upon the relevance and availability of the data at the time the valuation is performed. Our estimates are based upon assumptions believed to be reasonable, but which are inherently uncertain, and actual results may differ from those assumed in our analysis. The determination of whether goodwill is impaired involves a significant level of judgment in these assumptions, and changes in our forecasts, business strategy, government regulations, or economic or market conditions could significantly impact these judgments, potentially decreasing the fair value of one or more reporting units. Any resulting impairment charges could have a material impact on our results of operations.

The Company estimated that the aggregate fair value of its two reporting units as of October 1, 2024, its most recent annual goodwill impairment test date, was \$2.1 billion. The Company’s market capitalization as of October 1, 2024, was \$902.0 million based on an October 1, 2024, share price of \$9.45 and 95,447,211 common shares outstanding. It is the Company’s opinion that the share price was not representative of the implied fair value as of October 1, 2024, due to control premium, the Company’s strong operational performance in comparison to the prevailing trends in oil prices and the financial performance of industry peers, and non-public information of which management is privy but is not reflected in the share price. In determining the control premium, management has considered current and historical industry transactions prior to valuation.

In further assessing the valuation of the Company’s goodwill, management performed sensitivity analysis by adjusting key inputs used in determining the Company’s future cash flows. For the October 1, 2024, test date, the Company ran four scenarios where management made adjustments to Revenues, Earnings before interest, taxes, depreciation, and amortization, Capital expenditures, and Discount rate. In all of these scenarios, the resulting model showed an excess of implied fair value over the carrying value of the reporting unit. The results of these sensitivity analyses are shown in the table below (in \$000s):

	Excess (deficit) of Implied Fair Value over (under) Carrying Value	
	Production Services	Drilling and Evaluation
Base case	\$ 398,165	\$ 425,883
Revenue growth lower by 10%	105,068	53,002
Earnings before interest, taxes, depreciation, and amortization lower by 10%	181,761	279,769
Capital expenditures higher by 10% with no impact to revenue	357,210	401,414
Discount rate higher by 165 basis points	320,270	370,706

Intangible assets

Our intangible assets with finite lives consist of customer contracts, trademarks and trade names primarily acquired in connection with the Business Combinations. The cost of intangible assets with finite lives is amortized over the estimated period of economic benefit, ranging from eight to ten years. Asset lives are adjusted whenever there is a change in the estimated period of economic benefit. No residual value has been assigned to these intangible assets.

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. These conditions may include a change in the extent or manner in which the asset is being used or a change in future operations. We assess the recoverability of the carrying amount by preparing estimates of future revenue, margins, and cash flows. In reviewing for impairment, the carrying value of such assets is compared to the estimated undiscounted future cash flows expected from the use of the assets and their eventual disposition. If such cash flows are not sufficient to support the asset’s recorded value, an impairment charge is recognized to reduce the carrying value of the asset to its estimated fair value. The determination of future cash flows as well as the estimated fair value of assets involves significant estimates on the part of management. If there is a material change in economic conditions or other circumstances influencing the estimate of future cash flows or fair value, we could be required to recognize impairment charges in the future. Fair value of these assets may be determined by a variety of methodologies, including discounted cash flow models.

Income taxes

Income tax (expense) / benefit represents the sum of current tax and deferred tax. Interest and penalties relating to income tax are also included in the income tax (expense) / benefit. Income tax is recognized in the statements of operations, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case the related tax is recognized in other comprehensive income or directly in equity. Current tax is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the statements of operations because it is determined in accordance with the rules established by the applicable taxation authorities. It therefore excludes items of income or expense that are taxable or deductible in other periods as well as items that are never taxable or deductible. Our liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences except:

- where the deferred tax liability arises on the initial recognition of goodwill;
- where the deferred tax liability arises on the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements, where we are able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss. In respect of deductible temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

The computation of our income tax (expense) / benefit and liability involves the interpretation of applicable tax laws and regulations in many jurisdictions. The resolution of tax positions taken by us, through negotiations with relevant tax authorities or through litigation, can take several years to complete and in some cases it is difficult to predict the ultimate outcome. Therefore, judgment is required to determine provisions for income taxes. In addition, we have carry-forward tax losses and tax credits in certain taxing jurisdictions that are available to offset against future taxable profit. However, deferred tax assets are recognized only to the extent that it is probable that taxable profit will be available against which the unused tax losses or tax credits can be utilized. Management judgment is exercised in assessing whether this is the case and estimates are required to be made of the amount of future taxable profits that will be available.

Recently Issued Accounting Pronouncements

Please refer to Note 3 to our consolidated financial statements included in Item 18, “Financial Statements,” of this Annual Report, for a discussion of recent accounting pronouncements and their anticipated impact.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. DIRECTORS AND SENIOR MANAGEMENT

We rely on the Senior Management of our principal operating subsidiaries to manage our business. Our Senior Management team is responsible for the day-to-day management of our operations. Members of our senior management are appointed from time to time by vote of the Board of Directors and hold office until a successor is elected and qualified. Our current Chief Executive Officer and Chief Financial Officer (collectively, our “Senior Management”) are:

Name	Age ⁽¹⁾	Position
Sherif Foda	55	Executive Chairman of the Board and Chief Executive Officer
Stefan Angeli	65	Chief Financial Officer

(1) As of December 31, 2024.

Sherif Foda has served as the Chairman and Chief Executive Officer of NESR since inception. He started the company in 2017 as a SPAC to create the first and largest energy services company from the MENA region publicly listed on the Nasdaq Stock Market. He has more than 25 years of professional experience in the energy industry working primarily in his earlier career for Schlumberger Limited (NYSE: SLB) around the world, particularly in the Middle East, Europe and the US. He served as Senior Advisor to the Chairman of SLB, an officer and President of the Production Group, the President of Europe and Africa, Vice President, and Managing Director of the Arabian market, President of Well Intervention worldwide, Vice President of Europe, Caspian and Africa, and Managing Director of Oman among other roles. He started his career in 1993 with SLB, working on the offshore fields in the Red Sea, then transferred to Germany and Eastern Europe before getting to multiple senior level positions. Prior to working in the oil and natural gas industry, he worked in the information technology and computer industry for two years after graduating from Ain Shams University in Cairo with double majors in Electronics Engineering and Automatic Control. He attended various executive courses at Harvard Business School, Oxford and IMD Business School and is a usual speaker in multiple forums. Mr. Foda used to serve as a board member of Energy Recovery, Inc. (Nasdaq: ERII), a technology company based in California and on the Board of Trustees of Awty International School in Houston. He currently serves as the Chairman of the board of directors of WDVG Engineering based in Houston, GLC Energy Company in London and is a member of the Oxford Energy Policy Club in the UK. He is also a board member for Al Fanar Venture philanthropy in London.

We believe that Mr. Foda is qualified to serve on our Board of Directors because of his extensive experience in the oil and natural gas industry, including approximately 25 years with Schlumberger and his extensive oil field services industry experience throughout the MENA region and globally as an executive and board member.

Stefan Angeli has been the Chief Financial Officer of NESR since February 8, 2022. Previously, Mr. Angeli was CFO for Stratum Reservoir – a private equity portfolio company involved in reservoir characterization, laboratory services and instrumentation for upstream, downstream and the mining sector. Mr. Angeli spent the majority of his career (30 years) at Schlumberger in diverse roles with his last 5 assignments being Group Controller for Integrated Project Management, Controller for the Reservoir Production Group, Area Controller for Latin America Oilfield Services, and Controller for Schlumberger Information Systems & Well Completion and Productivity Business Segments. During his career, Mr. Angeli has been based in Sydney, Singapore, Jakarta, Aberdeen, Luanda, London, Rio De Janeiro and Houston. He earned a Bachelor of Economics degree majoring in Economics and Accounting from the University of Sydney, qualified as a chartered accountant, and then finished a graduate diploma in Advanced Financial Management. He has also attended advanced finance management courses at the International Institute for Management Development (IMD) and the Wharton School of the University of Pennsylvania.

Board of Directors

The Company’s Board of Directors was elected by the shareholders at the Company’s 2024 annual general meeting. Members of our Board of Directors may be elected by a simple majority of the votes validly cast at any general meeting of shareholders. Any director may be removed, even without cause, by a majority vote at any general meeting of shareholders. If the office of a director becomes vacant, our Memorandum and Articles of Association provide that the other directors, acting by a majority, may fill the vacancy on a provisional basis until a new director is appointed at the next general meeting of shareholders. Additional directors may also be appointed in the same manner, by majority vote of the directors until subsequently standing for election at the next general meeting of shareholders. Search efforts are currently underway to add one or more independent directors to the Company’s Board of Directors and it is anticipated that an additional independent director will stand for election at the next general meeting of shareholders.

On May 14, 2024, our Board of Directors approved an amendment to our Memorandum and Articles of Association to eliminate the distinction between Class I and Class II directors. Beginning with the 2024 annual general meeting, all directors are nominated as a single class to be elected or re-elected for a term of one year following their election (which period may be extended at any time by resolution of the directors but not beyond the date of the next annual general meeting) or until the first general meeting following their election.

Set forth below are the names, ages and positions of each of the individuals who serve as directors of NESR at December 31, 2024:

Name	Age ⁽⁴⁾	Position
Antonio J. Campo Mejia	67	Lead Independent Director
Yousef Al Nowais ⁽¹⁾	70	Independent Director
Andrew Waite ⁽²⁾	63	Independent Director
Anthony (Tony) R. Chase ⁽³⁾	69	Independent Director
Sherif Foda	55	Executive Chairman of the Board and Chief Executive Officer

⁽¹⁾ Al Nowais Investments LLC (“ANI”) is entitled, pursuant to a Relationship Agreement dated June 6, 2018, to nominate one director to the Board of Directors for so long as it or its affiliates hold at least 50% of the NESR ordinary shares acquired pursuant to the NPS/GES Business Combination. Mr. Al Nowais represents ANI on the Board.

⁽²⁾ SCF-VIII, L.P. (“SCF-VIII”) is entitled, pursuant to a Voting Agreement dated June 6, 2018, to nominate one director to the Board of Directors for so long as it or its affiliates hold at least 60% of the NESR ordinary shares acquired pursuant to the NPS/GES Business Combination. Mr. Waite represents SCF-VIII on the Board. Prior to restructuring during 2020, these shares held by SCF-VIII were held by SV3 Holdings, Pte Ltd.

⁽³⁾ Hana Investments Co. WLL (“Olayan”) is entitled, pursuant to a Relationship Agreement dated June 5, 2018, to nominate one director to the Board of Directors for so long as Olayan and its affiliates collectively hold, in the aggregate, at least 6,879,225 Common Shares (subject to appropriate adjustment for any stock dividends, splits, reverse splits, combinations, recapitalizations and the like occurring after June 5, 2018).

⁽⁴⁾ Age as of December 31, 2024.

Information regarding the business experience of each director is provided below. There are no family relationships among NESR’s executive officers and directors.

Antonio J. Campo Mejia has been an independent director of the Company since May 12, 2017, and is the Lead Independent Director of the Board. Mr. Campo Mejia has been a non-executive director of the Supervisory Board of Fugro N.V. (Euronext: FUR), a company providing geotechnical, survey, subsea and geosciences services since 2014 and Vice-Chairman of Basin Holdings, a global holding company focused on providing products and services to energy and industrial customers since 2012. From 2012 to 2013, Mr. Campo Mejia served as non-executive director at Integra Group, an oilfield services company, mainly active in Russia and the Commonwealth of Independent States and served as its Chief Executive Officer from 2009 to 2012. Mr. Campo Mejia also served as non-executive director at Basin Supply LP, Basin Tools LP and Basin Energy Services LP from 2009 to 2014. Prior to that, Mr. Campo Mejia spent 28 years of his professional career at Schlumberger, one of the world’s leading oilfield services companies, in a multitude of senior management positions in different parts of the world. In his various roles with Schlumberger, Mr. Campo Mejia served as the President of Latin America for Oilfield Services and President of Europe & Africa and was the President of Schlumberger’s Integrated Project Management business responsible for the worldwide operations in this service line. Prior to that, Mr. Campo Mejia served as Director of Personnel for the Reservoir Management Group in Houston, Texas and Vice President of Oilfield Services Latin America South, managing a full range of services in the region. In his career prior to 1997, Mr. Campo Mejia held a number of senior management and technical positions in Schlumberger’s wireline business. Mr. Campo Mejia received his bachelor’s degree in Electronic Engineering from Pontificia Universidad Javeriana in 1980.

We believe that Mr. Campo Mejia is qualified to serve on our Board of Directors because of his extensive experience in the oil and natural gas industry and his experience as an executive in oilfield services and board member of multinational companies.

Yousef Al Nowais was appointed by our Nominating and Governance Committee and Board of Directors on November 9, 2019. He serves as the Chairman and Managing Director of Arab Development (“ARDECO”), a company he founded in his home city of Abu Dhabi, the United Arab Emirates. ARDECO is a large, diversified business and a leading player in the oil and natural gas and petrochemical sectors as well as power generation and distribution and other engineering and infrastructure project services. He served as the Co-Chairman of Al Nowais Investments LLC, a leading investment company based in Abu Dhabi with local and international holdings in a broad range of strategic investments and actively managed subsidiaries. Mr. Al Nowais has been vice Chairman of Al Dhafra Insurance since 2013, and has been Chairman of Archirodon S.A., an international EPC contractor, since 2023. Prior to founding ARDECO, Mr. Al Nowais joined Abu Dhabi National Oil Company (“ADNOC”) after graduating from the University of Arizona in 1979 and held many senior positions in the ADNOC group, including Finance Director and Managing Director of ADNOC’s subsidiary FERTIL. From 2007 to 2013, Mr. Al Nowais served as Managing Director of Al Maabar International, a leading UAE organization investing internationally in real estate projects in the MENA region, which was formed as a joint venture between Al Dar Properties, Mubadala, Al Qudra Holdings, Reem Investment and Reem International.

We believe that Mr. Al Nowais is qualified to serve on our Board of Directors because of his extensive experience in the oil and natural gas industry.

Andrew Waite was elected to the Board as of June 6, 2018, and is an independent director. Mr. Waite is Managing Partner of SCF Partners, Inc., the ultimate general partner of SCF-VIII, L.P., and has been an officer of that company since October 1995. He was previously Vice President of Simmons & Company International, where he served from August 1993 to September 1995. From 1984 to 1991, Mr. Waite held a number of engineering and project management positions with Royal Dutch / Shell Group, an integrated energy company. Mr. Waite previously served on the board of directors of Complete Production Services, Inc. (previously NYSE: CPX), a provider of specialized oil and natural gas completion and production services, from 2007 to 2009, Hornbeck Offshore Services, Inc. (previously NYSE: HOS), a provider of marine services to the energy sector and military customers, from 2000 to 2006, Oil States International, Inc. (NYSE: OIS), a diversified oilfield services and equipment company, from August 1995 through April 2006, Atlantic Navigation Holdings (Singapore) Limited (SGX: 5UL), a provider of marine logistic, ship repair, fabrication, and other marine services, from January 2016 to December 2018, Forum Energy Technologies, Inc. (NYSE: FET), a provider of value added solutions and products to the energy industry, from 2010 to 2021, and Nine Energy Service, Inc. (NYSE:NINE), a provider of specialized cementing and completion services and equipment, from 2011 to 2025. Mr. Waite received a Bachelor of Science degree in Civil Engineering from Loughborough University, a Master of Science in Environmental Engineering Science from California Institute of Technology, and an M.B.A., with high distinction, from Harvard Business School.

We believe that Mr. Waite is qualified to serve on our Board of Directors because of his extensive public company experience in the energy sector, in particular in the oilfield services industry, and his experience in identifying strategic growth trends in the energy industry and evaluating potential transactions.

Anthony (Tony) R. Chase was elected to the Board of Directors on June 14, 2024, and is an independent director. Mr. Chase is Chairman and CEO of ChaseSource, LP, a staffing, facilities management, and real estate development firm. Previously, he started and sold three ventures (Chase Radio Partners, Cricket Wireless and ChaseCom). The first, Chase Radio Partners, founded in 1992, owned seven radio stations and was sold to Clear Channel Communications in 1998. The second was Cricket Wireless, a nationwide cell phone service provider that he started together with Qualcomm in 1993. Mr. Chase opened the first Cricket markets in Chattanooga and Nashville, TN. The third was ChaseCom, a company that built and operated call centers in the United States and India, which he sold to AT&T Corporation in 2007. Mr. Chase is also a principal owner of the Houston Airport Marriott at George Bush Intercontinental Airport and the Principal Auto Toyota dealership in greater Memphis, TN. Mr. Chase serves on several non-profit boards in Houston: Houston Endowment, Greater Houston Partnership, Texas Medical Center, MD Anderson Board of Visitors, and the Greater Houston Community Foundation. Mr. Chase previously served as Deputy Chairman of the Federal Reserve Bank of Dallas and the Chairman of the Greater Houston Partnership. He is also a member of the Council on Foreign Relations. Mr. Chase serves on the boards of Cullen/Frost Bankers, Inc. (NYSE: CFR), LyondellBasell Industries N.V. (NYSE: LYB), and Nabors Industries Ltd. (NYSE: NBR) and previously served on the boards of Heritage Crystal Clean, Inc. until 2022 and Par-Pacific Holdings, Inc. (NYSE: PARR) until 2024. Mr. Chase is a Professor of Law Emeritus at the University of Houston Law Center.

We believe Mr. Chase is qualified to serve on our Board of Directors due to his extensive experience in banking and finance, corporate governance and human resources, as well as his experience as an executive and board member.

Sherif Foda’s biographical information is set forth above.

B. COMPENSATION

Senior Management

Members of our Senior Management receive compensation for the services they provide. Base compensation for each member of Senior Management has been comprised of cash salary and annual cash incentive bonus, the latter of which is dependent upon the achievement of Company financial targets and personal objectives. Additionally, certain members of our Senior Management have received compensation in the form of restricted stock units (“RSUs”), issued pursuant to our Amended and Restated 2018 Long Term Incentive Plan (the “Amended LTIP”), and retention arrangements. During the year ended December 31, 2024, the aggregate cash salary and annual cash incentive bonus compensation paid to all current members of our Houston, Texas-based Senior Management as a group was \$3.0 million. The grant date fair value of Amended LTIP grants to all current members of Senior Management totaled \$0 (zero) million during the year ended December 31, 2024. Sherif Foda in his capacity as Chief Executive Officer (“CEO”) waived receiving stock awards from 2018 to 2024 in order to increase the number of shares available to grant to a broader pool of employees. Additionally, Mr. Foda waived his cash bonus for 2022.

During 2023, in recognition of the extraordinary circumstances associated with the matters identified in our Annual Report on Form 20-F for the year ended December 31, 2022, related to restatement of our previously issued audited financial statements as of and for the year ended December 31, 2020, the Compensation Committee of the Board of Directors awarded Mr. Angeli a retention agreement that provided for cash payments and future equity grants in exchange for continued service at the Company. The Company paid Mr. Angeli cash retention totalling \$0.4 million during 2023, \$0.6 million during 2024, with \$0.5 million earned but not yet paid as of December 31, 2024. In addition to cash payments, the retention agreements also provided for equity awards of no more than 500,000 shares. As of December 31, 2024, 399,999 of these equity awards were vested and issued with the remainder eligible to be vested on March 15, 2025 and March 15, 2026.

The compensation that we pay to our Senior Management is evaluated on an annual basis considering the following primary factors: position scope and responsibilities, experience and individual performance, market data, financial targets, personal objectives, and execution on longer-term financial and strategic goals that drive stockholder value creation and support the Company’s retention strategy. In addition, members of our Senior Management are eligible to participate in welfare benefit programs made available to our workforce generally, including medical, dental and vision benefits, medical and dependent care flexible spending accounts, short-term and long-term disability insurance, and life insurance. We believe that the compensation awarded to our Senior Management is consistent with that of our peers and similarly situated companies in the industry in which we operate.

Directors

Our Director compensation philosophy is to appropriately compensate our non-employee Directors for their services as a Director of a complex multi-national company. The compensation structure should align the interests of Directors and shareholders. Directors who are also employees of NESR do not receive compensation for serving on the Board. We believe that our Director fee structure is customary and reasonable and consistent with that of our peers and similarly situated companies in the industry in which we operate.

All non-employee Directors receive an annual retainer of \$50,000, paid in quarterly installments, and pro-rated for any partial year of service. In addition, the chairs of the Compensation and Nominating and Governance Committees receive an additional \$15,000 annual retainer and the chair of the Audit Committee receives an additional annual retainer of \$20,000, paid in quarterly installments, and pro-rated for any partial years of service. As of December 31, 2024, the Company has unpaid 2024 Director cash compensation of \$100,000, respectively, which is expected to be settled in 2025.

Additionally, all non-employee Directors are also to receive an annual equity award consisting of restricted shares that vest over one year. Upon award, all shares will follow the terms and conditions of the long-term incentive plan in effect at the time of grant.

Non-employee Directors are permitted to waive Director’s fees.

Director Compensation

The following table provides information on the compensation earned or awarded to our Directors during the year ended December 31, 2024.

Name	Fees Earned	Stock	Total
		Awards ⁽⁴⁾	
	(\$)	(\$)	(\$)
Antonio Campo Mejia	65,000	179,500	244,500
Yousef Al Nowais ⁽¹⁾	-	-	-
Andrew Waite	70,000	179,500	249,500
Anthony (Tony) R. Chase	32,500	-	32,500
Thomas D. Wood ⁽²⁾	32,500	92,000	124,500
Sherif Foda ⁽³⁾	-	-	-

- (1) Mr. Al Nowais waived his 2024 compensation.
- (2) Prior to his resignation from our Board of Directors in the second quarter of 2024, Mr. Wood earned \$32,500 in cash and received a previously delayed equity award valued at \$92,000 for his service during 2023.
- (3) Employees or non-independent directors do not receive any compensation including any cash or stock grants for their service on our Board of Directors.
- (4) During the year ended December 31, 2024, Messrs. Campo Mejia and Waite each received restricted share grants totalling \$87,500. Additionally, Messrs. Campo Mejia, Waite, and Wood also received previously delayed equity awards totalling \$92,000 each for service provided during 2023. The 2023 awards were delayed as the predecessor plan to the Amended LTIP did not have sufficient ordinary shares reserved for the awards.

Equity and Long-Term Incentive Compensation Plans

In 2024, the NESR shareholders approved the Amended LTIP. A total of 11,500,000 ordinary shares are reserved for issuance under the Amended LTIP.

The purpose of the Amended LTIP is to enhance our ability to attract, retain and motivate persons who make (or are expected to make) important contributions to NESR by providing these individuals with equity ownership opportunities. The Company intends to use share-based awards to reward long-term performance of employees. The Company believes that providing a meaningful portion of the total compensation package in the form of share-based awards will align the incentives of its executive officers with the interests of its shareholders and serve to motivate and retain the broader workforce.

The Company has established a strong culture of granting stock awards to all its top performers. The plan includes all employees at all levels. The program is designed to award up to 200% of the annual salary as Amended LTIP awards for achieving certain stretch goals and incentivizes key employees to contribute and excel. The 200% annual salary cap is applicable to all employees equally and includes the Chief Executive Officer, Chief Financial Officer and the senior executive officers of the Company. As mentioned earlier, the Chief Executive Officer waived his Amended LTIP compensation from 2018 to 2024 to increase the pool of awards to a wider range of employees.

During the year ended December 31, 2024, the Company awarded 2,407,500 equity-classified RSUs under the Amended LTIP (including Board of Directors’ awards discussed previously) at a value of \$21.1 million. The RSUs were allocated to the recipients at a weighted average grant date fair value of \$8.75 per share and except for Board of Directors’ awards previously discussed, vest ratably on an annual basis over a 3-year period (1/3 of the shares vest at the anniversary of the grant date). Expenses related to equity-classified share-based compensation of \$6.0 million, \$6.7 million, and \$9.3 million was recorded in the Consolidated Statements of Operations in the years ended December 31, 2024, 2023, and 2022, respectively. At December 31, 2024 and 2023, the Company had unrecognized compensation expense of \$18.6 million and \$3.8 million, respectively, related to unvested RSUs to be recognized on a straight-line basis over a weighted average remaining period of 2.55 years and 1.02 years, respectively.

Benefit Plans and Programs

The Company provides welfare and other benefit programs made, as consistent with local custom in each country in which it operates, generally including medical, dental and vision benefits, medical and dependent care flexible spending accounts, short-term and long-term disability insurance, and life insurance.

The Company provides a defined benefit plan of severance pay to eligible employees. Accruals for these end-of-service indemnities totaled \$38.7 million and \$33.7 million as of December 31, 2024, and 2023, respectively. The severance pay plan provides for a lump sum payment to employees on separation (retirement, resignation, death while in employment or on termination of employment) of an amount based upon the employees last drawn salary and length of service, subject to the completion of minimum service period (1-2 years) and taking into account the provisions of local applicable law or as per applicable employee contracts. The Company records annual amounts relating to these long-term employee benefits based on calculations that incorporate various actuarial and other assumptions, including discount rates, mortality, assumed rates of return, compensation increases and turnover rates. The Company reviews its assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends when it is appropriate to do so. The effect of modifications to those assumptions is recorded in the Consolidated Statements of Operations. The Company believes that the assumptions utilized in recording its obligations under its plans are reasonable based on its experience and market conditions. The net periodic costs are recognized as employees render the services necessary to earn these benefits.

The Company provides a defined contribution retirement plan and occupational hazard insurance for Omani employees. Contributions to a defined contribution retirement plan and occupational hazard insurance for Omani employees in accordance with the Omani Social Insurances Law are recognized as an expense in the Consolidated Statements of Operations as incurred.

We have established an annual bonus plan for key employees whose decisions, activities and performance have a significant impact on business results. Target bonus levels are determined on an individual basis and take into account individual performance, competitive pay practices and external market conditions. Entitlement to bonus payments is based largely on the achievement of our Company’s targets for the annual period.

C. BOARD PRACTICES

See Item 10B, “Memorandum and Articles of Association—Voting Rights—Appointment and Removal of Directors” for a detailed description regarding the appointment and removal of our Board of Directors.

As of December 31, 2024, the Board of Directors consisted of five directors. This included two NESR directors existing prior to our acquisition of NPS and GES, Sherif Foda and Antonio J. Campo Mejia, and three additional directors, Yousef Al Nowais, Anthony (Tony) R. Chase, and Andrew Waite. See Item 6A, “Directors and Senior Management” for more information about our current Senior Management and Board of Directors.

There are no service contracts between us or any of our Subsidiaries and any of our current directors providing for benefits upon termination of their service.

Committees of the Board of Directors

Our Board of Directors has established an Audit Committee, a Compensation Committee and a Nominating and Governance Committee and may create such other committees as the Board of Directors shall determine from time to time. Each of the standing committees of our Board of Directors has the composition and responsibilities described below.

Audit Committee

We have established an Audit Committee of the Board of Directors. During 2024, the members of our Audit Committee were Mr. Waite, Mr. Campo Mejia, Mr. Wood until his resignation from the Board of Directors, and Mr. Al Nowais after Mr. Wood’s departure. Mr. Waite served as the chairman of the Audit Committee throughout 2024. Under applicable SEC rules, subject to certain exceptions, we are required to have three members of the Audit Committee, all of whom must be independent. Our Board of Directors has determined that Mr. Waite, Mr. Campo Mejia and Mr. Al Nowais are each independent under applicable SEC rules.

Each member of the Audit Committee is financially literate, and our Board of Directors has determined that Mr. Waite qualifies as an “audit committee financial expert” as defined in applicable SEC rules.

We have adopted an Audit Committee charter, which details the principal functions of the Audit Committee, including:

- reviewing and discussing with management and the independent auditor the annual audited financial statements, and recommending to the Board of Directors whether the audited financial statements should be included in our annual reports;
- reviewing and discussing with management and our independent auditor our quarterly financial statements prior to the filing of our quarterly reports, including the results of the independent auditor’s review of the quarterly financial statements;
- discussing with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of our financial statements;
- discussing with management major risk assessment and risk management policies, including cybersecurity and information technology risks;
- monitoring the independence of the independent auditor;
- verifying the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law;
- reviewing and approving all related-party transactions;
- inquiring and discussing with management our compliance with applicable laws and regulations;
- pre-approving all audit services and permitted non-audit services to be performed by our independent auditor, including the fees and terms of the services to be performed;
- appointing or replacing the independent auditor;
- determining the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work; and
- establishing procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or reports which raise material issues regarding our financial statements or accounting policies.

On March 11, 2023, the Board formed a subcommittee of its Audit Committee, consisting of independent directors Mr. Waite and Mr. Campo Mejia, to serve as an independent committee (the “Subcommittee”) to understand and address the causes of the matters described in our Annual Report on Form 20-F for the year ended December 31, 2022, relating to restatement of our previously issued audited financial statements as of and for the year-ended December 31, 2020.

Compensation Committee

The Board of Directors has formed a Compensation Committee of the Board of Directors. During 2024, the members of our Compensation Committee were Mr. Campo Mejia, Mr. Waite, Mr. Wood until his resignation from the Board of Directors, and Mr. Chase subsequent to Mr. Wood’s departure. Mr. Wood served as the chairman of the Compensation Committee until his resignation from the Board and was replaced by Mr. Campo Mejia. We have adopted a Compensation Committee charter, which details the principal functions of the Compensation Committee, including:

- reviewing and approving on an annual basis the corporate goals and objectives relevant to our Chief Executive Officer’s compensation, evaluating our Chief Executive Officer’s performance in light of such goals and objectives and determining and recommending to the Board of Directors the remuneration of our Chief Executive Officer based on such evaluation;
- reviewing and recommending to the Board of Directors the compensation of all other executive officers;
- recommending the short- and long-term incentive compensation of all executive officers to the Board of Directors;
- reviewing our executive compensation policies and plans;
- implementing and administering our incentive compensation equity-based remuneration plans;
- assisting management in complying with our proxy statement and Annual Report disclosure requirements;
- recommending to the Board of Directors all special perquisites, special cash payments and other special compensation and benefit arrangements for our executive officers and employees;
- if required, producing a report on executive compensation to be included in our annual proxy statement;
- Administering the Company’s Dodd-Frank Clawback Policy and any other clawback policies governing the Company; and
- reviewing, evaluating and recommending changes, if appropriate, to the remuneration for directors.

The charter also provides that the Compensation Committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel or other adviser and will be directly responsible for the appointment, compensation and oversight of the work of any such adviser. However, before engaging or receiving advice from a compensation consultant, external legal counsel or any other adviser, the Compensation Committee will consider the independence of each such adviser, including the factors required by the SEC.

Nominating and Governance Committee

Our Nominating and Governance Committee consists of Mr. Campo Mejia, Mr. Waite, Mr. Wood until his resignation from the Board of Directors, and Mr. Chase subsequent to Mr. Wood’s departure. Mr. Campo Mejia served as the chairman of the Nominating and Governance Committee until Mr. Wood’s resignation from the Board when Mr. Chase assumed the role of chairman of the Nominating and Governance Committee. The Nominating and Governance Committee is responsible for monitoring compliance with good corporate governance standards and overseeing the selection of persons to be nominated to serve on our Board of Directors. The Nominating and Governance Committee considers persons identified by its members, management, shareholders, investment bankers and others. The guidelines for selecting nominees, which are specified in our Nominating and Governance Committee charter, generally provide that persons to be nominated:

- should have demonstrated notable or significant achievements in business, education or public service;
- should possess the requisite intelligence, education and experience to make a significant contribution to the Board of Directors and bring a range of skills, diverse perspectives and backgrounds to its deliberations; and
- should have the highest ethical standards, a strong sense of professionalism and intense dedication to serving the interests of our shareholders.

The Nominating and Governance Committee will consider a number of qualifications relating to management and leadership experience, background, integrity and professionalism in evaluating a person’s candidacy for membership on the Board of Directors. The Nominating and Governance Committee may require certain skills or attributes, such as financial or accounting experience, to meet specific Board needs that arise from time to time and will also consider the overall experience and makeup of its members to obtain a broad and diverse mix of Board members. The Nominating and Governance Committee does not distinguish among nominees recommended by shareholders and other persons.

We have adopted a Nominating and Governance Committee charter which details the principal functions of the Nominating and Governance Committee including:

- reviewing the Company’s Code of Conduct and other governance guidelines at least annually and making such recommendations to the Board of Directors with respect thereto as it may seem advisable;
- reviewing qualifications of individuals suggested as potential candidates for director of the Company, including candidates suggested by shareholders, and considering for nomination any of such individuals who are deemed qualified in line with the Board of Directors Candidate Guidelines;
- recommending to the Board of Directors candidates for election as directors of the Company to fill open seats on the Board of Directors between annual general meetings, including vacancies created by an increase in the number of directors;
- providing comments and suggestions to the Board of Directors concerning committee structure of the Board of Directors, committee operations, committee member qualifications, and committee member appointment;
- reviewing any allegation that an executive officer or director may have violated the Company’s Code of Conduct and reporting its findings to the Board of Directors;
- Overseeing the Company’s ESG program and practices, including any ESG reporting; and
- taking such other actions and doing such other things as may be referred to the Nominating and Governance Committee from time to time by the Board of Directors.

D. EMPLOYEES

As of December 31, 2024, 2023, and 2022, we employed 6,554, 6,231, and 5,968 employees and independent contractors, respectively, from over 60 different nationalities.

Our employees are at the forefront of our strategy. We believe that our future success depends on our ability to attract, retain and motivate qualified personnel. NESR places great importance on building and maintaining a highly motivated and skilled workforce by identifying and developing key skills, experience and knowledge and applying this talent set to job specific requirements.

Our team of experienced professionals is dedicated to providing safe and outstanding service to ensure customer satisfaction in all areas of operation. Extensive training is provided to our employees and is split between on-the job training, online training and classroom training. We also have a career development plan covering key competencies and skills required for employees to advance both their seniority level and career within the company.

The Company has no history of prolonged labor disputes or work stoppages and thus believes that relations with employees are good.

With the exception of certain of our employees in Oman, none of our employees are currently represented by unions or covered by collective bargaining agreements.

E. SHARE OWNERSHIP

The table below shows the number and percentage of our outstanding ordinary shares beneficially owned by each of our directors and executive officers and all of our directors and executive officers as a group as of December 31, 2024.

Officer and/or Director	Beneficial Interest in Ordinary Shares	
	Number of shares	Percentage ^(a)
Sherif Foda ^(b)	2,965,325	3.1%
Stefan Angeli	399,999	0.4%
Antonio J. Campo Mejia	736,922	0.8%
Yousef Al Nowais ^(c)	5,358,396	5.6%
Andrew Waite	52,103	0.1%
Anthony (Tony) R. Chase	-	-
All officers and directors as a group	9,512,745	9.9%

* less than 1%

- (a) Based on issued and outstanding ordinary shares of 96,045,856 as of December 31, 2024.
- (b) Mr. Foda owns 2,965,325 ordinary shares, inclusive of shares held by NESR Holdings, Ltd., our Sponsor. Mr. Foda has exclusive voting and dispositive power over the ordinary shares held by NESR Holdings Ltd.
- (c) Includes 5,358,396 ordinary shares held by Al Nowais Investments LLC over which Mr. Al Nowais shares dispositive power.

F. DISCLOSURE OF A REGISTRANT’S ACTION TO RECOVER ERRONEOUSLY AWARDED COMPENSATION

Not applicable.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. MAJOR SHAREHOLDERS

The following table sets forth information as of December 31, 2024, for each shareholder whom we know to beneficially own more than five percent of our outstanding ordinary shares:

Shareholders	Ordinary Shares Held	
	Number of shares (in thousands)	Percentage of Ordinary Shares Outstanding ^(a)
Olayan Financing Company	17,025	17.73%
FMR LLC ^(b)	9,136	9.51%
Encompass Capital Advisors LLC	8,444	8.79%
SCF-VIII, L.P. ^(c)	7,992	8.32%
Mubbadrah Investment LLC ^(d)	7,182	7.48%
Al-Nowais Investments LLC	5,358	5.58%

- (a) Based on issued and outstanding ordinary shares of 96,045,856 as of December 31, 2024.
- (b) Includes NESR ordinary shares owned by FMR LLC and Abigail P. Johnson.
- (c) SCF-VIII, L.P. (of which SCF GP LLC, an affiliate of SCF Partners, is the indirect beneficial owner) is the direct owner of 7,991,667 ordinary shares.
- (d) Includes NESR ordinary shares owned by Mubbadrah Investments LLC, Hilal Al Busaidy and Yasser Al Barami.

Our major shareholders have no different voting rights from the rest of our shareholders.

We are aware of the following significant changes in the percentage ownership held by the foregoing major shareholders over the past three years:

- Encompass Capital Advisors LLC and FMR LLC became more than 5% shareholders of the Company.

There are no arrangements known to the Company, the operation of which may, at a subsequent date, result in a change in control of the Company.

B. RELATED PARTY TRANSACTIONS

See Note 18, *Related Party Transactions*, to the consolidated financial statements included in Item 18, “*Financial Statements*,” of this Annual Report.

C. INTERESTS OF EXPERTS AND COUNSEL

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

See Item 18, “*Financial Statements*,” within this Annual Report.

Legal Proceedings

See Note 13, *Commitments and Contingencies*, to our consolidated financial statements included in Item 18, “*Financial Statements*,” of this Annual Report.

Dividend Policy

We have not paid any cash dividends on our ordinary shares to date and do not intend to pay cash dividends in the foreseeable future. The payment of cash dividends in the future will be dependent upon our revenues and earnings, if any, capital requirements and general financial condition. The payment of any cash dividends will be within the discretion of our Board of Directors. In addition, our ability to declare dividends may be limited by restrictive covenants we may agree to in connection with our indebtedness.

B. SIGNIFICANT CHANGES

Not applicable.

ITEM 9. THE OFFER AND LISTING

A. OFFER AND LISTING DETAILS

Holders of our ordinary shares and warrants should obtain current market quotations for their securities. Our ordinary shares and warrants (as defined below) were uplisted from OTC Pink Market effective as of October 22, 2024, and, on the date of this Annual Report, are quoted on the Nasdaq Capital Market under the symbols “NESR” and “NESRW”, respectively.

B. PLAN OF DISTRIBUTION

Not applicable.

C. MARKETS

As at the date of the filing of this Annual Report, our ordinary shares and warrants are quoted on the Nasdaq Capital Market under the symbols “NESR” and “NESRW”, respectively.

D. SELLING SHAREHOLDERS

Not applicable.

E. DILUTION

Not applicable.

F. EXPENSES OF THE ISSUE

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. SHARE CAPITAL

Not applicable.

B. MEMORANDUM AND ARTICLES OF ASSOCIATION

The following description of our memorandum and articles of association, as amended and restated, does not purport to be complete and is subject to, and qualified by reference to, all of the provisions of our memorandum and articles of association, which is incorporated herein by reference to Exhibit 99.2 within our Periodic Report on Form 6-K (File No. 001-38091) filed on May 21, 2024.

Corporate Profile

We are a company incorporated in the British Virgin Islands on January 23, 2017 as a BVI company limited by shares (company number 1935445), and our affairs are governed by our Memorandum and Articles of Association, as amended and restated (which document shall be herein referred to as our “Charter”), the Companies Act, and the common law of the British Virgin Islands. The registered office of the Company is at Luna Tower, Waterfront Drive, Road Town, Tortola, VG1110, British Virgin Islands, and the registered agent of the Company is Intertrust Corporate Services (BVI) Limited also located at the same address. The Company may change its registered office or registered agent by a Resolution of Directors or a Resolution of Members. The change shall take effect upon the Registrar registering a notice of change filed under section 92 of the Companies Act.

Corporate Purpose

The Company has, subject to the Companies Act and any other British Virgin Islands legislation for the time being in force, irrespective of corporate benefit:

- full capacity to carry on or undertake any business or activity, do any act or enter into any transaction; and
- for the purposes of the bullet above, full rights, powers and privileges.

There are, subject to the requirements of the Companies Act and any other British Virgin Islands legislation for the time being in force, no limitations on the lawful business that the Company may carry on.

Description of Authorized Shares and Issued Shares

The following is a summary of our authorized shares and the rights of the holders of our ordinary shares that are material to an investment in our ordinary shares. These rights are set forth in our Charter or are provided by applicable BVI law, and these rights may differ from those typically provided to shareholders of U.S. companies under the corporation laws of the various states of the United States. This summary does not contain all information that may be important to readers.

The Company is authorized to issue an unlimited number of shares of no par value divided into six classes of shares as follows:

- Ordinary shares of no par value (Ordinary Shares);
- Class A preferred shares of no par value (Class A Preferred Shares);
- Class B preferred shares of no par value (Class B Preferred Shares);
- Class C preferred shares of no par value (Class C Preferred Shares);
- Class D preferred shares of no par value (Class D Preferred Shares); and
- Class E preferred shares of no par value (Class E Preferred Shares and together with the Class A Preferred Shares, the Class B Preferred Shares, Class C Preferred Shares and the Class D Preferred Shares being referred to as the Preferred Shares).

As of December 31, 2024, an aggregate of 96,045,856 ordinary shares were issued and outstanding. After considering unvested RSUs outstanding as of December 31, 2024, 3,563,223 shares remain reserved for issuance under the Amended LTIP. Each of our outstanding ordinary shares entitles its holder to one vote at any general meeting of shareholders. There were no preferred shares issued as of the filing of this Annual Report.

To our knowledge, there were no shareholders’ arrangements or agreements the implementation or performance of which could, at a later date, result in a change in the control of the Company in favor of a third person.

Our ordinary shares and our Charter are governed by BVI law. More information concerning shareholders’ rights can be found in the Companies Act and our Charter.

Form and Transfer of Shares

We are a party to various registration rights agreements with holders of our securities. These registration rights agreements provide certain holders with demand and “piggyback” registration rights, and holders have other rights to require us to register for resale such securities pursuant to Rule 415 under the Securities Act. The registration rights are subject to various limitations. We generally bear the expenses incurred in connection with the filing of any such registration statements.

BVI law does not impose any limitations on the rights of BVI or non-BVI residents to hold or vote our shares.

Issuance of Shares

Subject to the provisions of the Charter and, where applicable, the rules of the Designated Stock Exchange (as defined in the Charter), the unissued ordinary shares of the Company shall be at the disposal of the Board of Directors and ordinary shares and other securities may be issued and option to acquire ordinary shares or other securities may be granted.

Securities may be granted at such times, to such Eligible Persons (as defined in the Charter), for such consideration and on such terms as the Board of Directors may by resolution determine.

Without prejudice to any special rights previously conferred on the holders of any existing preferred shares or class of preferred shares, any class of preferred shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting or otherwise as the Board of Directors may from time to time determine.

The Company may at the discretion of the Board of Directors, but shall not otherwise be obliged to, issue fractional shares or round up or down fractional holdings of shares to its nearest whole number and a fractional share (if authorized by the Board of Directors) may have the corresponding fractional rights, obligations and liabilities of a whole share of the same class or series of shares.

Redemption of Shares and Treasury Shares

The Company may purchase, redeem or otherwise acquire and hold its own shares save that the Company may not purchase, redeem or otherwise acquire its own shares without the consent of the holder whose shares are to be purchased, redeemed or otherwise acquired unless the Company is permitted or required by the Companies Act or any other provision in the Charter to purchase, redeem or otherwise acquire the shares without such consent.

General Meeting of Shareholders

A general meeting of the shareholders shall be held annually at such date and time as may be determined by the Board of Directors unless the Board of Directors resolve, at their discretion but acting reasonably and with due regard to the interests of the Company and its members, to delay or postpone the date of any general meeting. The most recent annual general meeting was held on June 14, 2024. Each of our ordinary shares entitle the holder of record thereof to attend our general meeting of shareholders, either in person or by proxy, to address the general meeting of shareholders, and to exercise voting rights, subject to the provisions of our Charter. Each share entitles the holder to one vote at a general meeting of shareholders. There is no other minimum shareholding required to be able to attend or vote at a general meeting of shareholders.

BVI law provides that our Board of Directors is obligated to convene a general meeting of shareholders if shareholders representing, in the aggregate, 30% of the issued shares so request in writing with an indication of the agenda. In such a case, the general meeting of shareholders must be held within a period not less than 10 days and not more than 60 days from the date the Company issued a written notice.

Voting Rights

Each ordinary share in the Company confers upon the holder of such ordinary share (unless waived by such holder), subject to Clause 11 of the Charter, the right to one vote at a meeting of the shareholders of the company or on any resolution of shareholders.

General Meetings of Shareholders. A meeting of shareholders is duly constituted if, at the commencement of the meeting, there are present in person or by proxy not less than 50% of the votes of the shares entitled to vote to be considered at the meeting. Resolutions are adopted by a simple majority of the votes validly cast. Abstentions are not considered “votes.”

Appointment and Removal of Directors. Members of our Board of Directors may be elected by simple majority of the votes validly cast at any general meeting of shareholders. Under the Charter, all directors are nominated as a single class to be elected or re-elected for a term of one year following their election (which period may be extended at any time by resolution of the directors but not beyond the date of the next annual general meeting) or until the first general meeting following their election. Any director may be removed with or without cause by a simple majority vote at any general meeting of shareholders. If the office of a director becomes vacant, our Charter provides that the other directors, acting by a simple majority, may fill the vacancy on a provisional basis until subsequently standing for election at the next general meeting of shareholders.

Neither BVI law nor the Charter contains any restrictions as to the voting of our ordinary shares by non-BVI residents.

Amendment to Our Articles of Association

The Company may amend its Charter by a resolution of shareholders or by a resolution of the Board of Directors, save that no amendment may be made by a resolution of Board of Directors:

- to restrict the rights or powers of the shareholders to amend the Charter;
- to change the percentage of shareholders required to pass a resolution of shareholders to amend the Charter;
- in circumstances where the Charter cannot be amended by the shareholders; or
- to change certain provisions set forth in the Charter.

Merger and De-Merger

The Company may merge or consolidate with another company in accordance with the applicable provisions of the Companies Act. However, the Board of Directors has no power to delegate down to a committee of the board the power to approve a plan of merger, consolidation or arrangement.

Liquidation

Each holder of our ordinary shares has the right to an equal share with each other holder of our ordinary shares in the distribution of any surplus assets of the Company in the event of its liquidation. The Company may by a resolution of shareholders or by a resolution of the Board of Directors appoint a voluntary liquidator.

Distributions

The Board of Directors may by resolution authorize a distribution at a time and of an amount, on reasonable grounds that, immediately after the distribution, the value of the Company’s assets will exceed its liabilities and the Company will be able to pay its debts as and when they fall due. Dividends may be paid in money, shares, or other property. The Company may, by resolution of the Board of Directors, from time to time pay to the shareholders such interim dividends as appear to the Board of Directors to be justified by the profits of the Company, provided always that they are satisfied, on reasonable grounds, that, immediately after the distribution, the value of the Company’s assets will exceed its liabilities and the Company will be able to pay its debts as and when they fall due. Notice in writing of any dividend that may have been declared shall be given to each shareholder and all dividends unclaimed for three years after such notice has been given to a shareholder may be forfeited by resolution of the Board of Directors for the benefit of the Company. No dividend shall bear interest as against the Company.

Annual Accounts

The Company shall keep records that are sufficient to show and explain the Company’s transactions and that will, at any time, enable the financial position of the Company to be determined with reasonable accuracy. The Company may by resolution of shareholders call for the Board of Directors to prepare periodically and make available a profit and loss account and a balance sheet. The profit and loss account and balance sheet shall be drawn up so as to give respectively a fair view of the profit and loss of the Company for a financial period and a fair view of the assets and liabilities of the Company as at the end of a financial period. The Company may by resolution of shareholders call for the accounts to be examined by auditors. The report of the auditors shall be annexed to the accounts and shall be read at the meeting of shareholders at which the accounts are laid before the Company or shall be otherwise given to the shareholders.

Transfer Agent and Registrar

The transfer agent and registrar for our ordinary shares is Continental Stock Transfer & Trust Company.

C. MATERIAL CONTRACTS

There were no material contracts, other than material contracts entered into in the ordinary course of business, to which we or any of our Subsidiaries is a party, for the two years immediately preceding the date of this Annual Report. See “Item 5. Operating and Financial Review and Prospects —B. Liquidity and Capital Resources—Credit Facilities” for a description of our credit agreements.

D. EXCHANGE CONTROLS

There are no exchange control restrictions on payment of dividends on the Company’s ordinary shares or on the conduct of the Company’s operations either in the United States, where the Company’s principal executive offices are located and its shares are traded, or the BVI, where the Company is incorporated. There are no BVI laws which impose foreign exchange controls on the Company or that effect the payment of dividends, interest, or other payments to non-resident holders of the Company’s securities. BVI laws and the Charter impose no limitations on the right of non-resident or foreign owners to hold the Company’s securities or vote the Company’s ordinary shares.

E. TAXATION

NESR is a holding company incorporated in the British Virgin Islands which imposes a zero percent statutory corporate income tax rate on income generated outside of the British Virgin Islands. The Subsidiaries operate in multiple tax jurisdictions throughout the MENA region where statutory tax rates generally vary from 0% to 43.7%.

UAE Corporate Income Tax

On June 1, 2023, the UAE Ministry of Finance Federal Decree-Law No. 47 of 2022 (“Decree-Law No. 47”) became effective for accounting periods beginning on or after this date (as applicable to NESR, January 1, 2024). Decree-Law No. 47 establishes a federal corporate tax regime in the UAE. The Company’s UAE operations that are in scope for UAE Corporate Income Tax purposes are subject to a 9% tax rate, whereas the Company’s free zone entities providing regional support services to the Company’s subsidiaries in the region and reinsurance activities are subject to a 0% tax rate.

U.S. Federal Income Taxation

The brief description below of the U.S. federal income tax consequences to “U.S. Holders” will apply to you if you are a beneficial owner of shares and, for U.S. federal income tax purposes, (1) an individual citizen or resident of the United States, (2) a corporation, or any other entity taxable as a corporation, organized under the laws of the United States, any state thereof or the District of Columbia, (3) an estate whose income is subject to U.S. federal income tax regardless of its source, or (4) a trust if (i) a U.S. court can exercise primary supervision over the trust’s administration and one or more U.S. persons are authorized to control all substantial decisions of the trust or (ii) it has in effect a valid election under applicable U.S. Treasury regulations to be treated as a U.S. person.

The following summary does not discuss all aspects of U.S. federal income taxation that may be applicable to U.S. Holders in light of their particular circumstances or to investors who are subject to special treatment under U.S. federal income tax law, including certain former citizens or long-term residents of the United States, insurance companies, banks or other financial institutions, regulated investment companies, securities or foreign currency dealers, tax-exempt organizations, persons holding shares as part of a straddle, hedging, constructive sale, or conversion transaction, persons subject to the foreign tax credit splitting events rules, persons subject to the alternative minimum tax, persons who acquired their shares pursuant to the exercise of employee stock options or otherwise as compensation, U.S. Holders having a functional currency other than the U.S. dollar, traders in securities that use the mark-to-market method of accounting, persons owning (directly, indirectly or by attribution) 10% or more of our outstanding share capital or voting stock and persons not holding the shares as capital assets (generally, property held for investment). This discussion also does not address the consequences of the Medicare tax on net investment income or any aspect of state, local or non-U.S. tax law or any other aspect of U.S. federal taxation (e.g., the estate or gift tax) other than income taxation.

If a partnership or an entity or arrangement treated as a partnership for U.S. federal income tax purposes owns shares, the U.S. federal income tax treatment of a partner in such a partnership will generally depend upon the status of the partner, the activities of the partnership, and certain determinations made at the partner level. A partnership that owns shares and the partners in such partnership should consult their own tax advisers about the U.S. federal income tax consequences of holding and disposing of ordinary shares.

Prospective purchasers are urged to consult their own tax advisers about the application of the U.S. federal tax rules to their particular circumstances as well as the state, local, non-U.S. and other tax consequences to them of the purchase, ownership and disposition of our shares.

Taxation of Dividends and Other Distributions on our Shares

Subject to the passive foreign investment company (“PFIC”) rules discussed below, the gross amount of distributions paid by us to U.S. Holders with respect to the shares (including the amount of any taxes withheld therefrom) will generally be includable in your gross income as dividend income on the date that you actually or constructively receive the distribution in accordance with your regular method of accounting for U.S. federal income tax purposes, but only to the extent that the distribution is paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). To the extent that the amount of the distribution exceeds our current and accumulated earnings and profits (as determined under U.S. federal income tax principles), it will be treated first as a tax-free return of capital causing a reduction in your tax basis in your shares, and to the extent the amount of the distribution exceeds your tax basis, the excess will be taxed as capital gain. We do not intend to calculate our earnings and profits under U.S. federal income tax principles. Therefore, a U.S. Holder should expect that a distribution will be treated as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above. With respect to corporate U.S. Holders, the dividends will not be eligible for the dividends-received deduction allowed to corporations in respect of dividends received from other U.S. corporations.

With respect to non-corporate U.S. Holders, including individual U.S. Holders, dividends generally will be taxed at the lower capital gains rate applicable to qualified dividend income, provided that (1) the shares are readily tradable on an established securities market in the United States, or we are eligible for the benefits of an approved qualifying income tax treaty with the United States that includes an exchange of information program, (2) we are not a PFIC (as discussed below) for either our taxable year in which the dividend is paid or the preceding taxable year, and (3) certain holding period requirements are met. There is currently no income tax treaty between the United States and the British Virgin Islands. Pursuant to IRS authority, shares are considered for the purpose of paragraph (1) above to be readily tradable on an established securities market in the United States if they are listed on Nasdaq. You are urged to consult your own tax adviser regarding the availability of the lower rate for dividends paid with respect to our shares, including the effects of any change in law after the date of this annual report.

Dividends will constitute foreign source income for foreign tax credit limitation purposes. If the dividends are taxed as qualified dividend income (as discussed above), the amount of the dividend taken into account for purposes of calculating the foreign tax credit limitation will be limited to the gross amount of the dividend, multiplied by the reduced rate divided by the highest rate of tax normally applicable to dividends. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed by us with respect to our shares will constitute “passive category income” but could, in the case of certain U.S. Holders, constitute “general category income.”

Sale, Exchange or Other Taxable Disposition

Upon the sale, exchange or other taxable disposition of shares, a U.S. Holder generally will recognize capital gain or loss equal to the difference between the U.S. dollar value of the amount realized on the sale, exchange or other taxable disposition and the U.S. Holder’s adjusted tax basis, determined in U.S. dollars, in the shares. In the case of individual U.S. Holders, capital gains generally are subject to U.S. federal income tax at preferential rates if specified minimum holding periods are met. Any gain or loss recognized upon the sale, exchange or other taxable disposition of the shares will be treated as long-term capital gain or loss if, at the time of the sale, exchange or other taxable disposition, the holding period of the shares exceeds one year. Such capital gain or loss will generally be treated as U.S.-source income or loss for foreign tax credit limitation purposes. The deductibility of capital losses by a U.S. Holder is subject to significant limitations. U.S. Holders should consult their own tax advisers in this regard.

Passive Foreign Investment Company

A non-U.S. corporation will be classified as a PFIC for any taxable year if (i) at least 75% of its gross income consists of passive income, (such as dividends, interest, rents, and royalties (other than rents or royalties derived in the active conduct of a trade or business and received from an unrelated person) and gains on the disposition of certain minority interests or (ii) at least 50% of the average value of its assets consist of assets that produce or are held for the production of, passive income. We currently believe that we were not a PFIC for the taxable year ended December 31, 2024, and we do not expect to be classified as a PFIC in the foreseeable future. However, this conclusion is a factual determination that must be made at the close of each year and is based on, among other things, a valuation of our shares and assets, which will likely change from time to time. If we were characterized as a PFIC for any taxable year, a U.S. Holder would suffer adverse tax consequences. A U.S. Holder of shares in a PFIC that does not make certain elections would realize ordinary income rather than capital gains on the disposition of shares and may be subject to punitive interest charges with respect to certain dividends and gains on the sale or other disposition of the shares. Furthermore, dividends paid by a PFIC are not eligible to be treated as qualified dividend income (as discussed above). In addition, if a U.S. Holder holds shares in any year in which we are treated as a PFIC, such U.S. Holder will be subject to additional tax form filing and reporting requirements.

Application of the PFIC rules is complex. U.S. Holders should consult their own tax advisers regarding the potential application of the PFIC rules to the ownership of our shares.

Information Reporting and Backup Withholding

Dividend payments with respect to our shares and proceeds from the sale, exchange or other taxable disposition of our shares may be subject to information reporting to the IRS and possible U.S. backup withholding at a current rate of 24%. Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification or who is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status generally must provide such certification on IRS Form W-9 (Request for Taxpayer Identification Number and Certification).

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against your U.S. federal income tax liability, and you may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the IRS and furnishing any required information. We do not intend to withhold taxes on dividends paid to individual shareholders.

Certain U.S. Holders are required to report information relating to certain “specified foreign financial assets,” which generally include shares of a foreign corporation, subject to certain exceptions (including an exception for shares held in accounts maintained by certain financial institutions), by attaching a complete IRS Form 8938 (Statement of Specified Foreign Financial Assets) with their tax return for each year in which they hold such shares. U.S. Holders are urged to consult their tax advisers regarding the application of the U.S. information reporting and backup withholding rules.

F. DIVIDENDS AND PAYING AGENTS

Not applicable.

G. STATEMENT BY EXPERTS

Not applicable.

H. DOCUMENTS ON DISPLAY

Documents concerning the Company which are referred to in this Annual Report are available on the SEC’s website at <http://www.sec.gov>.

I. SUBSIDIARY INFORMATION

Not applicable.

J. ANNUAL REPORT TO SECURITY HOLDERS

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Currency Risk

We are exposed to foreign currency risks that arise from normal business operations. These risks include transaction gains and losses associated with transactions denominated in currencies other than a location’s functional currency.

Local currency balances in the United Arab Emirates, Saudi Arabia, Oman, Kuwait and Qatar entities are not considered to represent significant currency risk as the respective currencies in these countries are pegged to either the U.S. dollar or a weighted basket of currencies heavily weighted to the U.S. dollar. Our foreign currency risk arises from the settlement of transactions in currencies other than our functional currency, specifically in the Algerian Dinar, Egyptian Pound, Libyan Dinar, and Iraqi Dinar. However, customer contracts in these countries are largely denominated in U.S. dollars. We do not believe that a 10% increase or decrease in the relative value of the U.S. dollar to other currencies would have a material effect on our operating results or financial condition.

Credit Risk

Credit risk is the risk that one party to a financial instrument may fail to discharge an obligation and cause the other party to incur a financial loss. We are exposed to credit risk on our accounts receivable, unbilled revenue, and other receivables and certain other assets (such as bank balances) as reflected in our Consolidated Balance Sheet, with the maximum exposure equaling the carrying amount of these assets in the Consolidated Balance Sheet. We seek to manage our credit risk with respect to banks by only dealing with reputable banks (our cash and cash equivalents are primarily held with banks and financial institution counterparties that are rated A1 to Baa3, based on Moody’s ratings) and with respect to customers by monitoring outstanding receivables and following up on outstanding balances. Management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and the country in which our customers operate. We sell our products to a variety of customers, mainly to NOCs in the MENA region.

We have not experienced any material losses related to non-payment of receivables from individual or groups of customers due to loss of creditworthiness during the years ended December 31, 2024, 2023 and 2022. Management believes that we do not have additional credit risk beyond the amounts already provided for credit losses in our accounts receivable.

Liquidity Risk

Liquidity risk is the risk that we may not be able to meet our financial obligations as they fall due. Our approach to managing liquidity risk is to ensure, as far as possible, that we will always have sufficient liquidity to meet our liabilities when due, under both normal and stressed conditions, without incurring unacceptable costs or liabilities. We maintain cash flow forecasts to monitor our liquidity position.

Accounts payable are normally settled within customary terms for the industry. We believe cash on hand, cash flows from operating activities and the available credit facilities will provide us with sufficient capital resources and liquidity to manage our working capital needs, meet contractual obligations, fund capital expenditures, and support the development of our short-term and long-term operating strategies. See “Risk Factors – We might require additional equity or debt financing to fund operations and/or future acquisitions,” above.

Market Risk

We are exposed to market risks primarily from changes in interest rates on our borrowings.

Since the end of 2021, interest rates have significantly increased as central banks have sought to reduce inflationary pressures. As of December 31, 2024, and December 31, 2021, borrowings under the Term Loan and RCF facilities incurred interest at the rate of 7.67% and 2.96%, respectively, for U.S. dollar denominated borrowings, and interest rates of 8.18% and 3.44%, respectively, for Saudi Arabian Riyal borrowings. Consequently, our interest expense, net, has increased.

We do not use derivatives for trading purposes, to generate income or to engage in speculative activity.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. DEBT SECURITIES

Not applicable.

B. WARRANTS AND RIGHTS

As of both December 31, 2024, and December 31, 2023, there were 35,540,380 warrants outstanding. Each Public Warrant entitles the registered holder to purchase one-half of one ordinary share at a price of \$5.75 per half share at any time commencing on July 6, 2018 (30 days after the completion of the NPS/GES Business Combination). The warrants must be exercised for whole ordinary shares. The warrants were initially set to expire on June 6, 2023 (five years after the completion of the NPS/GES Business Combination) but were extended to June 6, 2025, and subsequently June 6, 2026, by votes of the Company’s Board of Directors during 2022 and January 2025, respectively.

The Company reserves the right to call the warrants at any time prior to its exercise with a notice of call in writing to the holders of record of the Warrant, giving at least 30 days’ notice of such call, at any time while the warrants are exercisable, if the last sale price of the Company’s ordinary shares has been at least \$21.00 per share on each of 20 trading days within any 30 trading day period (the “30-day trading period”) ending on the third business day prior to the date on which notice of such call is given and if there is a current registration statement in effect with respect to the Company’s ordinary shares underlying the warrants commencing five business days prior to the 30-day trading period and continuing each day thereafter until the date of redemption. The call price of the warrants is to be \$.01 per warrant. Any Public Warrant either not exercised or tendered back to the Company by the end of the date specified in the notice of call shall be canceled on the books of the Company and have no further value except for the \$.01 call price.

C. OTHER SECURITIES

Not applicable.

D. AMERICAN DEPOSITORY SHARES

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

There have not been any defaults, dividend arrearages, or delinquencies.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None.

ITEM 15. CONTROLS AND PROCEDURES

The following section provides Management’s Annual Report on Internal Control Over Financial Reporting, evaluation of Disclosure Controls and Procedures, a discussion of previously disclosed material weaknesses which were remediated during 2024, and an update on the status of a material weakness that is not yet fully remediated.

DISCLOSURE CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that material information required to be disclosed in our reports that we submit under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required financial disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, with a company have been detected. Based on their evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures (as defined in rules 13(a)-15(e) and 15(d)-15(e) under the Securities Exchange Act of 1934, as amended), were not effective as of the end of the period covered by this Annual Report due to a material weakness in our internal control over financial reporting described below as part of Management’s Annual Report on Internal Control over Financial Reporting and further discussed as part of Management’s Plan for Remediation of Control Environment Material Weakness within Changes in 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, as such term is defined in Exchange Act Rule 13a-15(f) and 15d-15(f). Internal control over financial reporting is defined as a process designed by, or under the supervision of, the issuer’s principal executive and principal financial officers, or persons performing similar functions, and effected by the Company’s Board of Directors, management, and other personnel, to provide reasonable assurance regarding reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures which (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets of the Company, (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and the Board of Directors of the Company, and (c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the *Internal Control Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of The Treadway Commission. Based on our evaluation under the *Internal Control Integrated Framework (2013)*, our management concluded that our internal control over financial reporting was not effective as of December 31, 2024, due to a material weakness in our internal control over financial reporting described as follows:

Control Environment

As discussed in our Annual Reports on Form 20-F for the years ended December 31, 2023, and 2022, and relating to restatement of our previously issued audited financial statements as of and for the year-ended December 31, 2020, the Company did not design and maintain an effective control environment commensurate with our financial reporting requirements. Our Senior Management failed to set an appropriate tone at the top sufficient to ensure a culture of compliance with the Company’s accounting, finance and internal control policies, including through:

- Lack of an effective organizational structure to promote effective internal control;
- Lack of effective communication protocols to ensure timely escalation and resolving of accounting issues; and
- Insufficient technical accounting resources with an appropriate level of accounting knowledge, experience and training commensurate with our structure and financial reporting requirements to appropriately analyze, record and disclose accounting matters timely and accurately in accordance with U.S. GAAP.

The material weakness described above could result in a material misstatement of our annual or interim consolidated financial statements that would not be prevented or detected.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

Other than as described below under “Remediation of Previously Disclosed Material Weaknesses” and “Management’s Plan for Remediation,” there have been no changes in our internal control over financial reporting during the most recently completed fiscal year that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management’s Plan for Remediation of Control Environment Material Weakness

As of December 31, 2024, management believes it has designed all the processes and controls required to remediate the Company’s control environment material weakness. However, for the material weakness to be considered remediated, the relevant controls must be implemented and operating effectively for a sufficient period to allow for testing by management and the Company’s independent registered public accounting firm. As of year-end, management does not believe that an adequate population exists to test and conclude that its new and redesigned controls are fully implemented and operating effectively. Management expects additional instances of these controls to occur in the first and second quarters of 2025 and for the material weaknesses to be further evaluated at those interim reporting dates. As of the date of this filing, management, with oversight of the Audit Committee of the Board of Directors, has successfully implemented the following remedial steps:

- Enrolled certain members of Senior Management and broader executive team in a multi-module training course on corporate governance for public companies, conducted a formal training on SOX for executive management, country leaders, segment directors and function leads, and implemented continuous professional development for all employees in all locations.
- Announced a new independent director joining our Board of Directors in June 2024, with an offer to join outstanding to an additional independent director who we expect will stand for election at the next general meeting of shareholders.
- Changed the Company’s reporting lines for financial reporting on an interim basis including that the Company’s Chief Financial Officer reporting directly to the non-executive members of the Board of Directors as to all financial reporting and accounting matters and will continue to do so at least until December 31, 2026.
- Enhanced policies and procedures to improve our overall control environment and develop proper monitoring controls around timely evaluation and communication of internal control deficiencies to those parties responsible for taking corrective action, including Senior Management and the Board of Directors, as appropriate.
- Appointed an internally promoted Director of Internal Audit in addition to engaging a third party to provide an Internal Audit function on an interim basis until such time as the Company develops a sufficient in-house Internal Audit team.
- Evaluated the optimal structure for the financial reporting and accounting, technology, and other support functions, considering the decentralized nature of the Company’s operations and the regions in which it operates, and made changes to organizational chart and personnel as required.
- Completed full redesign the risk control matrix utilized by the Company to implement *Internal Control Integrated Framework (2013)* and subsequently implemented all revisions during the third calendar quarter of 2024.
- For controls performed at multiple locations, improved documentation, commonality of controls, and operating effectiveness by introducing standardized templates to capture key aspects of controls with a focus on the accuracy and completeness of reports and/or data used in the performance of controls and the addition of checklists to ensure consistency of procedures.
- Since 2023, Annual Cash Incentive (Bonus) compensation includes metrics linked to internal controls compliance.
- Added new employees and consultants to bolster financial reporting, technology, accounting, and other support functions.

Remediation of Previously Disclosed Material Weaknesses

As discussed in our Annual Reports on Form 20-F for the years ended December 31, 2023, and 2022, and relating to restatement of our previously issued audited financial statements as of and for the year-ended December 31, 2020, we identified material weaknesses including:

- The Company’s period-end financial reporting controls, specifically those over account reconciliations, were not effectively designed and implemented to detect potential misstatements and correct identified misstatements to period-end financial statements.
- The Company did not design and maintain effective controls over certain accounts payable functions. Specifically, the Company did not maintain effective controls over the creation of purchase orders, the matching of goods or services received against purchase orders, and/or the review of the completeness and accuracy of accounts payable and accrued liabilities.
- The Company did not design and maintain effective information technology general controls over financial reporting as privileged access users were not appropriately provisioned and inadequate monitoring controls were in place to enforce appropriate system access and segregation of duties.

During the years ended December 31, 2024, and 2023, with the oversight of the Audit Committee of the Board of Directors, the Company executed its remediation plan to address these material weaknesses. These remedial steps included the following:

- Engaged in training throughout the finance and accounting organization, including through a three-day Controllers Conference in May 2023, focused on U.S. GAAP and the specific issues that led to the Company’s restatement.
- Implemented third-party software to perform, document, and evidence preparation and review of balance sheet account reconciliations.
- Provided additional training to end users on performance, documentation, and review of balance sheet account reconciliations.
- Extended closing timelines to allow for additional time to perform and review balance sheet account reconciliations.
- Conducted formal compliance workshops with country management, service line management, the complete supply chain organization, and function heads that reemphasized the location of key Company policies and required certifications that each trainee understood where to find the Company’s policies and understood their content.
- Made significant improvements to supply chain capabilities including additional resources at all levels and technology upgrades including Power BI data visualizations.
- Implemented redesigned “procurement-to-pay” controls focused on the accuracy and completeness of accounts payable and accrued liabilities with focus on reviews of open purchase orders, accruals for services without purchase orders, and aged items marked received but not yet invoiced.
- Purchased third-party software tool to manage and monitor user access provisioning and segregation of duties within the Company’s accounting system.
- Implemented detective controls responsive to monitoring privileged access logs and unresolved segregation of duties conflicts.

Management has determined that due to the successful implementation of these remedial steps, coupled with testing of these redesigned control activities across our business, the Company has successfully remediated its previously reported material weaknesses related to balance sheet account reconciliations, accounts payable functions, and accounting system privileged access and segregation of duties.

ATTESTATION REPORT OF THE REGISTERED PUBLIC ACCOUNTING FIRM

Our independent registered public accounting firm, Grant Thornton Audit and Accounting Limited (Dubai Branch), as auditor of our consolidated financial statements included in this Annual Report on Form 20-F, has issued an attestation report on the effectiveness of our internal control over financial reporting as of December 31, 2024.

ITEM 16. RESERVED

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our Board of Directors has determined that Mr. Waite, Chairman of the Audit Committee, is an audit committee financial expert as defined by the SEC. See Item 6A, “Directors and Senior Management” for a description of Mr. Waite’s relevant experience.

ITEM 16B. CODE OF ETHICS

We have a Code of Conduct applicable to our employees, contractors, directors and officers, including our Chief Executive Officer and Chief Financial Officer, that meets the standards and definitions of the SEC. Any changes to, or waiver from, the Code of Conduct will be made only by the Board of Directors, or a committee thereof, and appropriate disclosure will be made promptly on our website at www.nesr.com, in accordance with the rules and regulations of the SEC.

We have posted a copy of our Code of Conduct on our website at www.nesr.com in the Investor Relations section.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Services Provided by and Fees Paid to Grant Thornton Audit and Accounting Limited (Dubai Branch)

In the second quarter of 2023, the Audit Committee appointed Grant Thornton Audit and Accounting Limited (Dubai Branch) (“GT”) as the Company’s independent registered public accounting firm and our principal external auditors, effective immediately. On March 16, 2024, GT was reappointed to complete the audit for the fiscal year ended December 31, 2024.

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by GT, for the periods indicated (in US\$ thousands):

	Year ended	
	December 31, 2024	December 31, 2023
Audit fees ^(a)	\$ 2,900	\$ 2,750
Audit-related fees ^(b)	455	50
Tax fees ^(c)	-	-
All other fees ^(d)	-	-
Total	\$ 3,355	\$ 2,800

- (a) Audit fees represent fees for services provided in connection with the audit of our consolidated financial statements, and audit services provided in connection with regulatory filings.
- (b) Audit-related fees consist of assurance and related services rendered by the principal accountant related to the performance of the audit or review of our consolidated financial statements, which have not been reported under audit fees above.
- (c) Tax fees represent fees for professional services rendered for tax compliance, tax advice and tax planning.
- (d) All other fees include fees for services provided other than the services reported above.

Audit Committee’s Pre-Approval Policies and Procedures

The Audit Committee’s primary responsibilities are to assist the Board of Directors’ oversight of our accounting practices; the integrity of our financial statements; our compliance with legal and regulatory requirements; the qualifications, selection, independence and performance of our independent auditors; and the internal audit function. The Audit Committee has adopted in its charter a policy regarding the pre-approval of audit and permissible non-audit services provided by the Company’s independent auditors.

Under the policy, the Audit Committee pre-approves all audit services to be provided to the Company, whether provided by the principal auditors or other firms, and all other services (review, attest and non-audit) to be provided to the Company by the independent auditors; provided, however, that de minimis non-audit services may instead be approved in accordance with applicable rules and regulations. All services provided by the principal external auditors for the years ended December 31, 2024, December 31, 2023, and December 31, 2022, were approved by the Audit Committee pursuant to the pre-approval policy.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not applicable.

ITEM 16F. CHANGE IN REGISTRANT’S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

We are incorporated in the British Virgin Islands and our corporate governance practices are governed by applicable BVI law and our amended and restated memorandum and articles of association.

ITEM 16H. MINE SAFETY DISCLOSURE

Not Applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

Not Applicable.

ITEM 16J. INSIDER TRADING POLICIES

On November 18, 2018, the Board of Directors adopted its Policy on Insider Trading which sets forth guidelines that apply to all employees of the Company, all officers of the Company, all members of the Company’s Board of Directors and their immediate family members and certain other employees that the Company may designate from time to time (collectively, the “Covered Person(s)”). The Policy on Insider Trading is periodically updated to remain up-to-date with insider trading laws and was most recently updated effective January 1, 2025 (see Exhibit 11.1 for the Company’s current Policy on Insider Trading). The Company’s general policy forbids trading or causing trading while in possession of material non-public information. Key provisions include:

- (a) No Covered Person may purchase or sell, or offer to purchase or sell, any Company security, whether or not issued by the Company, while in possession of material non-public information about the Company.
- (b) No Covered Person who knows of any material non-public information about the Company may communicate (“tip”) that information to any other person, including family members and friends, or otherwise disclose such information without the Company’s authorization.
- (c) No Covered Person may purchase or sell any security of any other company while in possession of material non-public information about the other company that was obtained in the course of his or her involvement with the Company. No Covered Person who knows of any such material non-public information may communicate that information to, or tip, any other person, including family members and friends, or otherwise disclose such information without the Company’s authorization.
- (d) Covered Persons should never trade, tip or recommend securities (or otherwise cause the purchase or sale of securities) while in possession of information that they have reason to believe is material and non-public unless they first consult with, and obtain the advance approval of, the Company’s compliance officer.
- (e) Directors and officers must “pre-clear” all trading in securities of the Company.

ITEM 16K. CYBERSECURITY

To assess, identify and manage the material risks of cybersecurity threats to our business, operations and control environments, we have made investments in our technology and have implemented policies, programs and controls, with a focus on cybersecurity incident prevention and mitigation. Our cybersecurity program is integrated into our risk management process. The program is aligned with industry standards and best practices. As part of our cybersecurity process, we engage external experts and consultants to assess our cybersecurity program and compliance with applicable practices and standards. The Company mitigates risks of cybersecurity incidents using a multifaceted approach which includes, but is not limited to: establishing information security policies, implementing information protection processes and technologies, assessing cybersecurity risk, implementing cybersecurity training, and monitoring our information technology systems. Our cyber security policy includes personnel affiliated with third parties. The Company is currently in material compliance with relevant information privacy and cybersecurity governmental standards with which it is required to comply. The Company has not experienced a material cybersecurity incident and does not believe risks from cybersecurity threats have materially affected or are likely to affect its business strategy, results of operations or financial condition. For more information on how material cybersecurity incidents may impact our business, see Item 3D. “Risk Factors- Other Risks Associated with Our Business -” Cybersecurity risks and threats could adversely affect our business” of this Annual Report on Form 20-F.

Cybersecurity Governance

The Company’s Head of Information Technology (who has over 15 years of relevant experience plus education that includes a Ph.D. in Information Technology from Dublin City University) monitors day-to-day cybersecurity risks using the approach described above. Material near-term and long-term risks are communicated with Senior Management and the Board of Directors. The Company’s Board of Directors is engaged in overseeing and reviewing the Company’s strategic direction and objectives, taking into account, among other considerations, the Company’s risk profile and exposures. While the Board of Directors retains oversight over policy and strategy related to cybersecurity, it has delegated the responsibility for the oversight of the Company’s cybersecurity program to the Audit Committee. The Audit Committee is responsible for reviewing and discussing the Company’s policies regarding risk assessment and risk management, major accounting risk exposures and the implementation and effectiveness of risk management protocols with respect to information technology security and cybersecurity risks, as well as reviewing material breaches and attacks, as applicable. NESR’s Head of Information Technology reports directly to the Company’s Chief Financial Officer who provides periodic (at least quarterly) updates to the Audit Committee regarding matters that are relevant to those charged with governance.

PART III

ITEM 17. FINANCIAL STATEMENTS

See Item 18, “Financial Statements,” below.

ITEM 18. FINANCIAL STATEMENTS

The following financial statements listed below are filed as part of this Annual Report:

National Energy Services Reunited Corp. and Subsidiaries

Consolidated Financial Statements

- Report of Independent Registered Public Accounting Firm (PCAOB ID 3211)
- Consolidated Statements of Operations
- Consolidated Statements of Comprehensive Income
- Consolidated Balance Sheets
- Consolidated Statements of Shareholders’ Equity
- Consolidated Statements of Cash Flows
- Notes to Consolidated Financial Statements

ITEM 19. EXHIBITS

No.	Description of Exhibit
1.1	Memorandum and Articles of Association, as amended and restated (incorporated herein by reference to Exhibit 99.2 to the Company’s Periodic Report on Form 6-K (File No. 001-38091) filed on May 21, 2024).
2.1	Specimen Ordinary Share Certificate (incorporated herein by reference to Exhibit 4.2 to the Company’s Registration Statement on Form S-1/A (File No. 333-217006) filed on April 25, 2017).
2.2	Specimen Warrant Certificate (incorporated herein by reference to Exhibit 4.3 to the Company’s Registration Statement on Form S-1/A (File No. 333-217006) filed on April 25, 2017).
2.3	Warrant Agreement, dated May 11, 2017, by and between the Company and Continental Stock Transfer & Trust Company (incorporated herein by reference to Exhibit 4.1 to the Company’s Current Report on Form 8-K (File No. 001-38091) filed on May 17, 2017.
2.4	Consent Agreement, dated November 29, 2018, by and among Mubbadrah Investments LLC, Hilal Al Busaidy, Yasser Said Al Barami and the Company (incorporated herein by reference to Exhibit 4.4 to the Company’s Registration Statement on Form F-3 (File No. 333-229801) filed on February 22, 2019).
2.5	Description of the Registrant’s Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 (incorporated herein by reference to Exhibit 2.5 to the Company’s Annual Report on Form 20-F (File No. 001-38091) filed on December 29,2023).
4.1	Relationship Agreement, dated June 5, 2018, by and between the Company, NESR Holdings Limited and Hana Investments Co. WLL (incorporated herein by reference to Exhibit 10.14 to the Company’s Current Report on Form 8-K (File No. 001-38091) filed on June 12, 2018).
4.2	Registration Rights Agreement, dated June 5, 2018, by and between the Company and Hana Investments Co. WLL (incorporated herein by reference to Exhibit 10.15 to the Company’s Current Report on Form 8-K (File No. 001-38091) filed on June 12, 2018).
4.3	Relationship Agreement, dated June 6, 2018, by and between the Company and AL Nowais Investments LLC. (incorporated herein by reference to Exhibit 10.2 to the Company’s Current Report on Form 8-K (File No. 001-38091) filed on June 12, 2018).
4.4	Amended and Restated Registration Rights Agreement, dated June 6, 2018, by and among the Company, NESR Holdings Ltd., Al Nowais Investments LLC, and NESR SPV Limited (incorporated herein by reference to Exhibit 10.6 to the Company’s Current Report on Form 8-K (File No. 001-38091) filed on June 12, 2018).

No.	Description of Exhibit
4.5	National Energy Services Reunited Corp. Amended and Restated 2018 Long Term Incentive Plan (incorporated herein by reference to Exhibit 4.1 to the Company’s Registration Statement on Form S-8 (File No. 333-280902) filed on July 19, 2024).
4.6	Voting Agreement, dated June 6, 2018, by and between the Company, NESR Holdings Ltd. and SV3 Holdings PTE LTD (incorporated herein by reference to Exhibit 10.19 to the Company’s Current Report on Form 8-K (File No. 001-38091) filed on June 12, 2018).
4.7	Registration Rights Agreement dated June 6, 2018 by and between the Company and SV3 Holdings PTE LTD (incorporated herein by reference to Exhibit 10.20 to the Company’s Current Report on Form 8-K (File No. 001-38091) filed on June 12, 2018).
8.1*	Subsidiaries of National Energy Services Reunited Corp.
11.1*	Insider Trading Policy.
12.1*	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer.
12.2*	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer.
13.1**	Certificate of Chief Executive Officer pursuant to Section 906 of Sarbanes-Oxley Act of 2002.
13.2**	Certificate of Chief Financial Officer pursuant to Section 906 of Sarbanes-Oxley Act of 2002.
15.1*	Consent of Independent Registered Public Accounting Firm.
97*	Dodd-Frank Clawback Policy.
101.INS*	XBRL Instance Document.
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.

* Filed herewith.
** Furnished herewith.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

NATIONAL ENERGY SERVICES REUNITED CORP.

By: /s/ Sherif Foda
Name: Sherif Foda
Title: Chief Executive Officer
Date: March 28, 2025

By: /s/ Stefan Angeli
Name: Stefan Angeli
Title: Chief Financial Officer
Date: March 28, 2025

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors
National Energy Services Reunited Corp.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of National Energy Services Reunited Corp. (a British Virgin Islands business company) and subsidiaries (the “Company”) as of December 31, 2024 and 2023, the related consolidated statements of operations, comprehensive income, changes in shareholders’ equity, and cash flows for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of December 31, 2024, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”), and our report dated March 28, 2025, expressed an adverse opinion.

Basis for Opinion

We have audited the accompanying consolidated balance sheets of National Energy Services Reunited Corp. (a British Virgin Islands business company) and subsidiaries (the “Company”) as of December 31, 2024 and 2023, the related consolidated statements of operations, comprehensive income, changes in shareholders’ equity, and cash flows for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of December 31, 2024, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”), and our report dated March 28, 2025, expressed an adverse opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Uncertain tax positions

As set forth in Note 12 to the consolidated financial statements, the Company’s tax filings are subject to regular audit by the tax authorities. These audits could lead to additional tax assessments that are resolved with the tax authorities or, potentially, through the courts. Tax liabilities are recorded based on management’s estimates of additional taxes that will be due upon the conclusion of these audits.

We identified the evaluation of the Company’s uncertain tax position as a critical audit matter due to the significant judgment applied by management in determining these liabilities including a high degree of estimation uncertainty due to the uncertain and complex application of tax regulations, which in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate management’s estimates.

Our audit procedures related to the uncertain tax positions included the following, among others (i) evaluating management’s process for determining the estimated liabilities for uncertain tax positions, (ii) evaluating the completeness and reasonableness of uncertain tax positions recorded in the consolidated financial statements, and (iii) evaluating positions taken as per the tax assessment issued by relevant tax authorities as of date.

Professionals with specialized skill and knowledge were used to assist in evaluating the reasonableness of assumptions used by management, including management’s assessment of whether tax positions are more-likely-than-not of being sustained.

/s/ Grant Thornton Audit and Accounting Limited (Dubai Branch)

We have served as the Company’s auditor since 2023.

Dubai, United Arab Emirates
March 28, 2025

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors
National Energy Services Reunited Corp.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of National Energy Services Reunited Corp. (a British Virgin Islands business company) and subsidiaries (the “Company”) as of December 31, 2024, based on criteria established in the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the “COSO criteria”). In our opinion, because of the effect of a material weakness described in the following paragraphs on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2024, based on the COSO criteria.

A material weakness is a deficiency, or combination of control deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company’s annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management’s assessment.

- i. The Company failed to set an appropriate tone at the top sufficient to ensure a culture of compliance with the Company’s accounting, finance and internal control policies, including through:
 - a) Lack of an effective organizational structure to promote effective internal control.
 - b) Lack of effective communication protocols to ensure timely escalation and resolving of accounting issues.
 - c) Insufficient technical accounting resources with an appropriate level of accounting knowledge, experience and training commensurate within Company’s structure and financial reporting requirements to appropriately analyze, record and disclose accounting matters timely and accurately in accordance with U.S. GAAP.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the consolidated financial statements of the Company as of and for the year ended December 31, 2024. The material weakness identified above was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2024 consolidated financial statements, and this report does not affect our report dated March 28, 2025, which expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying management’s annual report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying management’s annual report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Other information

We do not express an opinion or any other form of assurance on management’s statements referring to any corrective actions taken by the Company after the date of management’s assessment.

/s/ Grant Thornton Audit and Accounting Limited (Dubai Branch)

Dubai, United Arab Emirates
March 28, 2025

NATIONAL ENERGY SERVICES REUNITED CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In US\$ thousands, except share data)

	December 31, 2024	December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	\$ 107,956	\$ 67,821
Accounts receivable, net (Note 5)	137,265	171,269
Unbilled revenue	111,734	95,997
Service inventories (Note 6)	96,772	98,434
Prepaid assets	10,146	9,238
Retention withholdings	31,072	48,419
Other receivables	38,476	39,778
Other current assets	7,095	10,759
Total current assets	540,516	541,715
Non-current assets		
Property, plant and equipment, net (Note 7)	438,146	442,666
Intangible assets, net (Note 8)	65,696	84,304
Goodwill (Note 8)	645,095	645,095
Operating lease right-of-use assets (Note 9)	26,042	31,628
Other assets	58,183	52,332
Total assets	\$ 1,773,678	\$ 1,797,740
Liabilities and equity		
Liabilities		
Accounts payable and accrued expenses	305,308	351,240
Current installments of long-term debt (Note 10)	68,735	71,744
Short-term borrowings (Note 10)	59,720	48,889
Income taxes payable (Note 12)	7,728	8,421
Other taxes payable	27,482	14,674
Operating lease liabilities (Note 9)	5,449	7,406
Other current liabilities	29,090	31,073
Total current liabilities	503,512	533,447
Long-term debt (Note 10)	254,387	331,565
Deferred tax liabilities (Note 12)	5,632	-
Employee benefit liabilities (Note 11)	31,806	28,935
Non-current operating lease liabilities (Note 9)	20,843	25,145
Other liabilities	49,266	57,154
Total liabilities	865,446	976,246
Commitments and contingencies (Note 13)		
		-
Equity		
Preferred shares, no par value; unlimited shares authorized; none issued and outstanding at December 31, 2024 and December 31, 2023, respectively (Note 15)	-	-
Common stock and additional paid in capital, no par value; unlimited shares authorized; 96,045,856 and 94,996,397 shares issued and outstanding at December 31, 2024 and December 31, 2023, respectively (Note 15)	894,293	883,865
Retained income (deficit)	13,870	(62,440)
Accumulated other comprehensive income	69	69
Total equity	908,232	821,494
Total liabilities and equity	\$ 1,773,678	\$ 1,797,740

The accompanying notes are an integral part of the consolidated financial statements.

NATIONAL ENERGY SERVICES REUNITED CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In US\$ thousands, except share data and per share amounts)

Description	Year ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Revenues	\$ 1,301,704	\$ 1,145,915	\$ 909,517
Cost of services	(1,093,031)	(997,265)	(844,039)
Gross profit	208,673	148,650	65,478
Selling, general and administrative expenses (excluding Amortization)	(52,195)	(49,173)	(47,530)
Amortization	(18,774)	(18,774)	(18,865)
Operating income / (loss)	137,704	80,703	(917)
Interest expense, net	(39,881)	(45,826)	(34,126)
Other (expense) / income, net	(2,325)	(5,031)	5,242
Income / (loss) before income tax	95,498	29,846	(29,801)
Income tax expense	(19,188)	(17,266)	(6,619)
Net income / (loss)	\$ 76,310	\$ 12,580	\$ (36,420)
Weighted average shares outstanding (Note 16):			
Basic	95,472,527	94,748,324	92,962,048
Diluted	95,735,924	94,748,324	92,962,048
Net earnings per share (Note 16):			
Basic	\$ 0.80	\$ 0.13	\$ (0.39)
Diluted	\$ 0.80	\$ 0.13	\$ (0.39)

The accompanying notes are an integral part of the consolidated financial statements.

NATIONAL ENERGY SERVICES REUNITED CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In US\$ thousands)

Description	Year ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Net income / (loss)	\$ 76,310	\$ 12,580	\$ (36,420)
Other comprehensive income, net of tax			
Foreign currency translation adjustments	-	-	-
Total Comprehensive Income, net of tax	\$ 76,310	\$ 12,580	\$ (36,420)

The accompanying notes are an integral part of the consolidated financial statements.

NATIONAL ENERGY SERVICES REUNITED CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS SHAREHOLDERS' EQUITY
(In US\$ thousands, except share data)

Description	Ordinary Shares	Common Stock and Additional Paid in Capital	Accumulated Other Comprehensive Income	Retained Income / (Deficit)	Total Equity
Balance at December 31, 2023	94,996,397	\$ 883,865	\$ 69	\$ (62,440)	\$ 821,494
Share-based compensation expense	-	6,032	-	-	6,032
Vesting of equity-classified restricted share units	533,145	(163)	-	-	(163)
Settlement of liability-classified share-based compensation	598,645	5,383	-	-	5,383
Other	(82,331)	(824)	-	-	(824)
Net income	-	-	-	76,310	76,310
Balance at December 31, 2024	96,045,856	\$ 894,293	\$ 69	\$ 13,870	\$ 908,232

Description	Ordinary Shares	Common Stock and Additional Paid in Capital	Accumulated Other Comprehensive Income	Retained (Deficit)	Total Equity
Balance at December 31, 2022	94,012,752	\$ 877,299	\$ 69	\$ (75,020)	\$ 802,348
Share-based compensation expense	-	6,763	-	-	6,763
Vesting of equity-classified restricted share units	983,645	(197)	-	-	(197)
Other	-	-	-	-	-
Net income	-	-	-	12,580	12,580
Balance at December 31, 2023	94,996,397	883,865	69	(62,440)	821,494

Description	Ordinary Shares	Common Stock and Additional Paid in Capital	Accumulated Other Comprehensive Income	Retained (Deficit)	Total Equity
Balance at December 31, 2021	91,366,235	\$ 856,792	\$ 69	\$ (35,827)	\$ 821,034
Share-based compensation expense	-	9,269	-	-	9,269
Vesting of equity-classified restricted share units	996,517	-	-	-	-
Current Expected Credit Loss Accounting Standard Adoption (Note 3)	-	-	-	(2,773)	(2,773)
Acquisition of W.D. Van Gonten Engineering (Note 8)	1,650,000	11,238	-	-	11,238
Other	-	-	-	-	-
Net (loss)	-	-	-	(36,420)	(36,420)
Balance at December 31, 2022	94,012,752	\$ 877,299	\$ 69	\$ (75,020)	\$ 802,348

NATIONAL ENERGY SERVICES REUNITED CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In US\$ thousands)

	Year ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Cash flows from operating activities:			
Net income / (loss)	\$ 76,310	\$ 12,580	\$ (36,420)
Adjustments to reconcile net income / (loss) to net cash provided by operating activities:			
Depreciation and amortization	142,784	142,230	115,845
Share-based compensation expense	6,032	6,763	9,269
Loss (Gain) on disposal of assets	467	487	(60)
Non-cash interest (income) expense	(1,171)	1,549	8,087
Deferred tax expense / (benefit)	(2,719)	(3,753)	(10,261)
Allowance for (reversal of) doubtful receivables	8,844	410	8,185
Charges on obsolete service inventories	2,294	137	100
Impairments and other charges	5,324	7,917	-
(Gain) on Buyer Stock Adjustment Amount (Note 8)	-	-	(4,236)
Other operating activities, net	327	933	837
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	25,159	(22,971)	(29,252)
(Increase) decrease in unbilled revenue	(15,737)	14,189	(1,704)
(Increase) decrease in retention withholdings	17,347	(14,151)	6,837
(Increase) decrease in inventories	(633)	11,951	(16,756)
(Increase) decrease in prepaid expenses	(909)	(8,901)	6,164
(Increase) decrease in other current assets	4,967	2,817	(13,711)
(Increase) decrease in other long-term assets and liabilities	(6,959)	16,259	6,075
Increase (decrease) in accounts payable and accrued expenses	(38,517)	(3,365)	33,651
Increase (decrease) in other current liabilities	6,119	11,878	9,926
Net cash provided by operating activities	229,329	176,959	92,576
Cash flows from investing activities:			
Capital expenditures	(105,105)	(68,190)	(122,415)
IPM investments (Note 3)	-	(16,031)	(17,367)
Proceeds from disposal of assets	3,058	1,758	626
Other investing activities	(9,087)	(1,000)	(7,552)
Net cash used in investing activities	(111,134)	(83,463)	(146,708)
Cash flows from financing activities:			
Proceeds from long-term debt	4,063	11,300	3,194
Repayments of long-term debt	(85,806)	(54,763)	(78,755)
Proceeds from short-term borrowings	83,434	94,506	139,482
Repayments of short-term borrowings	(72,614)	(137,402)	(119,165)
Payments on capital leases	(3,193)	(2,403)	(3,108)
Payments on seller-provided financing for capital expenditures	(3,781)	(15,569)	(14,443)
Other financing activities, net	(163)	(197)	-
Net cash provided by (used in) financing activities	(78,060)	(104,528)	(72,795)
Effect of exchange rate changes on cash	-	-	8
Net increase (decrease) in cash	40,135	(11,032)	(126,919)
Cash and cash equivalents, beginning of period	67,821	78,853	205,772
Cash and cash equivalents, end of period	\$ 107,956	\$ 67,821	\$ 78,853
Supplemental disclosure of cash flow information (also refer Note 3):			
Interest paid	38,306	33,914	19,236
Income taxes paid	12,943	15,221	10,989

The accompanying notes are an integral part of the consolidated financial statements.

NATIONAL ENERGY SERVICES REUNITED CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS

National Energy Services Reunited Corp. (“NESR,” the “Company,” “we,” “our,” “us” or similar terms), a British Virgin Islands business company headquartered in Houston, Texas, is one of the largest oilfield services providers in the Middle East North Africa (“MENA”) region.

Formed in January 2017, NESR started as a special purpose acquisition company (“SPAC”) designed to invest in the oilfield services space globally. NESR filed a registration statement for its initial public offering in May 2017. In November 2017, NESR announced the acquisition of two oilfield services companies in the MENA region: NPS Holdings Limited (“NPS”) and Gulf Energy S.A.O.C. (“GES” and, together with NPS, the “Subsidiaries,” or the “NPS/GES Business Combination”). The formation of NESR as an operating entity was completed on June 7, 2018, after the transactions were approved by the NESR shareholders.

On June 1, 2020, NESR further expanded its footprint within the MENA region when its NPS subsidiary acquired Sahara Petroleum Services Company S.A.E. (“SAPESCO”). On May 5, 2021, NESR again expanded its footprint within the MENA region when its NPS subsidiary acquired specific oilfield service lines of Action Energy Company W.L.L. (“Action,” or the “Action Business Combination”). On July 1, 2022, NESR acquired a minority stake in W. D. Von Gonten Engineering LLC (“WDVGE” or the “WDVGE Investment”), a premier Reservoir Characterization and Geological & Geophysical (“G&G”) laboratory and consulting business.

NESR’s revenues are primarily derived by providing production services (“Production Services”) such as hydraulic fracturing, coiled tubing, stimulation and pumping, cementing, nitrogen services, filtration services, pipelines and industrial services, production assurance, artificial lift services, completions and integrated production management. NESR also provides drilling and evaluation services (“Drilling and Evaluation Services”) such as rigs and integrated services, fishing and downhole tools, thru-tubing intervention, tubular running services, directional drilling, drilling and completion fluids, pressure control, well testing services, wireline logging services, and slickline services. NESR has significant operations throughout the MENA region including Saudi Arabia, Oman, Kuwait, United Arab Emirates, Iraq, Algeria, Egypt and Libya.

2. BASIS OF PRESENTATION

The accompanying consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). All amounts are shown in U.S. dollars, except as noted.

Use of estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company’s significant estimates include the determination of reserves and future production associated with Integrated Production Management (“IPM”) projects, allowance for credit losses, evaluation for impairment of property, plant and equipment, evaluation for impairment of goodwill and intangible assets, evaluation for impairment of cost and equity method investments (and as required, fair valuation thereof), estimated useful lives of property, plant, and equipment and intangible assets, provision for inventories obsolescence, unrecognized tax benefits, recoverability of deferred tax assets, contingencies, and actuarial assumptions in employee benefit plans.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the consolidated financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from the estimates.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The Company consolidates entities in which the Company has a majority voting interest and entities that meet the criteria for variable interest entities for which the Company is deemed to be the primary beneficiary for accounting purposes. The Company eliminates intercompany transactions and accounts in consolidation.

Functional and presentation currency

These consolidated financial statements are presented in U.S. Dollars (“USD”), which is the functional and reporting currency of the Company. The majority of the Company’s sales are denominated in USD. Each subsidiary of NESR determines its own functional currency and items included in the financial statements of each subsidiary are measured using that functional currency. All financial information presented in USD is rounded to the nearest thousand, unless otherwise indicated.

Transactions in foreign currencies are translated to the respective functional currency of the Company’s subsidiaries at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate as of the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognized in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Revenue recognition

The Company recognizes revenue from contracts with customers upon transfer of control of promised services to customers at an amount that reflects the consideration it expects to receive in exchange of services. The Company typically receives “callouts” from its customers for specific services at specific customer locations, typically initiated by the receipt of a purchase/service order or similar document from the customer. Customer callouts request that the Company provide a “suite of services” to fulfill the service order, encompassing personnel, use of Company equipment, and supplies required to perform the work. Rates for these services are defined in the Company’s contracts with customers. The term between invoicing and when the payment is due is typically 30-60 days.

Revenue is recognized for each performance obligation when the customer obtains control of the service the Company is providing. For most services, control is obtained over time as (1) the customer simultaneously receives and consumes the benefits provided by the Company’s performance as Company employees perform and (2) the Company’s performance creates or enhances an asset that the customer controls. Revenue is recorded based on daily drilling logs, recognized at the standalone selling price of the services provided as reduced proportionately for management’s estimate of volume or early pay discount where applicable. Upon initial recording, revenue is presented as unbilled revenue on the Company’s Consolidated Balance Sheet and subsequently reclassified to Accounts receivable when the final invoice is presented to the customer or accepted in the customer’s electronic invoice processing portal, as applicable. Amounts collected on behalf of third parties in conjunction with revenue, such as taxes, are generally presented gross as the Company is typically the principal in each taxing jurisdiction.

Cash and cash equivalents

The Company considers all short-term investments with an original maturity of three months or less when purchased to be cash equivalents.

Supplemental cash flow information

Non-cash transactions were as follows during the year ended December 31, 2024:

- Purchases of property, plant, and equipment in Accounts payable of \$36.3 million are not included under “Capital expenditures” within the Consolidated Statement of Cash Flows.
- Purchases of property, plant, and equipment using seller-provided installment financing of \$1.3 million in Accounts payable are not included under “Payments on seller-provided financing for capital expenditures” within the Consolidated Statement of Cash Flows.

Non-cash transactions were as follows during the year ended December 31, 2023:

- Purchases of property, plant, and equipment in Accounts payable of \$17.6 million are not included under “Capital expenditures” within the Consolidated Statement of Cash Flows.
- Purchases of property, plant, and equipment using seller-provided installment financing of \$5.5 million in Accounts payable are not included under “Payments on seller-provided financing for capital expenditures” within the Consolidated Statement of Cash Flows.

Non-cash transactions were as follows during the year ended December 31, 2022:

- Purchases of property, plant, and equipment in Accounts payable of \$9.1 million are not included under “Capital expenditures” within the Consolidated Statement of Cash Flows.
- Purchases of property, plant, and equipment using seller-provided installment financing of \$11.6 million in Accounts payable are not included under “Payments on seller-provided financing for capital expenditures” within the Consolidated Statement of Cash Flows.
- During the year-to-date period ended December 31, 2022, the Company issued NESR ordinary share consideration of 1,650,000 shares as consideration for the WDVGE Investment (Note 8). These transactions were non-cash and do not appear in the Consolidated Statement of Cash Flows for the year-to-date period ended December 31, 2022.

Concentration of credit risk

The Company’s assets that are exposed to concentrations of credit risk consist primarily of cash, accounts receivable from customers, unbilled revenue from customers, and retention withholdings. The Company places its cash with financial institutions and limits the amount of credit exposure with any one of them. The Company regularly evaluates the creditworthiness of the issuers in which it invests. The Company minimizes this credit risk by entering into transactions with high-quality counterparties, limiting the exposure to each counterparty and monitoring the financial condition of its counterparties.

Unbilled revenue, accounts receivable and allowance for credit losses

Trade accounts receivable are recorded at the invoiced amount. Accounts receivable are reclassified from unbilled revenue when presented to the customer or accepted in the customer’s electronic invoice processing portal, if applicable. No interest is charged on past-due balances.

On January 1, 2022, the Company adopted Accounting Standards Update (“ASU”) No. 2016-13, *Financial Instruments – Credit Losses* (collectively, Accounting Standards Codification 326 (“ASC 326”)). The ASU introduced a new accounting model, the Current Expected Credit Losses model (“CECL”), which requires earlier recognition of credit losses and additional disclosures related to credit risk. The CECL model utilizes a lifetime expected credit loss measurement objective for the recognition of credit losses for loans and other receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. This model replaces the multiple existing impairment models in current U.S. GAAP, which generally require that a loss be incurred before it is recognized. The new standard also applies to financial assets arising from revenue transactions such as unbilled revenue and accounts receivable. The Company recorded a \$2.8 million cumulative-effect adjustment in opening retained (deficit) as of January 1, 2022, related to the adoption of ASC 326.

The Company monitors its customers’ payment history and current credit worthiness to determine that collectability of the related financial assets is reasonably assured. The Company also considers the overall business climate in which our customers operate. For accounts receivable, a loss allowance matrix is utilized to measure lifetime expected credit losses. The matrix contemplates historical credit losses by age of receivables, adjusted for any forward-looking information and management expectations.

Service inventories

The Company’s service inventory consists of spare parts and chemicals support ongoing operations which are held for the purpose of service contracts and are measured at the lower of cost or net realizable value. The cost is based on the weighted average cost principle and includes expenditures incurred in acquiring the service inventories. Net realizable value is the estimated selling price less estimated costs of completion and selling expenses incurred in the ordinary course of business.

The Company determines charges for obsolete service inventory based on historical usage of inventory on-hand, assumptions about future demand and market conditions and estimates about potential alternative uses, which are limited.

Property, plant and equipment

Property, plant and equipment, inclusive of equipment under capital lease, is stated at cost less accumulated depreciation. The cost of ordinary maintenance and repair is charged to operating expense, while replacement of critical components and major improvements that extend the life of the related asset are capitalized. Capital work in progress mainly represents costs incurred on drilling rigs and equipment that are in transit at the reporting date. No depreciation is charged to capital work in progress. Depreciation of property, plant and equipment is calculated using the straight-line method over the asset’s estimated useful life as follows:

Buildings and leasehold improvements	5 to 25 years or the estimated lease period, whichever is shorter
Drilling rigs, plant and equipment	1 to 15 years
Office equipment (furniture and fixtures) and tools	3 to 10 years
Vehicles and cranes	5 to 10 years

Equipment held under capital leases are generally amortized on a straight-line basis over the shorter of the estimated useful life of the underlying asset and the term of the lease.

Property, plant and equipment is reviewed for impairment on an annual basis or whenever events or changes in circumstances indicate the carrying value of an asset or asset group may not be recoverable. Events or circumstances that may indicate include, but are not limited to, matters such as a significant decline in market value or a significant change in business climate (“triggering events”). An impairment loss is recognized when the carrying value of an asset exceeds the estimated undiscounted future cash flows from the use of the asset and its eventual disposition.

The amount of impairment loss recognized is the excess of the asset’s carrying value over its fair value. In determining the fair market value of the assets, the Company considers market trends and recent transactions involving sales of similar assets, or when not available, discounted cash flow analysis. The Company has not recorded any impairment charges of property, plant and equipment in the accompanying Consolidated Statements of Operations for any of the periods presented.

Assets to be disposed of are reported at the lower of the carrying value or the fair value less cost to sell. Upon sale or other disposition of an asset, the Company recognizes a gain or loss on disposal measured as the difference between the net carrying value of the asset and the net proceeds received.

Production Management Assets

The Company’s IPM projects are focused on developing and managing production on behalf of the Company’s customers under long-term agreements. The Company invests its own services and products, and in some cases cash, into the field development activities and operations. Although in certain arrangements the Company is paid for a portion of the services or products it provides, generally the Company is not paid at the time of providing its services or upon delivery of its products. Instead, the Company is compensated based upon cash flow generated. Revenues from IPM arrangements, which is recognized as the related production is achieved, represented less than 1%, 1%, and 0% (zero) of the Company’s Revenues in 2024, 2023 and 2022, respectively.

The Company capitalizes its cash investments in a project as well as the direct costs associated with providing services or products for which the Company will be compensated when the related production is achieved. These capitalized investments are amortized to the Consolidated Statements of Operations as the related production is achieved based on the units of production method, whereby each unit produced is assigned a pro-rata portion of the unamortized costs based on estimated total production, resulting in a matching of revenue with the applicable costs. Amortization expense relating to these capitalized investments was \$10.3 million, \$13.7 million and \$0.0 (zero) million in 2024, 2023 and 2022, respectively.

The unamortized portion of the Company’s investments in IPM projects was \$6.5 million and \$18.8 million at December 31, 2024 and 2023, respectively. These amounts are included within ‘Other assets’ in the Company’s Consolidated Balance Sheets.

At December 31, 2024 and 2023, and at interim reporting dates within those years, the Company assessed whether the unamortized costs associated with these investments exceed the present value of future cash flows from the projects, and recorded impairment charges of \$1.6 million and \$0.9 million during the years ended December 31, 2024 and 2023, respectively. The Company will continue to assess, in future reporting periods, whether the unamortized costs associated with these investments exceed the discounted present value of future cash flows, as a significant deviation in future production levels or future selling prices could result in a material charge in the Consolidated Statement of Operations for future reporting periods.

Goodwill

Goodwill is the excess cost of an acquired entity over the amounts assigned to assets acquired and liabilities assumed in a business combination.

Goodwill is evaluated for impairment on an annual basis on October 1st, or more frequently if circumstances require. The Company performs a qualitative assessment to determine whether it is more-likely-than-not that the fair value of the applicable reporting unit is less than its carrying amount. If the Company determines, as a result of its qualitative assessment, that it is not more-likely-than-not that the fair value of the applicable reporting unit is less than its carrying amount, no further testing is required. If the Company determines, as a result of its qualitative assessment, that it is more-likely-than-not that the fair value of the applicable reporting unit is less than its carrying amount, a goodwill impairment assessment is performed using a two-step, fair-value based test. Under the first step, goodwill is reviewed for impairment by comparing the carrying value of the reporting unit’s net assets (including allocated goodwill) to the fair value of the reporting unit. The fair value of the reporting units is determined using a discounted cash flow approach. Determining the fair value of a reporting unit requires judgment and the use of significant estimates and assumptions. Such estimates and assumptions include revenue growth rates, discount rates, operating margins, weighted average costs of capital, market share and future market conditions, among others. If the reporting unit’s carrying value is greater than its fair value, a second step is performed whereby the implied fair value of goodwill is estimated by allocating the fair value of the reporting unit in a hypothetical purchase price allocation analysis. If the amount of goodwill resulting from this hypothetical purchase price allocation is less than the carrying value of the reporting unit’s goodwill, the recorded carrying value of goodwill is written down to the implied fair value. The Company performed quantitative assessments for both of its reporting units as of October 1, 2024, October 1, 2023, and October 1, 2022, and has not recorded any impairment charge for goodwill in the accompanying Consolidated Statements of Operations for any of the periods presented.

Intangible assets

Intangible assets were identified that met either the separability criterion or the contractual-legal criterion described in ASC 805. The Company’s intangible assets with finite lives consist of customer contracts, trademarks and trade names. The cost of intangible assets with finite lives is amortized over the estimated period of economic benefit on a straight-line basis, ranging from eight to ten years. Asset lives are adjusted whenever there is a change in the estimated period of economic benefit. No residual value has been assigned to these intangible assets.

Intangible assets with finite lives are tested for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. These conditions may include a change in the extent or manner in which the asset is being used or a change in future operations. The Company assesses the recoverability of the carrying amount by preparing estimates of future revenue, margins and cash flows. If the sum of expected future cash flows (undiscounted) is less than the carrying amount, an impairment loss is recognized. The impairment loss recognized is the amount by which the carrying amount exceeds the fair value. Fair value of these assets may be determined by a variety of methodologies, including discounted cash flow models.

Investments in Equity Instruments

Investments in equity instruments (of entities in which the Company do not have either a controlling financial interest or significant influence, most often because the Company holds a voting interest of 0% to 20%) are recorded at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar equity securities of the same issuer. These changes are recorded in Other income / (expense), net in the Consolidated Statements of Operations.

Equity method investments are equity holdings in entities in which the Company do not have a controlling financial interest, but over which the Company has significant influence, most often because the Company holds a voting interest of 20% to 50%. The results of our equity method investments are presented in the Consolidated Statements of Operations within Other income(expense) net. Investments in, and advances to, equity method investments are presented on a one-line basis in the caption Other assets in our Consolidated Balance Sheets.

Leasing

The Company evaluates contracts and similar arrangements under ASU 2016-02, *Leases*, with amendments in 2018, 2019, and 2020 (collectively, “ASC 842”) to determine whether they contain a lease. ASC 842 requires balance sheet recognition of both finance and operating leases with lease terms longer than one year.

The Company determines if an arrangement contains a lease at inception. The Company has operating leases that primarily consist of land and buildings. The Company also has finance leases for its equipment. Right-of-use (“ROU”) assets represent the Company’s right to use an underlying asset for the lease term and lease liabilities represent the Company’s obligation to make lease payments arising from the lease. Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The lease term is determined to be the non-cancelable period including any lessee renewal options considered to be reasonably certain of exercise. The Company has elected the practical expedient to utilize the risk-free rate over a similar period as the remaining lease term as the applicable discount rate. Lease expense for fixed lease payments on operating leases is recognized over the expected term on a straight-line basis, while interest expense for fixed lease payments on finance leases is recognized using the effective interest method.

Employee benefits

The Company provides defined benefit plan of severance pay to the eligible employees. The severance pay plan provides for a lump sum payment to employees on separation (retirement, resignation, death while in employment or on termination of employment) of an amount based upon the employees last drawn salary and length of service, subject to the completion of minimum service period (1-2 years) and taking into account the provisions of local applicable law or as per applicable employee contracts. The Company records annual amounts relating to these long-term employee benefits based on calculations that incorporate various actuarial and other assumptions, including discount rates, mortality, assumed rates of return, compensation increases and turnover rates. The Company reviews its assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends when it is appropriate to do so. The effect of modifications to those assumptions is recorded in the statement of income. The Company believes that the assumptions utilized in recording its obligations under its plans are reasonable based on its experience and market conditions. The net periodic costs are recognized as employees render the services necessary to earn these benefits. Contributions to a defined contribution retirement plan and occupational hazard insurance for Omani employees in accordance with the Omani Social Insurances Law are recognized as an expense as incurred.

Income taxes

The Company applies an asset and liability approach to financial accounting and reporting for income taxes. Deferred tax assets and liabilities are computed for differences between the financial statement carrying amount and the tax basis of assets and liabilities that will result in future deductible or taxable amounts and for carryforwards, based on enacted tax laws and rates applicable to the periods in which the deductible or taxable temporary differences are expected to affect taxable income. Valuation allowances are established to reduce deferred tax assets to the amount that is more likely than not to be realized.

The Company applies a recognition threshold and measurement attribute for evaluating tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position, based solely on the technical merits, must be more-likely-than-not to be sustained upon examination by taxing authorities. Recognized tax positions are measured as the largest amount of tax benefit that is greater than 50 percent likely of being realized upon settlement. The Subsidiaries operate in multiple tax jurisdictions in the Middle East, North Africa and Asia. The Company has provided for income taxes based on enacted tax laws and tax rates in effect in the countries where the Company operates and earns income. The income taxes in these jurisdictions vary substantially. The Company engages in transactions in which the income tax consequences may be subject to uncertainty and examination by the varying taxing authorities. Significant judgment is required by the Company’s management in assessing and estimating the income tax consequences of these transactions. While the Company prepares tax returns based on interpretations of tax laws and regulations, in the normal course of business, the income tax returns may be subject to examination by the various taxing authorities. Such examinations may result in future assessments of additional income tax, interest and penalties. NESR classifies interest and penalties relating to an underpayment of income taxes within income tax (expense) / benefit in the Consolidated Statements of Operations. Considerable judgment is involved in determining which tax positions are more likely than not to be sustained.

Commitments and contingencies

The Company accrues for costs relating to litigation claims and other contingent matters, including liquidated damage liabilities, when such liabilities become probable and reasonably estimable. In circumstances where the most likely outcome of a contingency can be reasonably estimated, the Company accrues a liability for that amount. Where the most likely outcome cannot be estimated, a range of potential losses is established and if no one amount in that range is more likely than others, the low end of the range is accrued. Such estimates may be based on advice from third parties or on management’s judgment, as appropriate. Revisions to contingent liabilities are reflected in income in the period in which different facts or information become known or circumstances change that affect the Company’s previous judgments with respect to the likelihood or amount of loss. Amounts paid upon the ultimate resolution of contingent liabilities may be materially different from previous estimates and could require adjustments to the estimated reserves to be recognized in the period such new information becomes known.

Stock-based compensation arrangements

The Company provides stock-based compensation in the form of restricted stock awards to members of its Board of Directors and employees. Awards are issued pursuant to the terms of the Company’s Amended and Restated 2018 Long Term Incentive Plan (the “Amended LTIP”) and valued at their grant date fair value. Grants to members of the Company’s Board of Directors are time-based and vest ratably over a 1-year period. Grants to Company employees are time-based and with limited exceptions, vest ratably over a 3-year period.

Net income / (loss) per ordinary share

Basic income per ordinary share is computed by dividing basic net income/ (loss) by the weighted-average number of ordinary shares outstanding. Diluted income per ordinary share was computed by dividing diluted net income / (loss) by the weighted-average number of ordinary shares outstanding plus dilutive potential ordinary shares, if any. Dilutive potential ordinary shares include outstanding warrants, restricted stock awards, and/or other contracts to issue ordinary stock and are determined by applying the treasury stock method, reverse treasury stock method, if-converted method or contingently issuable share method, as applicable, if dilutive.

Derivative financial instruments

The Company evaluates all of its financial instruments to determine if such instruments are derivatives or contain features that qualify as an embedded derivative. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported as other income (expense).

Fair value of financial instruments

The Company’s financial instruments consist of cash and cash equivalents, accounts receivable, unbilled revenue, accounts payable, leases, contingent consideration assumed in the Action transaction, and loans and borrowings. The fair value of the Company’s financial instruments under ASC Topic 820, “Fair Value Measurements and Disclosures,” approximates the carrying amounts represented in the accompanying Consolidated Balance Sheet, primarily due to their short-term nature or market-index features, as applicable.

Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 - Inputs that are generally unobservable and typically reflect management’s estimate of assumptions that market participants would use in pricing the asset or liability.

Segment information

An operating segment is defined as a component of an enterprise that engages in business activities from which it may earn revenues and incur expenses and about which separate financial information is regularly evaluated by the Company’s chief operating decision maker (“CODM”) in deciding how to allocate resources. Similar operating segments can be aggregated into a single operating segment if the businesses are similar. Management has determined that the Company has two operating segments and two reportable segments (Note 19), which reflects the manner in which the CODM operates the Company. The Company’s CODM is its Chief Executive Officer.

Recently issued accounting standards not yet adopted

In December 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2023-09, Income Taxes (Topic 740): *Improvements to Income Tax Disclosures*, which requires a tabular reconciliation using both percentages and amounts, broken out into specific categories with certain reconciling items at or above 5% of the statutory tax further broken out by nature and/or jurisdiction. This ASU also has disclosure requirements related to income taxes paid (net of refunds received), broken out between federal, state/local and foreign, and amounts paid to an individual jurisdiction when 5% or more of the total income taxes paid. The ASU is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company does not intend to early adopt this standard. The Company is currently reviewing the impact of the adoption on the consolidated financial statements.

On November 4, 2024, the FASB issued ASU No. 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): *Disaggregation Of Income Statement Expenses*, which requires disaggregated disclosure of income statement expenses for public business entities (“PBEs”). The ASU does not change the expense captions an entity presents on the face of the income statement; rather, it requires disaggregation of certain expense captions into specified categories in disclosures within the footnotes to the financial statements. ASU 2024-03 is effective for all PBEs for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The Company is currently reviewing the impact of the adoption on the consolidated financial statements.

All new accounting pronouncements that have been issued but not yet effective are currently being evaluated and, at this time, are not expected to have a material impact on our financial position or results of operations.

4. REVENUE

Disaggregation of revenue

There is significant homogeneity amongst the Company’s revenue-generating activities. In all service lines, the Company provides a “suite of services” to fulfill a customer purchase/service order, encompassing personnel, use of Company equipment, and supplies required to perform the services. 99 percent of the Company’s revenue is from the MENA region with the majority sourced from governmental customers, predominantly in Oman and Saudi Arabia. Information regularly reviewed by the chief operating decision maker (“CODM”) for evaluating the financial performance of operating segments is focused on the timing of when the services are performed during a well’s lifecycle. Production Services are services performed during the production stage of a well’s lifecycle. Drilling and Evaluation Services are services performed during the pre-production stages of a well’s lifecycle.

Based on these considerations, the following table provides disaggregated revenue data by the phase in a well’s lifecycle during which revenue has been recorded (in US\$ thousands):

Description	Year ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Revenue by Phase in Well’s Lifecycle:			
Production Services	\$ 878,076	\$ 785,642	\$ 567,249
Drilling and Evaluation Services	423,628	360,273	342,268
Total revenue by phase in well’s life cycle	<u>\$ 1,301,704</u>	<u>\$ 1,145,915</u>	<u>\$ 909,517</u>
	98		

5. ACCOUNTS RECEIVABLE

The following table summarizes the accounts receivable of the Company as of the period end dates set forth below (in US\$ thousands):

	December 31, 2024	December 31, 2023	December 31, 2022
Trade receivables	\$ 152,471	\$ 180,989	\$ 161,373
Less: allowance for credit losses	(15,206)	(9,720)	(12,664)
Total	\$ 137,265	\$ 171,269	\$ 148,709

Trade receivables relate to the sale of services, for which credit is extended based on the Company’s evaluation of the customer’s creditworthiness. The gross contractual amounts of trade receivables at December 31, 2024, December 31, 2023, and December 31, 2022, were \$152.5 million, \$181.0 million, and \$161.4 million, respectively. The movement in the allowance for credit losses is as follows (in US\$ thousands):

	Year ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Allowance for credit losses at beginning of period	\$ (9,720)	\$ (12,664)	\$ (2,052)
CECL Accounting Standard Adoption (Note 3)	-	-	(2,773)
(Increase) decrease to allowance for the period	(8,844)	410	(8,185)
(Recovery) write-off of credit losses	3,358	2,534	346
Allowance for credit losses at end of period	\$ (15,206)	\$ (9,720)	\$ (12,664)

6. SERVICE INVENTORIES

The following table summarizes the service inventories for the period end dates as set forth below (in US\$ thousands):

	December 31, 2024	December 31, 2023
Spare parts	\$ 63,842	\$ 66,615
Chemicals	32,930	31,819
Total	\$ 96,772	\$ 98,434

7. PROPERTY, PLANT, & EQUIPMENT

Property, plant and equipment, net of accumulated depreciation, of the Company consists of the following as of the period end dates set forth below (in US\$ thousands):

	Estimated Useful Lives (in years)	December 31, 2024	December 31, 2023
Buildings and leasehold improvements	5 to 25	\$ 55,283	\$ 57,002
Drilling rigs, plant and equipment	1 to 15	747,905	749,492
Office equipment (furniture and fixtures) and tools	3 to 10	16,658	16,763
Vehicles and cranes	5 to 10	9,713	14,446
Less: Accumulated depreciation		(443,367)	(420,812)
Land		11,664	11,664
Capital work in progress		40,290	14,111
Total		\$ 438,146	\$ 442,666

The Company recorded depreciation expense of \$111.7 million, \$109.7 million, and \$97.0 million for the years ended December 31, 2024, December 31, 2023, and December 31, 2022, respectively, in the Consolidated Statement of Operations.

8. GOODWILL, INTANGIBLE, AND OTHER ASSETS

Goodwill

Changes in the carrying amount of goodwill of the Company between December 31, 2023, and December 31, 2024, are as follows (in US\$ thousands):

	Production Services	Drilling and Evaluation Services	Goodwill
Balance as of December 31, 2023	\$ 459,710	\$ 185,385	\$ 645,095
Not applicable	-	-	-
Balance as of December 31, 2024	\$ 459,710	\$ 185,385	\$ 645,095

Intangible assets subject to amortization, net

The following is the weighted average amortization period for intangible assets of the Company subject to amortization (in years):

	Amortization
Customer contracts & relationships	10.0
Trademarks and trade names	7.9
Total intangible assets	9.7

The details of our intangible assets subject to amortization are set forth below (in US\$ thousands):

	December 31, 2024			December 31, 2023		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Customer contracts & relationships	\$ 153,500	\$ (92,322)	\$ 61,178	\$ 153,500	\$ (76,899)	\$ 76,601
Trademarks and trade names	25,940	(21,422)	4,518	25,940	(18,237)	7,703
Total intangible assets	\$ 179,440	\$ (113,744)	\$ 65,696	\$ 179,440	\$ (95,136)	\$ 84,304

The aggregate amortization expense remaining for each of the five years subsequent to December 31, 2024, is \$18.6 million for 2025, \$16.8 million for 2026, \$15.4 million for 2027, \$8.1 million for 2028, and \$2.9 million for 2029.

Equity method investments

On July 1, 2022, NESR acquired a minority stake in WDVGE, a premier Reservoir Characterization and G&G laboratory and consulting business.

The following table presents our investments at the dates indicated (in US\$ thousands):

	Segment	Ownership	December 31, 2024	December 31, 2023
WDVGE	Production Services	46.2%	\$ 3,225	7,782

During the years ended December 31, 2024, 2023, and 2022, NESR recorded other than temporary impairments of \$3.7 million, \$7.0 million, and \$0 (zero) million, respectively, in its investment in WDVGE. During the year ended December 31, 2023, the Company determined that its investment in WDVGE was not fully recoverable on account of slower than anticipated customer and revenue growth as compared to NESR’s original expectations. NESR’s investment in WDVGE was fair valued using a discounted cash flow approach within a scenario analysis.

The following table presents earnings (loss) from equity investments for the periods indicated (in US\$ thousands):

	Segment	Year ended December 31, 2024	Year ended December 31, 2023	6 months ended December 31, 2022
W. D. Von Gonten Engineering LLC	Production Services	\$ 28.7	\$ (454.1)	\$ 42.7

Summarized combined financial information for our equity method investments is as follows for the periods indicated (amounts represent 100% of investee financial information in US\$ thousands):

	December 31, 2024	December 31, 2023	
Balance Sheet data:			
Current assets	\$ 5,242	4,397	
Noncurrent assets	15,236	18,227	
Total assets	<u>\$ 20,478</u>	<u>22,624</u>	
Current liabilities	\$ 2,555	2,624	
Other liabilities	10,976	13,115	
Combined equity	6,947	6,885	
Total liabilities and combined equity	<u>\$ 20,478</u>	<u>22,624</u>	
	Year ended December 31, 2024	Year ended December 31, 2023	Six months ended December 31, 2022
Statement of operations data:			
Revenue	\$ 20,016	\$ 19,263	\$ 10,035
Operating income	62	(1,041)	(350)
Net income	62	(983)	92

Other investments

To date, the Company has not made significant expenditures on research and development activities aside from making strategic investments and partnerships with companies to expand the NESR Environmental & Decarbonization Applications (“NEDA”) and Drilling & Evaluation portfolios. These investments are individually insignificant but total \$24.3 million and \$15.2 million as of December 31, 2024, and December 31, 2023, respectively. The Company accounts for these under ASC 321, *Investments - Equity Securities*, and they are recorded at cost, less impairments (if any), as none of the investments have readily determinable fair values. The Company monitors recent transactions in these investments as well as other information that may indicate that impairments have occurred. For the years ended December 31, 2024, December 31, 2023, or December 31, 2022, no impairments, or other downward revisions in the value of these investments, have been recorded. Subsequent to December 31, 2024, the Company contributed an additional \$2.0 million to one of its investments, increasing the value of its overall portfolio to \$26.3 million.

9. LEASING

Our leasing activities primarily consist of operating leases for administrative offices, manufacturing facilities, research centers, service centers, sales offices and certain equipment.

The following table presents components of lease expense (in US\$ thousands):

	Year ended December 31, 2024	Year ended December 31, 2023	Year ended December 31, 2022
Components of lease expense:			
Finance lease cost:			
Amortization of right-of-use assets	\$ 3,878	\$ 3,290	\$ 3,595
Interest on lease liabilities	450	166	390
Operating lease cost	7,515	8,715	7,142
Short-term lease ⁽¹⁾	174,542	146,206	136,818
Sublease income	-	(24)	(54)
Total lease expense	\$ 186,385	\$ 158,353	\$ 147,891

⁽¹⁾ Leases with a term of one year or less, including leases with a term of one month or less

Amounts recognized in the Consolidated Balance Sheet (in US\$ thousands):

	As of December 31, 2024	As of December 31, 2023
Components of balance sheet:		
Operating leases:		
Operating lease right-of-use assets (non-current)	\$ 26,042	31,628
Current portion of operating lease liabilities	5,449	7,406
Operating lease liabilities (non-current)	20,843	25,145
Finance leases:		
Property, plant and equipment, net (non-current)	\$ 9,244	11,943
Other current liabilities	5,336	3,403
Other liabilities (not current)	-	4,128

	Year ended December 31, 2024	Year ended December 31, 2023	Year ended December 31, 2022
Other supplemental information (in US\$ thousands except percentages):			
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows used by operating leases	\$ 6,926	\$ 8,317	\$ 6,662
Operating cash flows used by finance leases	450	166	390
Financing cash flows used by finance leases	3,193	2,403	3,108
Noncash investing and financing activities:			
Right-of-use assets obtained in exchange for lease obligations on adoption of ASC 842:			
Operating leases			33,651
Finance leases			10,771
Modifications of right-of-use assets obtained in exchange for lease obligations during the year ended:			
Operating leases	(157)	2,360	-
Finance leases	-	-	-
Right-of-use assets obtained in exchange for lease obligations during the year ended:			
Operating leases	1,679	5,855	1,945
Finance leases	1,126	7,679	-
Derecognition of prepaid rent upon adoption of ASC 842:			93
Derecognition of prepaid rent upon adoption of ASC 842 during the year ended:			
	-	-	683
Derecognition of tenant improvements upon adoption of ASC 842:			
			362
Weighted-average remaining lease term:			
Operating leases	14.70 years	12.84 years	14.29 years
Finance leases	0.92 years	2.68 years	1.35 years
Weighted-average discount rate for operating leases			
Operating leases	7.90%	7.60%	7.39%
Finance leases	7.12%	7.07%	5.88%

Maturities of our lease liabilities are as follows (in US\$ thousands):

	As of December 31, 2024		As of December 31, 2023	
	Operating Leases	Finance Leases	Operating Leases	Finance Leases
Year:				
2024	\$ -	\$ -	\$ 8,306	\$ 3,833
2025	6,148	5,567	7,394	3,600
2026	3,503	-	3,847	720
2027	3,110	-	2,864	-
2028	3,035	-	2,285	-
2029	2,449	-	-	-
Thereafter	31,300	-	32,670	-
Total lease payments	49,545	5,567	57,366	8,153
Less: imputed interest	(23,253)	(231)	(24,815)	(622)
Total	\$ 26,292	\$ 5,336	\$ 32,551	\$ 7,531

10. DEBT

Long-term debt

The Company’s long-term debt obligations consist of the following (in US\$ thousands):

	December 31, 2024	December 31, 2023
Secured Term Loan	\$ 322,500	\$ 387,000
Secured Revolving Credit Facility	-	10,000
Borrowings from Long-Term 24 Month Working Capital Facilities	4,235	11,479
Less: unamortized debt issuance costs	(3,613)	(5,170)
Total loans and borrowings	323,122	403,309
Less: current installments	(68,735)	(71,744)
Long-term debt, net of unamortized debt issuance costs and excluding current installments	\$ 254,387	\$ 331,565

2021 Secured Facilities Agreement

On November 4, 2021, the Company entered into a \$860 million Secured Facilities Agreement (the “2021 Secured Facilities Agreement”). At inception, the \$860 million 2021 Secured Facilities Agreement consisted of a \$430 million term loan due by November 4, 2027 (the “Term Loan” or “Secured Term Loan”), a \$80.0 million revolving credit facility due by November 4, 2025 (“RCF” or “Secured Revolving Credit Facility”), and a \$350 million working capital facility that renews annually by mutual agreement of the Lenders and the Company. Deferred debt issuance costs totaling \$3.7 million and \$5.3 million as of December 31, 2024, and December 31, 2023, respectively, have been assigned ratably to the term, revolving and working capital facilities and will be amortized to interest expense over periods of 6, 4, and 1 year(s), respectively. The amounts are shown as contra liabilities in the accompanying Consolidated Balance Sheets.

Borrowings under the Term Loan and RCF facilities incur interest based on the secured overnight financing rate (“SOFR”) for U.S. dollar denominated borrowings or the Saudi Arabian Interbank Offered Rate (“SAIBOR”) for Saudi Arabia Riyal borrowings plus 2.6% to 3.0% per annum, varying based on the Company’s Net Debt / EBITDA ratio as defined in the 2021 Secured Facilities Agreement. As of December 31, 2024, and December 31, 2023, this resulted in interest rates of 7.67% and 8.23%, respectively, for U.S. dollar denominated borrowings, and interest rates of 8.18% and 8.58%, respectively, for Saudi Arabian Riyal borrowings.

The RCF was obtained for general corporate and working capital purposes including capital expenditure related requirements and acquisitions (including transaction related expenses). The RCF requires the payment of a commitment fee each quarter. The commitment fee is computed at the rate of 25% of the margin on the facility lender’s available commitment for the relevant quarter. Under the terms of the RCF, the final settlement is due by November 4, 2025. The Company is permitted to make any prepayment under this RCF in multiples of \$5.0 million during this 4-year period up to November 4, 2025. Any unutilized balances from the RCF can be drawn down again during the 4-year tenure at the same terms. The Term Loan permits prepayment but once repaid, amounts may not be redrawn. As of December 31, 2024, and December 31, 2023, the Company had drawn \$322.5 million and \$387.0 million, respectively, of the Term Loan, and \$0.0 (zero) million and \$10.0 million, respectively, of the RCF. Additionally, as of December 31, 2024, and December 31, 2023, the Company had \$80.0 million and \$70.0 million, respectively, available to be drawn under the RCF.

The 2021 Secured Facilities Agreement also includes a working capital facility of \$305 million and \$325 million as of December 31, 2024, and December 31, 2023, respectively, for issuance of letters of guarantee, letters of credit and refinancing letters of credit into debt over a period of no more than two years, which carries an interest rate equal to SOFR for U.S. dollar denominated borrowings, or SAIBOR for Saudi Arabia Riyal borrowings, for the applicable interest period, plus a margin of 1.25% to 1.5% per annum. As of December 31, 2024, and December 31, 2023, this resulted in interest rates of 7.67% and 8.23%, respectively, for U.S. dollar denominated borrowings, and interest rates of 8.18% and 8.58%, respectively, for Saudi Arabian Riyal borrowings. The working facility requires the payment of a commitment fee each quarter. The commitment fee is computed at the rate of 0.3125% (25% of the margin) on the facility lender’s available commitment for the relevant quarter. As of December 31, 2024, and December 31, 2023, the Company had utilized \$226.6 million and \$178.6 million, respectively, under this working capital facility and the balance of \$78.4 million and \$146.4 million, respectively, was available to the Company.

The 2021 Secured Facilities Agreement includes covenants that specify maximum leverage (Net Debt / EBITDA) up to 3.50, minimum debt service coverage ratio (Cash Flow / Debt Service) of at least 1.25, and interest coverage (EBITDA / Interest) of at least 4.00. As of December 31, 2024, the Company was in compliance with all financial and non-financial covenants under the 2021 Secured Facilities Agreement.

Other Working Capital Facilities

The Company has also retained other legacy bilateral working capital facilities totaling \$13.3 million and \$13.4 million at December 31, 2024 and December 31, 2023, respectively. As of December 31, 2024, and December 31, 2023, the Company had utilized \$5.0 million and \$6.7 million, respectively, under this working capital facility and the balance of \$8.6 million and \$6.7 million, respectively, was available to the Company.

Utilization of the working capital facilities under both the legacy bilateral working capital facilities and 2021 Secured Facilities Agreement comprises letters of credit issued to vendors, guarantees issued to customers, vendors, and others, and short-term borrowings used to settle letters of credit. Once a letter of credit is presented for payment by the vendor, the Company at its election can settle the letter of credit from available cash or leverage short-term borrowings available under both the legacy HSBC arrangement and 2021 Secured Facilities Agreement that will be repaid quarterly over a period of up to two years. Until a letter of credit is presented for payment by the vendor, it is disclosed as an off-balance sheet obligation. For additional discussion of outstanding letters of credit and guarantees, see Note 13, *Commitments and Contingencies*.

Short-term debt

The Company’s short-term debt obligations consist of the following (in US\$ thousands):

	December 31, 2024	December 31, 2023
Other short-term borrowings from working capital facilities	\$ 59,832	\$ 49,001
Less: unamortized debt issuance costs	(112)	(112)
Short-term debt, excluding current installments of long-term debt	<u>\$ 59,720</u>	<u>\$ 48,889</u>

Short-term borrowings primarily consist of financing for capital equipment and inventory purchases.

Other debt information

Scheduled principal payments of long-term debt for periods subsequent to December 31, 2024, are as follows (in US\$ thousands):

2025	\$ 68,735
2026	64,500
2027	193,500
2028	-
2029	-
Total	<u>\$ 326,735</u>

11. EMPLOYEE BENEFITS

Defined benefit plans

The following tables set out the funded status of the end-of-service indemnities employees receive under one of the five benefit structures the Company and its subsidiaries offer to its employees and the amounts recognized in the Company’s financial statements as of December 31, 2024, and 2023 (in thousands):

	December 31, 2024	December 31, 2023
Change in benefit obligations		
Benefit obligations at the beginning of the year	\$ 33,661	\$ 28,314
Actuarial (gain) / loss	287	1,344
Service cost	5,274	4,979
Interest cost	1,784	1,522
Benefits paid	(2,283)	(2,498)
Benefit obligations at the end of the year	<u>38,723</u>	<u>33,661</u>
Current benefit obligation (within Other current liabilities)	6,917	4,726
Non-current benefit obligation	31,806	28,935
Benefit obligation at the end of the year	<u>38,723</u>	<u>33,661</u>
Change in plan assets		
Fair value of plan assets at the beginning of the year	-	-
Employer contributions	2,283	2,498
Benefits paid	(2,283)	(2,498)
Plan assets at the end of the year	-	-
Unfunded status	<u>\$ 38,723</u>	<u>\$ 33,661</u>

Net cost for the years ended December 31, 2024, 2023, and 2022, comprises the following components (in thousands):

	Year ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Service cost	\$ 5,274	\$ 4,979	\$ 4,876
Interest cost	1,784	1,522	675
Actuarial (gain)/loss	287	1,344	(1,128)
Other	-	-	-
Net cost	<u>\$ 7,345</u>	<u>\$ 7,845</u>	<u>\$ 4,423</u>

The weighted-average assumptions used to determine benefit obligations as of December 31, 2024 and 2023 are set out below:

	December 31, 2024	December 31, 2023
Discount rate	5.50%	5.00%
Rate of increase in compensation levels:	4.5-5%	4.5-5%

The discount rate has been set with regard to the market yields on high quality corporate bonds as of December 31, 2024, for the measurements as of December 31, 2024 (and as of December 31, 2023 for the measurements as of December 31, 2023) of duration broadly consistent with the duration of the benefit obligations. The primary yield curve for the purpose of this comparison has been the ‘FTSE Above Median Double-A Curve’.

The weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31, 2024, and 2023 are set out below:

	December 31, 2024	December 31, 2023
Discount rate	5.00%	5%
Rate of increase in compensation levels:	4.5-5%	4.5-5%

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards.

The following illustrates the sensitivity to changes in discount rate, holding all other assumptions constant, for in the Company’s benefit obligations (in thousands):

Change in assumption:	Benefit obligation at the end of the year
100 basis point decrease in discount rate	\$ 2,225
100 basis point increase in discount rate	\$ (1,987)

The Company has no regulatory requirement to fund these benefits in advance and intends to pay benefits directly as they fall due. As of December 31, 2024, the Company has no plan assets to invest.

Accumulated benefit obligation was \$22.7 million and \$19.2 million as of December 31, 2024 and 2023, respectively.

The following reflect expected future benefit payments (in thousands):

	Year ended December 31, 2024
2025	\$ 7,874
2026	\$ 6,441
2027	\$ 6,403
2028	\$ 6,167
2029	\$ 6,226
2030 through 2034	\$ 28,209

The expected benefits are based materially on the same assumptions used to measure the Company’s benefit obligations as of December 31, 2023.

12. INCOME TAXES

NESR is a holding company incorporated in the British Virgin Islands, which imposes a zero percent statutory corporate income tax rate on income generated outside of the British Virgin Islands. The subsidiaries operate in multiple tax jurisdictions throughout the MENA region where statutory tax rates generally vary from 0% to 43.7%. In the British Virgin Islands, the statutory rate is effectively 0% as tax is not applied on extra territorial activity.

	Year ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Domestic	\$ (24,638)	\$ (7,865)	\$ (8,726)
Foreign	120,136	37,711	(21,075)
Income / (loss) before income tax	<u>\$ 95,498</u>	<u>\$ 29,846</u>	<u>\$ (29,801)</u>

Income tax expense / (benefit)

The components of the income tax expense / (benefit), all of which is foreign, are as follows (in US\$ thousands):

	Year ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Current tax expense	\$ 21,907	\$ 21,019	\$ 16,880
Deferred tax (benefit)	(2,719)	(3,753)	(10,261)
Income tax expense	<u>\$ 19,188</u>	<u>\$ 17,266</u>	<u>\$ 6,619</u>

Deferred taxes have been recognized for temporary differences and carryforwards that will have effects on income taxes payable or receivables in future years. The components of net deferred tax liabilities and assets are as follows (in US\$ thousands):

	As of	
	December 31, 2024	December 31, 2023
<u>Deferred Tax Assets</u>		
Property, plant and equipment and other	\$ 6,843	\$ 7,030
Net operating loss carryforward	22,297	26,332
Total deferred tax assets	29,140	33,362
Less: valuation allowance	(9,733)	(10,311)
Deferred tax assets, net of valuation allowance	<u>\$ 19,407</u>	<u>\$ 23,051</u>
<u>Deferred Tax Liabilities</u>		
Property, plant and equipment and other	\$ (3,805)	\$ (5,558)
Intangible assets	(9,251)	(12,292)
Total deferred tax liabilities	(13,056)	(17,850)
Net deferred tax asset	<u>\$ 6,351</u>	<u>\$ 5,201</u>

The Company has \$314.2 million of tax effective operating loss carryforwards made of \$183.9 million reported in Saudi Arabia, which can be indefinitely carried forward, and \$130.3 million reported in other countries that generally expire between 2025 and 2029.

Deferred tax assets are reduced by valuation allowances. As of December 31, 2024, and 2023, valuation allowances of \$9.7 million and \$10.3 million relate to deferred tax assets for net operating loss carryforwards. Changes in the Company’s estimates and assumptions used to determine the valuation allowance, including any changes in applicable tax laws or tax rates, may impact the Company’s ability to recognize the underlying deferred tax assets and could require future adjustments to the valuation allowances. For the year ended December 31, 2024, the net change in the valuation allowance was \$0.6 million however the activity during the period included an additional allowance of \$2.9 million and utilization of \$3.5 million from the beginning-of-the-year valuation allowance due to statute of limitation on carry forwards and a change in assumption on recoverability of the deferred tax assets by the Company, respectively. Further, deferred tax assets as of December 31, 2024, and 2023 in the table above, for operating loss balances carried forward on the Company’s income tax returns, have been presented net of an unrecognized tax benefit for likely disallowances of \$28.9 million and \$26.7 million, respectively.

Deferred tax liabilities on Property, plant and equipment and other of \$3.8 million and \$5.6 million at December 31, 2024, and 2023, respectively.

The Company generally does not recognize deferred tax liabilities related to undistributed earnings of foreign subsidiaries because such earnings either would not be taxable when remitted or they are indefinitely reinvested. This position may change if the Company decides to distribute the earnings from its subsidiaries, which are subject to withholding taxes, or if there are any unfavorable changes in the tax laws in this regard. Accordingly, a determination of the amount of unrecognized deferred tax liability on such undistributed earnings is not practicable. The Company has decided to distribute the earnings from one of its subsidiaries, which are subject to withholding tax. Accordingly, current tax expense of \$0.6m was recorded at December 31, 2024.

Income Tax Rate Reconciliation

The difference between the reported amount of income tax expense and the amount that would result from applying the British Virgin Islands statutory rate is shown in the table below (in thousands). In the British Virgin Islands, the statutory rate is effectively 0% as income tax is not applied on extra territorial activity.

	Year ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Income tax at statutory rate (BVI)	\$ -	\$ -	\$ -
Foreign tax rate differential	13,886	3,178	(1,498)
Tax effect of adjustments to prior years current tax expense	670	-	-
Tax effect of adjustments to prior years deferred taxes	(997)	-	-
Effect of changes in valuation allowances	(551)	2,861	(1,460)
Uncertain tax positions / Unrecognized tax benefits	3,722	9,703	9,577
Other	2,458	1,524	-
Income tax expense / (benefit)	<u>\$ 19,188</u>	<u>\$ 17,266</u>	<u>\$ 6,619</u>

The foreign tax rate differential relates to differences between the income tax rates in effect in the foreign countries in which the Company operates, which can vary significantly, and the Company’s statutory tax rate of 0%. Income tax (benefit)/ expense for the years ended December 31, 2024, and 2023, include \$2.9 million and \$1.5 million, respectively, of penalties and interest associated with the Company’s unrecognized tax benefits.

Uncertain Tax Positions / Unrecognized Tax Benefits

The Company records estimated accrued interest and penalties related to an underpayment of income taxes in income tax expense. As of December 31, 2024, and 2023, the Company had \$65.0 million and \$68.5 million, respectively, of uncertain tax positions and unrecognized tax benefits, excluding estimated accrued interest and penalties of \$7.6 million and \$5.1 million, respectively, which are included in Other Long-Term Liabilities in the Consolidated Balance Sheet. There are no timing differences or other items that have indirect effects included in the uncertain tax positions and unrecognized tax benefits and as such all \$72.6 million of the net uncertain tax positions and unrecognized tax benefits as of December 31, 2024, would affect the effective tax rate if recognized.

A summary of activity related to the net unrecognized tax benefits is as follows:

	Year ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Balance at beginning of period	\$ 68,512	\$ 61,115	\$ 51,002
Additions from tax positions related to the current period	5,913	7,957	16,953
Additions from tax positions related to prior periods	4,232	629	-
Reductions from tax positions related to earlier periods	(12,989)	(863)	(5,485)
Settlement of tax positions	(650)	(326)	(1,355)
Balance at end of period	\$ 65,018	\$ 68,512	\$ 61,115

The Company does not anticipate the amount of the unrecognized tax benefits will change significantly over the next twelve months.

Unrecognized tax benefits may change from quarter-to-quarter based on various factors, including, but not limited to, favorable or unfavorable resolution of tax audits or disputes, expiration of relevant statutes of limitations, changes in tax laws or changes to the interpretation of existing tax laws due to new legislative guidance or court rulings, or new tax positions taken on recently filed tax returns. Although the Company has recorded unrecognized tax benefits for all tax positions which, in management’s judgment, are not more likely than not to be sustained if challenged by the relevant tax authorities in the future, the Company cannot provide assurance as to the final tax liability related to its tax positions as it is not possible to predict with certainty the ultimate outcome of any related tax disputes. Thus, it is reasonably possible that the ultimate tax liabilities related to such tax positions could substantially exceed recorded uncertain tax positions and unrecognized tax benefits related to such tax positions, resulting in a material adverse effect on the Company’s earnings and cash flows from operations.

The Company’s tax returns for year 2019 and subsequent years for all major jurisdictions remain subject to examination by tax authorities. The Company is currently subject to or expects to be subject to income tax examinations in various jurisdictions where the Company operates or has previously operated. If any tax authority successfully challenges the Company’s tax positions, including, but not limited to, tax positions related to the tax consequences of various intercompany transactions, the taxable presence of the Company’s subsidiaries in a given jurisdiction, the basis of taxation in a given jurisdiction (such as deemed profits versus net-filing basis), or the applicability of relevant double tax treaty benefits to certain transactions; or should the Company otherwise lose a material tax dispute in any jurisdiction, the Company’s income tax liability could increase substantially and the Company’s earnings and cash flows from operations could be materially adversely affected to the extent such amounts are in excess of existing provisions.

Impact of the GloBE Rules on the Company

The Company operates in several jurisdictions that have enacted or announced the implementation of the Organisation for Economic Co-operation and Development’s Global Anti-Base Erosion (“GloBE”) rules. The Company has performed an assessment of the potential impact of the GloBE rules on its financial statements for the year ended December 31, 2024. The assessment suggests that none of the entities within the Company are subject to any top-up tax in 2024, as they either have no or negative profits, or have an effective tax rate above the minimum threshold or meet at least one of the Country by Country Reporting safe harbours.

The Company will continue to monitor the developments of the GloBE rules and will perform an assessment for 2025 and disclose the expected impact in its first quarter 2025 interim financial information.

13. COMMITMENTS AND CONTINGENCIES

Capital expenditure commitments

The Company was committed to incur capital expenditures of \$33.6 million and \$15.4 million at December 31, 2024, and December 31, 2023, respectively. Substantially all of the commitments outstanding as of December 31, 2024, are expected to be settled during 2025.

Other commitments

The Company purchases certain property, plant, and equipment using seller-provided installment financing with payment terms extending to 24 months. As of December 31, 2024, and December 31, 2023, the Company recorded \$1.3 million and \$1.5 million, respectively, in Accounts payable for amounts due using seller-provided installment financing.

The Company had outstanding letters of credit amounting to \$2.3 million and \$2.0 million as of December 31, 2024, and December 31, 2023, respectively.

In the normal course of business with customers, vendors and others, the Company has entered into off-balance sheet arrangements, such as surety bonds for performance, and other bank issued guarantees which totaled \$165.4 million and \$122.8 million as of December 31, 2024, and December 31, 2023, respectively. The Company has also entered into cash margin guarantees totaling \$4.2 million and \$3.6 million at December 31, 2024, and December 31, 2023, respectively. A liability is accrued when a loss is both probable and can be reasonably estimated. None of the off-balance sheet arrangements either has, or is likely to have, a material effect on the Company’s consolidated financial statements.

As of December 31, 2024, and December 31, 2023, the Company had liabilities of \$0.0 (zero) million and \$2.0 million, respectively, on the Consolidated Balance Sheet included in the line item “Other liabilities,” reflecting various liabilities associated with the 2014 acquisition of NPS Bahrain by NPS Holdings Limited.

Legal proceedings

The Company is involved in certain legal proceedings which arise in the ordinary course of business and the outcomes of which are currently subject to uncertainties and therefore the probability of a loss, if any, being sustained and an estimate of the amount of any loss are difficult to ascertain. Consequently, it is not possible to make a reasonable estimate of the expected financial effect, if any, that will result from ultimate resolution of these disputes. The Company is contesting these claims/disputes and the Company’s management currently believes that it is not required to recognize a provision because they are not probable or reasonably estimable and any impacts are not expected to have a material impact on the Company’s business, financial condition, results of operations, or liquidity.

14. SHARE-BASED COMPENSATION

In 2024, the NESR shareholders approved the Amended LTIP. A total of 11,500,000 ordinary shares are reserved for issuance under the Amended LTIP. Grants to members of the Company’s Board of Directors are time-based and vest ratably over a 1-year period. Grants to Company employees are time-based and with limited exceptions, vest ratably over a 3-year period.

The purpose of the Amended LTIP is to enhance NESR’s ability to attract, retain and motivate persons who make (or are expected to make) important contributions to NESR by providing these individuals with equity ownership opportunities. The Company intends to use time-based restricted stock unit awards to reward long-term performance of the executive officers. The Company believes that providing a meaningful portion of the total compensation package in the form of share-based awards will align the incentives of its executive officers with the interests of its shareholders and serve to motivate and retain the individual executive officers.

The following tables set forth the equity-classified LTIP activity for the periods indicated (in US\$ thousands, except share and per share amounts):

	Year ended					
	December 31, 2024		December 31, 2023		December 31, 2022	
	Number of Restricted Shares	Weighted Average Value per Share	Number of Restricted Shares	Weighted Average Value per Share	Number of Restricted Shares	Weighted Average Value per Share
Unvested at Beginning of Period	842,881	\$ 9.80	2,076,317	\$ 10.10	2,248,699	\$ 9.58
Granted	2,407,500	\$ 8.75	5,000	\$ 5.04	1,011,040	\$ 8.76
Vested	(561,548)	\$ 10.35	(1,049,243)	\$ 8.80	(1,064,774)	\$ 9.38
Forfeited	(58,427)	\$ 8.56	(189,193)	\$ 9.68	(118,648)	\$ 9.25
Unvested at End of Period	<u>2,630,406</u>	\$ 8.75	<u>842,881</u>	\$ 9.80	<u>2,076,317</u>	\$ 10.10

At December 31, 2024 and December 31, 2023, there were 43,234 and 34,484 restricted stock units, respectively, that were vested but not yet issued by the stock transfer agent. The issuance of these vested restricted stock units is subject to the participants setting up their participant accounts with the stock transfer agent. Additionally, during the years ended December 31, 2024, 2023, and 2022, the Company acquired 18,653 treasury shares for \$0.2 million, 45,942 treasury shares for \$0.2 million, and 0 (zero) treasury shares, respectively, in connection with employee tax withholding for vested shares.

At December 31, 2024 and 2023, the Company had unrecognized compensation expense of \$18.6 million and \$3.8 million, respectively, related to unvested LTIP to be recognized on a straight-line basis over a weighted average remaining period of 2.55 years and 1.02 years, respectively. Stock-based compensation has been recorded in the Consolidated Statements of Operations as follows (in US\$ thousands):

	Year ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Cost of Services	\$ 2,983	\$ 3,368	\$ 4,466
Selling, general and administrative expenses (excluding Amortization)	3,049	3,395	4,803
Net cost	<u>\$ 6,032</u>	<u>\$ 6,763</u>	<u>\$ 9,269</u>

15. EQUITY

Common Stock

The Company is authorized to issue an unlimited number of ordinary shares, no par value, and preferred shares, no par value. The Company’s ordinary shares are entitled to one vote for each share. As of December 31, 2024 and December 31, 2023, there were 96,045,856 and 94,996,397, respectively, ordinary shares outstanding.

Preferred Shares

The Company is authorized to issue an unlimited number of preferred shares divided into five classes with designations, voting and other rights and preferences as may be determined from time to time by the Board of Directors. As of December 31, 2024, and December 31, 2023, there were no preferred shares issued or outstanding.

Warrants

As of both December 31, 2024, and December 31, 2023, there were 35,540,380 warrants outstanding. Each Public Warrant entitles the registered holder to purchase one-half of one ordinary share at a price of \$5.75 per half share at any time commencing on July 6, 2018 (30 days after the completion of the NPS/GES Business Combination). The warrants must be exercised for whole ordinary shares. The warrants were initially set to expire on June 6, 2024 (five years after the completion of the NPS/GES Business Combination) but were extended to June 6, 2025, and subsequently June 6, 2026, by votes of the Company’s Board of Directors during 2022 and January 2025, respectively.

The Company reserves the right to call the warrants at any time prior to its exercise with a notice of call in writing to the holders of record of the Warrant, giving at least 30 days’ notice of such call, at any time while the warrants are exercisable, if the last sale price of the Company’s ordinary shares has been at least \$21.00 per share on each of 20 trading days within any 30 trading day period (the “30-day trading period”) ending on the third business day prior to the date on which notice of such call is given and if, and only if, there is a current registration statement in effect with respect to the Company’s ordinary shares underlying the warrants commencing five business days prior to the 30-day trading period and continuing each day thereafter until the date of redemption. The call price of the warrants is to be \$.01 per warrant. Any Public Warrant either not exercised or tendered back to the Company by the end of the date specified in the notice of call shall be canceled on the books of the Company and have no further value except for the \$.01 call price.

16. EARNINGS PER SHARE

Under ASC 260, *Earnings per Share*, the Company applies the treasury stock method, reverse treasury stock method, if-converted method or contingently issuable share method, as applicable, to allocate earnings and determine the impact of potentially dilutive shares as none of its potentially dilutive securities participates in dividends.

Years ended December 31, 2024, December 31, 2023, and December 31, 2022

The following tables provides a reconciliation of the data used in the calculation of basic and diluted ordinary shares outstanding for the years ended December 31, 2024, December 31, 2023, and December 31, 2022 (in US\$ thousands except shares and per share amounts):

			Year ended December 31, 2024, Weighted Average Ordinary Shares Outstanding
Date	Transaction Detail	Change in Shares	
January 1, 2024	Beginning Balance		94,996,397
January 9, 2024	Equity-classified Restricted Stock Issuance	333	325
March 17, 2024	Equity-classified Restricted Stock Issuance	12,751	10,068
March 18, 2024	Equity-classified Restricted Stock Issuance	242,455	190,784
March 19, 2024	Equity-classified Restricted Stock Issuance	235,741	184,857
April 1, 2024	Equity-classified Restricted Stock Issuance	1,774	1,343
April 23, 2024	Equity-classified Restricted Stock Issuance	1,333	918
May 2, 2024	Return of shares from W.D. Van Gonten Engineering	(82,331)	(54,662)
August 14, 2024	Equity-classified Restricted Stock Issuance	38,758	14,720
October 1, 2024	Settlement of liability-classified share-based compensation	118,647	29,500
October 3, 2024	Settlement of liability-classified share-based compensation	30,000	7,295
October 21, 2024	Settlement of liability-classified share-based compensation	449,998	90,982
December 31, 2024	Ending Balance		95,472,527

			Year ended December 31, 2023, Weighted Average Ordinary Shares Outstanding
Date	Transaction Detail	Change in Shares	
January 1, 2023	Beginning Balance		94,012,752
January 23, 2023	Equity-classified Restricted Stock Issuance	500	468
February 2, 2023	Equity-classified Restricted Stock Issuance	22,440	20,411
February 24, 2023	Equity-classified Restricted Stock Issuance	250	212
March 1, 2023	Equity-classified Restricted Stock Issuance	333	278
March 16, 2023	Equity-classified Restricted Stock Issuance	247,286	196,474
March 17, 2023	Equity-classified Restricted Stock Issuance	578,436	457,995
April 12, 2023	Equity-classified Restricted Stock Issuance	666	480
June 1, 2023	Equity-classified Restricted Stock Issuance	40,000	23,342
June 22, 2023	Equity-classified Restricted Stock Issuance	1,484	781
August 14, 2023	Equity-classified Restricted Stock Issuance	92,250	35,131
December 31, 2023	Ending Balance		94,748,324

			Year ended December 31, 2022, Weighted Average Ordinary Shares Outstanding
Date	Transaction Detail	Change in Shares	
December 31, 2021	Beginning Balance		91,366,235
February 23, 2022	Equity-classified Restricted Stock Issuance	32,868	28,005
March 16, 2022	Equity-classified Restricted Stock Issuance	279,493	222,063
March 17, 2022	Equity-classified Restricted Stock Issuance	74,000	58,592
March 18, 2022	Equity-classified Restricted Stock Issuance	242,727	191,522
March 19, 2022	Equity-classified Restricted Stock Issuance	316,775	249,081
July 1, 2022	WDVGE - NESR ordinary share consideration	1,650,000	827,260
August 14, 2022	Equity-classified Restricted Stock Issuance	50,654	19,290
December 31, 2022	Ending Balance		92,962,048

	December 31, 2024			December 31, 2023			December 31, 2022		
	Net income to Ordinary Shareholders	Weighted-average ordinary shares outstanding	EPS	Net income to Ordinary Shareholders	Weighted- average ordinary shares outstanding	EPS	Net (loss) to Ordinary Shareholders	Weighted- average ordinary shares outstanding	EPS
Basic EPS - ordinary shares	\$ 76,310	95,472,527	0.80	\$ 12,580	94,748,324	\$ 0.13	\$ (36,420)	92,962,048	\$ (0.39)
Restricted stock units		263,397			-			-	
Antidilution sequencing - subtotal	76,310	95,735,924	0.80	12,580	94,748,324	0.13	(36,420)	92,962,048	(0.39)
35,540,380 warrants @ \$5.75 per half share		-			-			-	
Diluted EPS - ordinary shares	\$ 76,310	95,735,924	0.80	\$ 12,580	94,748,324	\$ 0.13	\$ (36,420)	92,962,048	\$ (0.39)

For the year ended December 31, 2024, potentially dilutive warrants had no impact on the determination of dilutive earnings per share as these potential ordinary shares were antidilutive. For the years ended December 31, 2023 and 2022, both potentially dilutive restricted stock units and warrants had no impact on the determination of dilutive earnings per share as these potential ordinary shares were antidilutive.

17. FAIR VALUE ACCOUNTING

The Company measures and records the Buyer Stock Adjustment Amount derivative liability (note 8) at fair value in the accompanying financial statements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability, an exit price, in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value, includes:

- Level 1 – Observable inputs for identical assets or liabilities such as quoted prices in active markets;
- Level 2 – Inputs other than quoted prices in active markets that are either directly or indirectly observable; and
- Level 3 – Unobservable inputs in which little or no market data exists, which are therefore developed by the Company using estimates and assumptions that reflect those that a market participant would use.

The following tables present the Company’s fair value hierarchy for its financial liabilities measured at fair value on a recurring basis:

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Liability for Buyer Stock Adjustment Amount derivative (Note 8)	\$ -	\$ -	\$ -	\$ -

	As of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Liability for Buyer Stock Adjustment Amount derivative (Note 8)	\$ -	\$ -	\$ -	\$ -

The Company’s Buyer Stock Adjustment Amount derivative is included as a Level 3 measurements in the tables above. Adjustment Amount derivative liability was calculated using the Monte Carlo simulation analysis.

The change in fair value of the Company’s Level 3 measurements is as follows:

	Year-to-date period ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Beginning Balance	\$ -	\$ -	\$ -
Initial accounting for Buyer Stock Adjustment Amount derivative liability (Note 8)	-	-	(4,236)
Change in Buyer Stock Adjustment Amount derivative liability (Note 8)	-	-	4,236
Ending Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Company’s other financial instruments consist of cash and cash equivalents, accounts receivable, unbilled revenue, accounts payable, leases, contingent consideration assumed in the Action transaction, and loans and borrowings. The fair value of the Company’s other financial instruments approximates the carrying amounts represented in the accompanying Consolidated Balance Sheets, primarily due to their short-term nature. The fair value of the Company’s long-term borrowings also approximates the carrying amounts as these loans are carrying interest at the market rate.

18. RELATED PARTY TRANSACTIONS

Nine Energy Service, Inc. (“Nine”)

The Company purchased \$1.1 million, \$1.5 million, and \$0.8 million for the years ended December 31, 2024, 2023, and 2022, respectively, of products and rentals from Nine. One of the Company’s directors, Andrew Waite, served as a director of Nine until February 28, 2025. As of December 31, 2024, and December 31, 2023, the Company had total liabilities of \$0.0 (zero) million and \$0.4 million, respectively, on its Consolidated Balance Sheets related to these purchases.

19. REPORTABLE SEGMENTS

Operating segments are components of an enterprise where separate financial information is available and that are evaluated regularly by the Company’s CODM in deciding how to allocate resources and in assessing performance. The Company reports segment information based on the “management” approach and its CODM is its Chief Executive Officer.

The Company’s services are similar to one another in that they consist of oilfield services and related offerings, whose customers are oil and natural gas companies. The results of operations of the service offerings are regularly reviewed by the CODM for the Company for the purposes of determining resource and asset allocation and assessing performance. The Company has determined that it has two reportable segments, Production Services and Drilling and Evaluation Services. The CODM evaluates the operating results of its reportable segments primarily based on revenue and segment operating (loss) / income. Segment operating (loss) / income does not include general corporate expenses, such as corporate overhead (costs incurred at the Company’s global and regional headquarter locations), share-based compensation, and transaction and integration costs, as these expenses are not allocated to the Company’s reportable segments and not reported to the Company’s CODM.

Production Services that are offered depend on the well life cycle in which the services may fall. They include, but are not limited to, the following types of service offerings: hydraulic fracturing, coiled tubing, stimulation and pumping, cementing, nitrogen services, filtration services, pipelines and industrial services, production assurance, artificial lift services, completions and integrated production management.

Drilling and Evaluation Services generates its revenue from the following service offerings: rigs and integrated services, fishing and downhole tools, thru-tubing intervention, tubular running services, directional drilling, drilling and completion fluids, pressure control, well testing services, wireline logging services, and slickline services.

The Company’s operations and activities are located within certain geographies, primarily the MENA region.

Revenue from operations

	Year ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Reportable Segment:			
Production Services	\$ 878,076	\$ 785,642	\$ 567,249
Drilling and Evaluation Services	423,628	360,273	342,268
Total revenue from external customers	<u>\$ 1,301,704</u>	<u>\$ 1,145,915</u>	<u>\$ 909,517</u>

Long-lived assets

	As of	
	December 31, 2024	December 31, 2023
Reportable Segment:		
Production Services	\$ 220,453	\$ 225,612
Drilling and Evaluation Services	162,295	170,224
Total Reportable Segments	382,748	395,836
Unallocated assets	55,398	46,830
Total long-lived assets	<u>\$ 438,146</u>	<u>\$ 442,666</u>

Unallocated assets mainly comprise of buildings and leasehold improvements in the countries which supports both the segments in the normal course of business.

Total segment operating income / (loss)

	Year ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Reportable Segment:			
Production Services	\$ 146,869	\$ 111,060	\$ 28,717
Drilling and Evaluation Services	63,102	36,461	33,473)
Total Reportable Segments	209,971	147,521	62,190
Unallocated expenses	(72,267)	(66,818)	(63,107)
Total Operating income / (loss)	<u>137,704</u>	<u>80,703)</u>	<u>(917)</u>
Interest expense, net	(39,881)	(45,826)	(34,126)
Other (expense) / income, net	(2,325)	(5,031)	5,242)
Income / (loss) before income tax	<u>\$ 95,498</u>	<u>\$ 29,846</u>	<u>\$ (29,801)</u>

Unallocated expenses for the years ended December 31, 2024, December 31, 2023, and December 31, 2022, mainly include corporate selling, general and administrative expenses (inclusive of amortization), offset in small part by a portion of these costs that are allocated to the reportable segments. As described elsewhere, corporate selling, general and administrative expenses are primarily comprised of payroll and compensation costs for headquarters’ employees, professional and legal expenses relating to audit firms, consulting firms and legal counsel, and depreciation charges on headquarters’ offices and leasehold improvements.

Significant segment expenses, which represents the difference between segment revenue and pretax segment income, consist of the following:

	Year ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Production Services:			
Compensation	\$ 193,908	\$ 173,539	\$ 151,922
Cost of products, materials, and supplies	262,003	231,642	156,962
Transport and rental	115,025	99,432	92,156
Depreciation and amortization	80,547	88,777	67,061
Other	79,724	81,192	70,431
	<u>\$ 731,207</u>	<u>\$ 674,582</u>	<u>\$ 538,532</u>
	Year ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Drilling and Evaluation Services			
Compensation	\$ 137,362	\$ 121,707	\$ 112,266
Cost of products, materials, and supplies	70,740	64,144	57,889
Transport and rental	68,783	52,736	56,010
Depreciation and amortization	42,386	42,219	37,891
Other	41,255	43,006	44,739
	<u>\$ 360,526</u>	<u>\$ 323,812</u>	<u>\$ 308,795</u>

Other segment expenses include mobilization, occupancy, professional, and other costs.

Revenue by geographic area

	Year ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Geographic Area:			
Domestic (British Virgin Islands)	\$ -	\$ -	\$ -
MENA	1,282,923	1,132,321	893,635
Rest of World	<u>18,781</u>	<u>13,594</u>	<u>15,882</u>

Total revenue	\$	1,301,704	\$	1,145,915	\$	909,517
---------------	----	-----------	----	-----------	----	---------

Long-lived assets by geographic area

	As of	
	December 31, 2024	December 31, 2023
Geographic area:		
Domestic (British Virgin Islands)	\$	\$ -
MENA	428,353	431,002
Rest of World	9,793	11,664
Total long-lived assets	\$ 438,146	\$ 442,666

Significant customers

Revenues from four customers individually accounted for 54%, 9%, 7% and 4% of the Company’s consolidated revenues in the year ended December 31, 2024, 44%, 8%, 7% and 5% of the Company’s consolidated revenues in the year ended December 31, 2023, and 40%, 9%, 7% and 7% of the Company’s consolidated revenues in the year ended December 31, 2022.

Subsidiaries

All subsidiaries are, indirectly or directly, wholly-owned by National Energy Services Reunited Corp. except as indicated below.

Entity	State of Incorporation/Formation
NPS Bahrain For Oil and Gas Well Services WLL	Bahrain
NPS Energy Holding WLL	Bahrain
MENA National Energy Ltd.	British Virgin Islands
NPS Energy (B) Sdn. Bhd. (Brunei)	Brunei
NESR Cayman Limited	Cayman Islands
Sahara For Maintenance and Operating Services LLC	Egypt
Sahara Petroleum Services (SAPESCO) Company S.A.E.	Egypt
NPS Energy India Private Limited	India
PT DFI Asia Energy	Indonesia
PT NPS Energy Indonesia	Indonesia
PT Tiger Indonesia Services ROI	Indonesia
Specialized Oil Well Maintenance Company LLC	Iraq
Kuwait Gulf Petroleum Services WLL	Kuwait
National Gulf Petroleum Services WLL	Kuwait
NPS Energy Oilfield Supplies Ltd.	Labuan
National Petroleum Services JSC	Libya
NPS Energy SDN BHD	Malaysia
Gulf Energy SAOC	Oman
Gulf Energy Services LLC	Oman
Makameen Petroleum LLC	Oman
Sino Gulf Energy Enterprises LLC	Oman
National Oil Well Maintenance Company WLL ⁽¹⁾	Qatar
NESR Oil and Gas Services WLL	Qatar
National Drilling Company Limited	Saudi Arabia
National Petroleum Services Limited	Saudi Arabia
National Petroleum Technology Company Limited	Saudi Arabia
SAPESCO Arabian Petroleum Services LLC	Saudi Arabia
National Energy Services Reunited Regional Headquarters Limited	Saudi Arabia
National Energy Services Reunited Corporation	Texas
Energy Oilfield Supplies DMCC	United Arab Emirates
National Energy Services Reunited DMCC	United Arab Emirates
NPS Holdings Limited	United Arab Emirates
Taqat Professional Services DMCC	United Arab Emirates
NESR Energy Services LLC	United Arab Emirates
NNG Reinsurance Limited	United Arab Emirates
NESR Limited	United Kingdom

⁽¹⁾ The Company owned 100% of this entity until the second quarter of 2024 when its ownership interest changed to 50%.

Insider Trading Policy

This Policy on Insider Trading (this “*Policy*”) describes the standards of National Energy Services Reunited Corp. and its subsidiaries (the “*Company*”) on trading, and causing the trading of, the Company’s securities or securities of certain other publicly traded companies while in possession of confidential information. This Policy is divided into two parts: the first part prohibits trading in certain circumstances and applies to all directors, officers and employees and their respective immediate family members and the second part imposes special additional trading restrictions and applies to all “Covered Persons”, which includes (i) directors, (ii) the Company’s Chief Executive Officer, Chief Financial Officer, Vice President of Operations and

General Counsel and (iii) certain other employees that the Company may designate from time to time because of their position, responsibilities or their actual or potential access to material information.

One of the principal purposes of the federal securities laws is to prohibit so-called “insider trading.” Simply stated, insider trading occurs when a person uses material nonpublic information obtained through involvement with the Company to make decisions to purchase, sell, give away or otherwise trade the Company’s securities or to provide that information to others outside the Company. The prohibitions against insider trading apply to trades, tips and recommendations by virtually any person, including all persons associated with the Company, if the information involved is “material” and “nonpublic.” These terms are defined in this Policy under Part I, Section 5 below. The prohibitions would apply to any director, officer or employee who buys or sells Company stock on the basis of material nonpublic information that he or she obtained about the Company, its customers, suppliers, partners, competitors or other companies with which the Company has contractual relationships or may be negotiating transactions.

All Covered Persons are required to acknowledge they have read and will abide by this Policy, which may be evidenced by signing the attached Acknowledgment and Certification in Appendix A.

PART I

1. Applicability

This Policy applies to all trading or other transactions in the Company’s securities, including the Company’s ordinary shares, warrants and any other securities that the Company may issue, such as preferred stock, options, notes, bonds, and convertible securities, as well as to derivative securities relating to any of the Company’s securities, whether or not issued by the Company, such as exchange-traded options. This Policy applies to all employees of the Company, all officers of the Company and all members of the Company’s board of directors and their immediate family members (defined below).

Directors, officers and employees of the Company are responsible for ensuring that their immediate family members and any other person or entity controlled by such person or immediate family member comply with the provisions of this Policy. For purposes of this Policy, the term “immediate family member” includes a person’s children, stepchildren, parents, stepparents, spouse, siblings, mother-in-law, father-in-law, sons-in-law, daughters-in-law, brothers-in-law and sisters-in-law, as well as any person (other than a tenant or employee) sharing such person’s household.

2. General Policy: No Trading or Causing Trading While in Possession of Material Nonpublic Information

- (a) No director, officer or employee, or any of their immediate family members, may purchase or sell, or offer to purchase or sell, any Company security, whether or not issued by the Company, while in possession of material nonpublic information about the Company.
- (b) No director, officer or employee, or any of their immediate family members, who knows of any material nonpublic information about the Company may communicate (“tip”) that information to any other person, including family members and friends, or otherwise disclose such information without the Company’s authorization.
- (c) No director, officer or employee, or any of their immediate family members may purchase or sell any security of any other company while in possession of material nonpublic information about the other company that was obtained in the course of his or her involvement with the Company. No director, officer or employee, or any of their immediate family members, who knows of any such material nonpublic information may communicate that information to, or tip, any other person, including family members and friends, or otherwise disclose such information without the Company’s authorization.
- (d) For compliance purposes, you should never trade, tip or recommend securities (or otherwise cause the purchase or sale of securities) while in possession of information that you have reason to believe is material and nonpublic unless you first consult with, and obtain the advance approval of, the General Counsel.
- (e) Covered Persons must pre-clear all trading in securities of the Company in accordance with the procedures set forth in Part II, Section 3 below.

3. Confidentiality of Nonpublic Information

Nonpublic information relating to the Company is the property of the Company and the unauthorized disclosure of such information is forbidden. No director, officer or employee shall discuss internal Company matters or developments with anyone outside of the Company, except as required in the performance of regular corporate duties consistent with that person’s obligations to the Company. This prohibition applies specifically, but not exclusively, to inquiries about the Company that may be made by shareholders, investment analysts or others in the financial community. If a director, officer or employee receives any enquiries of this nature, the person should decline comment and refer the inquirer to the Investor Relations department.

4. Applicability to Material Nonpublic Information Regarding Other Companies

This Policy also applies to material nonpublic information relating to other companies, including the Company’s customers, vendors or potential business combination or acquisition targets (“business partners”) when the information is obtained in the course of employment with, or other services performed on behalf of, the Company. All personnel should treat material nonpublic information about a business partner with the same care required with respect to information related directly to the Company.

5. Definitions

- In addition to the terms otherwise defined herein, the following terms have the meanings given to them below
- (a) **Material.** Insider trading restrictions come into play only if the information you possess is “material.” Materiality, however, involves a relatively low threshold. Information is generally regarded as “material” if it has market significance, that is, if its public dissemination is likely to affect the market price of securities, or if it otherwise is information that a reasonable investor would want to know before making an investment decision. Information dealing with the following subjects is reasonably likely to be found material in particular situations:
 - (i) Significant changes in the Company’s prospects;
-

- (ii) Significant write-downs in assets or increases in reserves;
- (iii) Developments regarding significant litigation or government agency investigations;
- (iv) Liquidity problems;
- (v) Changes in earnings estimates or unusual gains or losses in major operations;
- (vi) Major changes in the Company’s management or the board of directors;
- (vii) Changes in dividends;
- (viii) Extraordinary borrowings;
- (ix) Major changes in accounting methods or policies;
- (x) Award or loss of a significant contract;
- (xi) Cybersecurity risks and incidents, including vulnerabilities and breaches;
- (xii) Changes in debt ratings;
- (xiii) Proposals, plans or agreements, even if preliminary in nature, involving mergers, acquisitions, divestitures, recapitalizations, strategic alliances, licensing arrangements, or purchases or sales of substantial assets; and
- (xiv) Offerings of Company securities.

Material information is not limited to historical facts but may also include projections and forecasts. With respect to a future event, such as a merger, acquisition or introduction of a new product, the point at which negotiations or product development are determined to be material is determined by balancing the probability that the event will occur against the magnitude of the effect the event would have on a company’s operations or stock price should it occur. Thus, information concerning an event that would have a large effect on stock price, such as a merger, may be material even if the possibility that the event will occur is relatively small. **If you are unsure whether information is material, you should either consult the General Counsel before making any decision to disclose such information (other than to persons who need to know it) or to trade in or recommend securities to which that information relates or assume that the information is material.**

- (b) **Nonpublic.** Insider trading prohibitions come into play only when you possess information that is material and “nonpublic.” The fact that information has been disclosed to a few members of the public does not make it public for insider trading purposes. **To be public the information must have been disseminated in a manner designed to reach investors generally, and the investors must be given the opportunity to absorb the information.** Even after public disclosure of information about the Company, you must wait until the close of business on the second trading day after the information was publicly disclosed before you can treat the information as public. Nonpublic information may include:
 - (i) Information available to a select group of analysts or brokers or institutional investors;
-

(ii) Undisclosed facts that are the subject of rumors, even if the rumors are widely circulated; and

(iii) Information that has been entrusted to the Company on a confidential basis until a public announcement of the information has been made and enough time has elapsed for the market to respond to a public announcement of the information, normally two trading days.

As with questions of materiality, if you are not sure whether information is considered public you should either consult with the General Counsel or assume that the information is nonpublic and treat it as confidential.

6. Responsibilities of the General Counsel

The General Counsel of the Company shall be responsible for the administration of this Policy. The duties of the General Counsel include, but are not limited to, the following:

- (a) Assisting with the implementation and enforcement of this Policy;
- (b) Circulating this Policy to all employees and ensuring that this Policy is amended as necessary to remain up-to-date with insider trading laws;
- (c) Pre-clearing all trading in securities of the Company by Covered Persons in accordance with the procedures set forth in Part II, Section 3 below
- (d) Providing approval of any Rule 10b5-1 plans under Part II, Sections 1(c) and (d) below and any prohibited transactions under Part II, Section 4 below; and
- (e) Providing a reporting system with an effective whistleblower protection mechanism.

7. Exceptions

There are no exceptions to this Policy, except that certain transactions specifically noted below will not be subject to the trading restrictions in this Policy:

- (a) **Stock Option Exercises.** The trading restrictions in this Policy do not apply to the exercise of an employee stock option acquired pursuant to the Company's long-term incentive plans for cash or the delivery of previously owned Company stock, or to the exercise of a tax withholding right pursuant to which a person has elected to have the Company withhold shares subject to an option to satisfy tax withholding requirements. The trading restrictions do apply, however, to any sale of stock as part of a broker-assisted cashless exercise of an option, or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.
 - (b) **Restricted Stock Awards.** The trading restrictions in this Policy do not apply to the vesting of restricted stock, or the exercise of a tax withholding right pursuant to which you elect to have the Company withhold shares of stock to satisfy tax withholding requirements upon the vesting of any restricted stock. The trading restrictions in this Policy do apply, however, to any market sale of restricted stock.
 - (c) **401(k) Plan.** The trading restrictions in this Policy do not apply to purchases of the Company's securities in a Company 401(k) plan resulting from your periodic contribution of money to the plan pursuant to your payroll deduction election. The trading restrictions in this Policy do apply, however, to certain elections you may make under the 401(k) plan, including: (i) an election to increase or decrease the percentage of your periodic contributions that will be allocated to the Company stock fund; (ii) an election to make an intra-plan transfer of an existing account balance into or out of the Company stock fund; (iii) an election to borrow money against your 401(k) plan account if the loan will result in a liquidation of some or all of your Company stock fund balance; and (iv) an election to pre-pay a plan loan if the pre-payment will result in allocation of loan proceeds to the Company stock fund.
-

- (d) **Employee Stock Purchase Plan.** The trading restrictions in this Policy do not apply to purchases of the Company’s securities in an employee stock purchase plan pursuant to which the Company’s securities are purchased on the open market resulting from your periodic contribution of money to such plan pursuant to the election you made at the time of your enrollment in such plan. The trading restrictions in this Policy also do not apply to purchases of the Company’s securities resulting from lump sum contributions to such an employee stock purchase plan, provided that you elected to participate by lump sum payment at the beginning of the applicable enrollment period. The trading restrictions in this Policy do apply, however, to your election to participate in such an employee stock purchase plan for any enrollment period and to your sales of the Company’s securities purchased pursuant to the plan.
- (e) **Priority of Statutory or Regulatory Trading Restrictions.** The prohibitions and restrictions set forth in this Policy will be superseded by any greater prohibitions and restrictions under federal or state securities laws and regulations.
- (f) **Other Similar Transactions.** Any other purchase of the Company’s securities from the Company or sales of the Company’s securities to the Company are not subject to this Policy.

8. Violations of Insider Trading Laws

Penalties for trading on or communicating material nonpublic information can be severe, both for individuals involved in such unlawful conduct and their employers and supervisors, and may include jail terms, criminal fines, civil penalties and civil enforcement injunctions. Given the severity of the potential penalties, compliance with this Policy is absolutely mandatory. Employees who violate this Policy may be subject to disciplinary action by the Company, including dismissal for cause. Any exceptions to this Policy, if permitted, may only be granted by the General Counsel and must be provided before any activity contrary to the above requirements takes place.

PART II

1. Blackout Periods

All Covered Persons are prohibited from trading in the Company’s securities during blackout periods as defined below:

- (a) **Quarterly Blackout Periods.** Trading in the Company’s securities is prohibited during the period beginning at the close of the market on the last day of each fiscal quarter and ending at the close of business on the second trading day following the date the Company’s financial results are publicly disclosed. During these periods, Covered Persons generally possess or are presumed to possess material nonpublic information about the Company’s financial results.
 - (b) **Other Blackout Periods.** From time to time, other types of material nonpublic information regarding the Company (such as negotiation of mergers, acquisitions or dispositions, investigation and assessment of cybersecurity incidents or new product developments) may be pending and not be publicly disclosed. While such material nonpublic information is pending, the Company may impose special blackout periods during which Covered Persons are prohibited from trading in the Company’s securities. If the Company imposes a special blackout period, it will notify the Covered Persons affected.
-

- (c) **Exception.** These trading restrictions do not apply to transactions under a pre-existing written plan, contract, instruction or arrangement under Rule 10b5-1 (an “Approved 10b5-1 Plan”) under the Securities Exchange Act of 1934 (the “Exchange Act”) as long as the plan has been approved by the General Counsel and was made in good faith and not while in possession of material nonpublic information and within a blackout period. Approved 10b5-1 Plans are passive investment plans in which the holder relinquishes direct control over the purchases and sales of securities.
- (d) **Rule 10b5-1 Plans.** Rule 10b5-1 under the Exchange Act provides a defense from insider trading liability under Rule 10b-5. In order to be eligible to rely on this defense, a person subject to this Policy must enter into an Approved 10b5-1 Plan. Once entered into, a person cannot deviate from the plan in any respect at the time they are aware of any material nonpublic information. The Company is required to make certain public disclosures on a quarterly basis related to 10b5-1 Plans entered into by Covered Persons, as well as any written trading arrangements entered into by those persons that do not comply with the requirements of Rule 10b5-1. As a result, the Company requires that all written trading arrangements of Covered Persons that would be disclosable by the Company must comply with the requirements of Rule 10b5-1. Written trading arrangements that provide for purchases or sales of the Company’s securities pursuant to (i) representation that the person entering into the plan does not have material nonpublic information, and (ii) the person entering into the plan provides specified direction to a third party to sell a determinable number of shares at a specified price (or assigns the decision making authority to a third party), but does not constitute an Approved 10b5-1 Plan, are not permitted unless approved by the General Counsel.

2. **Trading Window**

Covered Persons are permitted to trade in the Company’s securities when no blackout period is in effect. Generally, this means that Covered Persons can trade during the period beginning on the day that the blackout period under Part II, Section 1(a) ends and ending on the day that the next blackout period under Part II, Section 1(a) begins. However, even during this trading window, a Covered Person who is in possession of any material nonpublic information should not trade in the Company’s securities until the information has been made publicly available or is no longer material. In addition, the Company may close this trading window if a special blackout period under Part II, Section 1(b) above is imposed and will re-open the trading window once the special blackout period has ended.

3. **Pre-Clearance of Securities Transactions**

- (a) Because Covered Persons are likely to obtain material nonpublic information on a regular basis, the Company requires all such persons to refrain from trading, even during a trading window under Part II, Section 2 above, without first pre-clearing all transactions in the Company’s securities.
 - (b) Subject to the exemption in subsection (c) below, no Covered Persons may, directly or indirectly, purchase or sell (or otherwise make any transfer, gift, pledge or loan of) any Company security at any time without first obtaining prior approval from the General Counsel. These procedures also apply to transactions by such person’s spouse, other persons living in such person’s household and minor children and to transactions by entities over which such person exercises control.
 - (c) Pre-clearance is not required for purchases and sales of securities under an Approved 10b5-1 Plan. With respect to any purchase or sale under an Approved 10b5-1 Plan, the third party effecting transactions on behalf of the Covered Person should be instructed to send duplicate confirmations of all such transactions to the General Counsel.
-

4. Prohibited Transactions

Covered Persons, including their immediate family members, are prohibited from engaging in the following transactions in the Company’s securities unless advance approval of the specific transactions contemplated is obtained from the General Counsel:

- (a) **Short-term trading.** Covered Persons who purchase Company securities may not sell any Company securities of the same class for at least six months after the purchase;
- (b) **Short sales.** Covered Persons may not sell the Company’s securities short;
- (c) **Options trading.** Covered Persons may not buy or sell puts or calls or other derivative securities on the Company’s securities;
- (d) **Trading on margin or pledging.** Covered Persons may not hold Company securities in a margin account or pledge Company securities as collateral for a loan; and
- (e) **Hedging.** Covered Persons may not enter into hedging or monetization transactions or similar arrangements with respect to Company securities.

INQUIRIES

If you have any questions regarding any of the provisions of this Policy, please contact the General Counsel.

Policy amended and restated effective January 1, 2025.

Appendix A

ACKNOWLEDGMENT AND CERTIFICATION

The undersigned does hereby acknowledge receipt of the Company’s Policy on Insider Trading. The undersigned has read and understands (or has had explained) such Policy and agrees to be governed by such Policy at all times in connection with the purchase and sale of securities and the confidentiality of nonpublic information.

Name:
Date:

Exhibit 12.1

CERTIFICATION

I, Sherif Foda, certify that:

- 1. I have reviewed this Annual Report on Form 20-F of National Energy Services Reunited Corp.;
- 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 company as of, and for, the periods presented in this report;
- 4. The company’s other certifying officer 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 company 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 company, 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 company’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 company’s internal control over financial reporting that occurred during the period covered by the Annual Report that has materially affected, or is reasonably likely to materially affect, the company’s internal control over financial reporting; and
- 5. The company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company’s auditors and the audit committee of the company’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 company’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 company’s internal control over financial reporting.

Date: March 28, 2025

By: /s/ Sherif Foda
Name: Sherif Foda
Title: Chief Executive Officer

Exhibit 12.2

CERTIFICATION

I, Stefan Angeli, certify that:

- 1. I have reviewed this Annual Report on Form 20-F of National Energy Services Reunited Corp.;
- 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 company as of, and for, the periods presented in this report;
4. The company’s other certifying officer 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 company 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 company, 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 company’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 company’s internal control over financial reporting that occurred during the period covered by the Annual Report that has materially affected, or is reasonably likely to materially affect, the company’s internal control over financial reporting; and
5. The company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company’s auditors and the audit committee of the company’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 company’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 company’s internal control over financial reporting.

Date: March 28, 2025

By: /s/ Stefan Angeli
Name: Stefan Angeli
Title: Chief Financial Officer

Exhibit 13.1

**PRINCIPAL EXECUTIVE OFFICER CERTIFICATION
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), I, Sherif Foda, Chief Executive Officer of National Energy Services Reunited Corp. (the “Company”), hereby certify, to my knowledge, that:

- 1. the Company’s Annual Report on Form 20-F for the year ended December 31, 2024 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2. the information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 28, 2025

By: /s/ Sherif Foda
Name: Sherif Foda
Title: Chief Executive Officer

Exhibit 13.2

**PRINCIPAL FINANCIAL OFFICER CERTIFICATION
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), I, Stefan Angeli, Chief Financial Officer of National Energy Services Reunited Corp. (the “Company”), hereby certify, to my knowledge, that:

- 1. the Company’s Annual Report on Form 20-F for the year ended December 31, 2024 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2. the information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 28, 2025

By: /s/ Stefan Angeli
Name: Stefan Angeli

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
National Energy Services Reunited Corp.

We have issued our reports dated March 28, 2025, with respect to the consolidated financial statements included in the Annual Report on Form 20-F of National Energy Services Reunited Corp. for the year ended December 31, 2024. We consent to the incorporation by reference of said reports in the Registration Statement of National Energy Services Reunited Corp. on Form S-8 (File No. 333-280902).

/s/ Grant Thornton Audit and Accounting Limited (Dubai Branch)

Dubai, United Arab Emirates
March 28, 2025

Dodd-Frank Clawback Policy

The Board of Directors (the “Board”) of National Energy Services Reunited Corp. (the “Company”) has adopted this Dodd-Frank Clawback Policy (this “Policy”) in accordance with the applicable provisions of The Nasdaq Stock Market LLC Listing Rules (the “Clawback Rules”), promulgated pursuant to the final rules adopted by the Securities and Exchange Commission enacting the clawback standards under Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. This Policy is effective as of the date the Company’s stock was up-listed to the Nasdaq Capital Market (October 22, 2024), and the Compensation Committee of the Board (the “Committee”) is designated to administer this Policy. Capitalized terms not otherwise defined in this Policy have the meanings given to them under the Clawback Rules.

Recovery of Erroneously Awarded Incentive Compensation. The Company shall comply with the Clawback Rules and reasonably promptly recover Erroneously Awarded Compensation Received by current or former Executive Officers of the Company (“Covered Individuals”) in the event the Company is required to prepare an accounting restatement due to the Company’s material noncompliance with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period. The Committee may determine not to recover Erroneously Awarded Compensation pursuant to this Policy in circumstances where non-enforcement is expressly permitted by the Clawback Rules, including where recovery would violate applicable home country laws in effect before November 28, 2022.

Covered Individuals. The Committee shall determine the Company’s Covered Individuals, an initial list of whom is set forth in Appendix A, which Appendix A may be updated by the Committee from time to time. The Company shall also obtain an acknowledgement from each Covered Individual that such Covered Individual has read and understands this Policy. A form of such acknowledgement is attached hereto as Appendix B.

Covered Compensation. This Policy applies to the Incentive-Based Compensation Received by a Covered Individual: (1) after such Covered Individual began service as an Executive Officer; (2) who served as an Executive Officer at any time during the performance period for that Incentive-Based Compensation; (3) while the Company has a class of securities listed on a national securities exchange or a national securities association; and (4) during the three completed fiscal years immediately preceding the date that the Company is required to prepare an accounting restatement as described above (or during any transition period, that results from a change in the Company’s fiscal year, within or immediately following those three completed fiscal years, as determined in accordance with the Clawback Rules). Notwithstanding the foregoing, this Policy shall not apply to Incentive-Based Compensation Received by a Covered Individual prior to October 2, 2023.

The amount of Incentive-Based Compensation subject to this Policy is the Erroneously Awarded Compensation, which is the amount of Incentive-Based Compensation Received by a Covered Individual that exceeds the amount of Incentive-Based Compensation that otherwise would have been Received by the Covered Individual had it been determined based on the restated amount (or otherwise determined in accordance with the Clawback Rules), and will be computed without regard to any taxes paid by the Covered Individual (or withheld from the Incentive-Based Compensation). The Committee shall make all determinations regarding the amount of Erroneously Awarded Compensation.

Method of Recovery. The Committee shall determine, in its sole discretion, the manner in which any Erroneously Awarded Compensation shall be recovered to the extent permitted under the Clawback Rules, which method of recovery need not be uniform with respect to each Covered Individual. Methods of recovery may include, but are not limited to: (1) seeking direct repayment from the Covered Individual; (2) reducing (subject to applicable law and the terms and conditions of the applicable plan, program or arrangement pursuant to which the Incentive-Based Compensation was paid) the amount that would otherwise be payable to the Covered Individual under any compensation, bonus, incentive, equity and other benefit plan, agreement, policy or arrangement maintained by the Company or any of its affiliates; (3) cancelling any award (whether cash- or equity-based) or portion thereof previously granted to the Covered Individual; or (4) any combination of the foregoing.

No-Fault Basis. This Policy applies on a no-fault basis, and Covered Individuals will be subject to recovery under this Policy without regard to their personal culpability.

Other Company Arrangements. This Policy shall be in addition to, and not in lieu of, any other clawback, recovery or recoupment policy maintained by the Company from time to time, as well as any clawback, recovery or recoupment provision in any of the Company’s plans, awards or individual agreements (including the clawback, recovery and recoupment provisions in the Company’s equity award agreements) (collectively, “Other Company Arrangement”) and any other rights or remedies available to the Company, including termination of employment; provided, however, that there is no intention to, nor shall there be, any duplicative recoupment of the same compensation under more than one policy, plan, award or agreement. In addition, no Other Company Arrangement shall serve to restrict the scope or the recoverability of Erroneously Awarded Compensation under this Policy or in any way limit recovery in compliance with the Clawback Rules.

No Indemnification. Notwithstanding anything to the contrary set forth in any policy, arrangement, bylaws, charter, certificate of incorporation or plan of the Company or any individual agreement between a Covered Individual and the Company or any of its affiliates, no Covered Individual shall be entitled to indemnification from the Company or any of its affiliates for the amount that is or may be recovered by the Company pursuant to this Policy; provided, however, that to the extent expense advancement or reimbursement is available to a Covered Individual, this Policy shall not serve to prohibit such advancement or reimbursement.

Administration; Interpretation. The Committee shall interpret and construe this Policy consistent with the Clawback Rules and applicable laws and regulations and shall make all determinations necessary, appropriate or advisable for the administration of this Policy. Any determinations made by the Committee shall be final, binding and conclusive on all affected individuals. As required by the Clawback Rules, the Company shall provide public disclosures related to this Policy and any applicable recoveries of Erroneously Awarded Compensation. To the extent this Policy conflicts or is inconsistent with the Clawback Rules, the Clawback Rules shall govern. In no event is this Policy intended to be broader than, or require recoupment in addition to, that required pursuant to the Clawback Rules.

Amendment or Termination of this Policy. The Board reserves the right to amend this Policy at any time and for any reason, subject to applicable law and the Clawback Rules. To the extent that the Clawback Rules cease to be in force or cease to apply to the Company, this Policy shall also cease to be in force.

Appendix A

COVERED INDIVIDUALS

This list of executive officers covered under the Policy may be updated by the Committee from time-to-time:

- The Company’s Chief Executive Officer;
 - The Company’s Chief Financial Officer;
 - The Company’s General Counsel; and
 - The Company’s Chief Accounting Officer/Controller as the case may be.
-

Appendix B

COVERED INDIVIDUAL ACKNOWLEDGMENT

I, [INSERT NAME], acknowledge that I have received a copy of the Policy and the Clawback Rules, and that I have read and understood the Policy and the Clawback Rules. I further understand that, notwithstanding anything to the contrary in any plan, agreement or arrangement between me and the Company, the Policy applies to my Incentive-Based Compensation, as defined in the Clawback Rules, and that I agree to take all actions necessary to assist the Company in complying with the Policy and the Clawback Rules. I acknowledge and agree that I am not entitled to any indemnification or reimbursement from the Company for any amounts recovered from me under the Policy.

COVERED INDIVIDUAL

Name:
Date: